



Responsibilities and Organization of the Department

The Tax Commissioner

Section 5703.05 of the Ohio Revised Code vests all powers, duties and functions of the Department of Taxation in the Tax Commissioner. The Tax Commissioner is appointed by the Governor, is subject to confirmation by the Ohio Senate and serves at the pleasure of the Governor.

In general, the Tax Commissioner is responsible for the administration of most state-collected taxes and several locally-collected taxes as well as supervision of the real property tax. Broadly speaking, the principal powers and duties of the Tax Commissioner include:

- making all tax assessments, valuations, findings, determinations, computations and orders;
- reviewing, re-determining or correcting previous assessments, valuations or findings;
- promulgating rules and regulations and preparing and distributing tax return forms and other reporting tools;
- auditing returns, levying assessments and penalties, and granting or denying tax refunds; and
- issuing, revoking or suspending certain licenses and permits.

In addition, the Tax Commissioner has certain specific duties. These include:

- the actual collection of Ohio casino, individual income, school district income, horse racing, sales and commercial activity taxes as well as certain excise taxes;
- the operation of a central collection and reporting system for municipal income taxes on electric companies and telephone companies;
- the maintenance of a continuous study of the practical operation of the taxation and revenue laws of the state, the probable revenue effect of legislation introduced to change existing laws, and proposed measures providing for other forms of taxation; and
- revenue distribution to local governments, including shares of motor fuel tax revenue, property tax relief reimbursements, and distributions from the Local Government Fund, the Public Library Fund, and certain other funds.

To efficiently perform these functions, the Tax Commissioner is authorized by law to create divisions and sections of employees and organize the work of the department in a manner that, in the commissioner's judgment,

will result in an efficient and economical administration of tax laws. The organization chart contained in this chapter indicates the current structure of the department as of June 30, 2014. The department had five deputy tax commissioners, one also serving as chief legal counsel and as the department's chief ethics officer. Senior management also includes a number of executive administrators who oversee various divisions within the department.

The department also has a problem resolution officer on staff who provides additional assurance to taxpayers that their rights are being protected. To serve those in other states that have a business or residential nexus with Ohio, the department maintains regional audit centers near Chicago and Los Angeles.

At the close of fiscal year 2014, the department had 1,064 permanent employees. During the fiscal year, the department spent about \$125.7 million to fulfill the various functions and responsibilities. Further details on department staffing levels and expenditures are shown in Tables 1 and 2, in this chapter.

Further details on the organization of the department are included in the pages that follow. For purposes of this report, the divisions are grouped into four main areas: customer services, compliance services, other tax administration services and support services.

Customer Services

The vast majority of Ohio taxpayers make an honest effort to meet their responsibilities under the law. When they need help, they usually turn to the Department of Taxation's customer service divisions.

Taxpayer Services Division

For many taxpayers, the Taxpayer Services Division is the first stop – a single point of contact for taxpayers with questions about individual income, school district income, sales and use, employer withholding, employer school district withholding, corporation franchise, pass-through entity and trust taxes.

This division serves as a multi-channel contact center that responds to taxpayer inquiries by letter, telephone, e-mail, fax machine and in person. This division strives for "first call resolution" to taxpayer inquiries, which range from general and technical taxability issues, tax return issues, filing requirements, business registrations, billings and assessments. The division also serves as the help desk

for the Ohio Business Gateway, fields requests for forms, handles inquiries about refunds and answers questions from tax practitioners.

During fiscal year 2014, the Taxpayer Services Division handled 844,000 phone calls and 59,000 emails. Agents also assisted 12,900 walk-in taxpayers with completing returns, making payments or answering general tax questions. The division also has a small central registration unit dedicated to answering business registration-related telephone calls and entering of business registrations into the system for employer withholding, school district withholding and some sales tax vendor's licenses. Other responsibilities include maintaining the cumulative vendor accounts, updating of demographic information, maintaining vendor registration for liquor permit holders and safekeeping information and data purification.

When time permits, Taxpayer Services assists several other divisions with their workload to avoid backlog, which in turn decreases the need for taxpayers to contact the department.

Problem Resolution Officer

The problem resolution officer is a special resource for taxpayers. This individual serves as a liaison between the Ohio Department of Taxation and taxpayers when the normal lines of communication break down. Revised Code section 5703.52 states that the officer or additional persons designated for the office is to "receive and review inquiries and complaints concerning matters that have been pending before the department for an unreasonable length of time or matters to which a taxpayer has been unable to obtain a satisfactory response after several attempts to communicate with the employee of the department assigned to the taxpayer's case or the employee's immediate supervisor."

The problem resolution officer works with the appropriate employees and the taxpayer to determine the precise circumstances of his or her issue and to arrive at the appropriate resolution. Education and explanation regarding the applicable laws and rules is a key part of this process. Most tax situations can be reviewed by the problem resolution officer, except for appeals of final determinations of the Tax Commissioner or cases certified to the Ohio Attorney General for collection. The officer is available to assist taxpayers by mail, telephone or through e-mail received through the department's Web site.

Compliance Services

While most people voluntarily comply with Ohio's tax laws, there are exceptions. For these exceptions – and to fairly ensure that compliance is applied equally to all taxpayers – the department bills for unpaid taxes and operates a system of appeals that can either reduce liability or lead to collection for unpaid tax debts.

Compliance Division

The Compliance Division handles billing, assessment and certification for collection as part of the major compliance programs run by the Department of Taxation.

Examples of compliance programs run by this division include the mailing of delinquency notices when taxpayers fail to submit a return and the mailing of billing notices to taxpayers who fail to pay an amount that appears to be due. The Compliance Division runs these and other compliance programs for a range of taxes, including individual income, school district income, employer withholding, school district employer withholding, corporation franchise, sales and use, and pass-through entity taxes.

The division generates bills for actual or potential tax liabilities arising from an audit or from an apparent taxpayer mistake. Such mistakes include the failure to file a return, compute taxes correctly, pay the amount owed, report federal adjusted gross income consistently, or report all income.

When taxpayers do not respond to a billing notice, the Compliance Division then issues an assessment. Assessments are the Tax Commissioner's final notice to a taxpayer of a tax deficiency or delinquency. An assessment informs a taxpayer of his or her legal rights if the assessment remains outstanding, and that the debt will be certified to the Ohio Attorney General's office for collection if an appeal is not filed in a timely fashion.

The Compliance Division also certifies debts for collection by the Ohio Attorney General and serves as the department's liaison to the Ohio Attorney General's office on issues concerning collection of deficient or delinquent taxes.

In fiscal year 2014, the Compliance Division certified 138,872 individual income tax and 80,323 school district income tax assessments to the Ohio Attorney General's Office for total certified amounts of \$247,532,361 and \$27,879,774, respectively.

The Compliance Division is also responsible for responding to all taxpayer billing, assessment and certification correspondence and reviewing appeals of assessments that did not begin with an audit. This enables taxpayers to resolve certain issues in an informal manner that supports the department's focus on timely, quality customer service.

Office of Chief Counsel

The Office of Chief Counsel is responsible for the tax legal affairs of the Department of Taxation. It is divided into four areas, described below:

Tax Appeals Division

The Tax Appeals Division conducts most of the administrative appeal hearings within the department and issues the Tax Commissioner's final determination in these tax matters, which serves as the department's final assessment of the taxpayer. The Tax Appeals Division had 14

hearing officers and supervisors and two support staff as of June 30, 2014, a decrease of two hearing officers from fiscal year 2013. In fiscal year 2014, the division had an opening balance of 2,800 cases and received an additional 2,179 during the fiscal year. A total of 2,420 final determinations were finalized, for an end-of-year balance of 2,559 cases on hand. The outstanding inventory of cases has improved from fiscal year 2013, when Tax Appeals started the year with 3,197 cases, received 3,482 more during the year, finalized 3,997 final determinations, and ended with a balance of 2,682 cases.

Appeals Management Division

The Appeals Management Division serves as a liaison with the Attorney General's office for all litigation that involves the department except personnel actions. Much of the work of the division involves the mediation of appeals at the Board of Tax Appeals and the Ohio Supreme Court. This division also includes a Resolution Unit that works with the Offers in Compromise program and settlements concerning assessments certified for collection to the Attorney General's office. The Appeals Management Division had nine employees as of June 30, 2014.

Case information is tracked on a fiscal year basis. As of June 30, 2014, Appeals Management had 1,067 cases on appeal at the Board of Tax Appeals; 12 in the state appeals court system and 26 at the Ohio Supreme Court. This was a decrease in cases from fiscal year 2013, when the division had 1,111 cases on appeal at the Board of Tax Appeals; three in the state appeals court system and four at the Ohio Supreme Court.

Bankruptcy Division

The Bankruptcy Division is charged with pursuing delinquent taxes from both individual and corporate taxpayers who have filed for bankruptcy. The division receives notices of filings each month from bankruptcy courts both in and outside of Ohio that must be researched for outstanding tax debts. When taxes are owed, the division must file a proof of claim in the appropriate bankruptcy court prior to the bar date. Collection of tax debts from these proofs may take months or years, as courts can place delinquent taxpayers on a payment plan. After a bankruptcy case is closed or discharged, the division must determine whether taxes still remain due or are effectively discharged by the bankruptcy process. The Bankruptcy Division works closely with the Ohio Attorney General's Office to assist with collection processes and to answer informal and formal objections concerning both tax and bankruptcy related issues. The Bankruptcy Division had 10 employees as of June 30, 2014.

In fiscal year 2014, the division received 10,736 notices of bankruptcies filed. It processed a total of 3,658 proofs of claim, which amounted to \$128,283,557. By comparison, during fiscal year 2013, 12,124 notices of bankruptcy were received and 4,412 proofs of claim were processed amounting to \$242,358,070.

Legal Counsels

The Office of Chief Counsel also has legal counsels assigned to other department divisions, where they are responsible for drafting and reviewing legislation, rules, and information releases. The counsels also draft formal and informal tax opinions.

Audit Division

The Audit Division conducts audits relating to most of Ohio's major business taxes, which includes sales and use, commercial activity, corporation franchise, pass-through entity, employer withholding and tangible personal property taxes. During the fiscal year ending June 30, 2014, the Audit Division completed the following number of audits for each of these tax types:

Tax Type	Total Audits
Sales and Use	1,416
Personal Property	8
Corporation Franchise	235
Pass-Through Entity	560
Employer Withholding	166
Commercial Activity	495
Total	2,880

Criminal Investigations Division

The Criminal Investigations Division is comprised of 28 sworn police officers and three civilian employees who enforce the criminal provisions of Ohio tax laws. The division was created in 1971, primarily to combat cigarette smuggling and organized crime. Since that time, the division has grown in size and responsibility. The division now enforces most of the taxes administered by the department, including the cigarette tax, other tobacco products tax, motor fuel tax, income tax, employer withholding taxes and the sales and use tax.

In 2014, for the fifth time, the Criminal Investigations Division achieved accreditation from the Commission on Accreditation for Law Enforcement Agencies (CALEA). This time, the division was recognized as an elite law enforcement organization, receiving the "Accreditation with Excellence Award," and being highlighted as one of the top accredited agencies in the United States. Criminal Investigations is the only state tax law enforcement agency in the nation to have achieved CALEA accreditation, doing so first in 2002. CALEA accreditation is considered the international gold standard for recognition of public safety professionalism.

The Criminal Investigations Division through its activities also generates revenue for state services. In fiscal year 2014, the division brought in approximately \$12 million in revenue that normally would not be recovered through audits or assessments.

Tax Discovery Division

Most of the department's compliance efforts concern the amount of tax that should be paid by individuals and

entities that are already well known to the department. In contrast, tax discovery can be thought of as the effort to identify legally-owed tax belonging to individuals and entities that may not be known to the department, at least in the context of a particular tax.

The Tax Discovery Division is charged with creating new tax programs, based on existing tax laws, in order to generate revenue for the state of Ohio. It runs programs within the unit, measures the success of the program, and then either refers the program to the affected operating division or keeps and maintains the program within the Discovery division. In addition, Discovery, which was formed in 2005, can be charged with administering special programs as requested by the Tax Commissioner's office.

Through the identification of additional tax liability by Tax Discovery, the department's cash collections were \$18.9 million in fiscal year 2014; primarily in the individual income, pass-through entity, trust, employer withholding, and sales and use tax areas.

Tax Administration Services

Other divisions are less visible to taxpayers, but still vital to the administration of state taxes in Ohio.

A number of these divisions oversee one or several specific taxes. This oversight includes developing rules and procedures for one or more taxes, prescribing forms, processing returns that have been suspended for some reason and interpreting law and policy to resolve taxpayer issues.

These divisions are:

- **Business Tax**, which is responsible for the corporation franchise tax, the pass-through entity and trust withholding tax, and the municipal income tax for electric light companies and telephone companies.
- **Commercial Activity Tax**.
- **Excise & Energy**. This division oversees the taxes on alcoholic beverages, cigarettes and other tobacco products, horse racing, kilowatt-hour, motor fuel, natural gas distribution and severance. Because of the specialized nature of these taxes, the division processes returns, handles taxpayer calls, issues variances and assessments, and conducts audits on its own. This division also oversees the public utility property and public utility excise taxes as well as some responsibilities associated with the personal property tax.
- **Individual Income and School District Income Tax**.
- **Sales and Use**, which monitors sales and use tax compliance by out-of-state businesses and handles tax matters pertaining to liquor permits.
- **Tax Equalization**, which oversees the appraisal of real property for tax purposes by Ohio's county auditors.

The efforts of these divisions are chronicled, to some extent, in the "Taxes Administered" section of this book.

Other divisions are responsible for one or more aspects of taxation that apply to many of Ohio's specific taxes. They are described below.

Tax Processing and Data Capture

Tax Processing and Data Capture is the central processing unit for the majority of the business and individual tax returns filed with the Department of Taxation. The primary function of Tax Processing and Data Capture is to facilitate voluntary compliance. This is accomplished through:

- receiving and recording tax returns, documents and remittances;
- storing and retrieving tax documents; and
- depositing taxpayer payments to the bank so that funds are available for distribution to state and local governments.

As part of this mission, Tax Processing and Data Capture has overseen the growing number of ways taxpayers may submit tax returns electronically rather than on paper. For the 2014 calendar year through Sept. 1, 2014, income tax returns transmitted electronically accounted for 4,561,708 of the 5,328,923 total reports or just over 85% of all income tax reports received. The electronic methods included:

- **TeleFile**, the ability to submit a return by touchtone telephone. TeleFile was the department's first electronic filing method when it was first offered for the 1997 taxable year. This filing method accounted for 30,362 returns.
- The Internal Revenue Service's e-file program, which became available through tax practitioners and software packages starting in 1999. This filing method included 3,988,026 returns.
- **Ohio I-File**, a Web-based solution introduced in 2003 for the 2002 filing year. I-File asks taxpayers a series of questions and then compiles a state or school district income tax return based on those answers. The Ohio I-File system recorded 543,320 returns for income tax.

School district returns received during calendar year 2014 through Sept 1, 2014 totaled 589,382 reports. Electronic transmissions accounted for 584,861 or approximately 99 percent of all reports.

Electronic filing not only allows taxpayers to get their refund faster through direct deposit, but it also substantially reduces both taxpayer and processing errors generally found on paper-filed returns. The ease and efficiency associated with electronically filed returns – versus the labor-intensive manual process associated with returns filed on paper – is believed to save the citizens of Ohio millions of dollars in processing costs annually.

The Personal Income and School District Income Tax Division annually conducts extensive testing with more than 30 software vendors for the electronic products and both 1D and 2D barcoding on paper returns. The Ohio I-File and TeleFile systems are updated and tested annually to assure maximum accuracy and optimum taxpayer

experience.

Tax Processing and Data Capture processed over 2.7 million paper returns and 3.1 million check payments in fiscal year 2014. Listed below are volumes by tax type:

Tax Type	Volume
CAT	12,332
Corporation Franchise	5,162
Employer Withholding/ Employer Withholding School District	1,317,983
Personal & School District Income Tax	1,164,153
Pass-Through Entity	115,867
Sales	67,321
Tax Equalization	96,806
Excise	0

Additionally, Tax Processing and Data Capture receives business tax returns that are filed through the Ohio Business Gateway (OBG), which provides businesses a single portal for filing certain business taxes. In calendar year 2014, through Sept. 1, ODT received over 1.9 million returns filed through the OBG (see chart below).

Tax Type	Volume
Commercial Activity	275,769
Employer Withholding	624,371
Employer Withholding School District	153,290
Sales	938,066

From businesses, the department also received 75,324 sales tax returns that were filed electronically through TeleFile in calendar year 2014 through Sept. 1, 2014

Forms Unit (Support Processing)

First founded in 1998 as the Forms and Noticing Division with three full-time employees, the objective of the division was to centralize the production and ordering of hundreds of forms utilized by tax practitioners and taxpayers, to bring consistency to the layout and editing of tax forms and instructions, and to develop scanning guidelines for third-party software vendors and payroll processing companies.

In 2013, the now four-member section was renamed the Forms Unit and moved under the Revenue Processing Division. Over 15 years, the unit has:

- created scannable forms for the IT 1040, IT 1040EZ and SD 100 and promoted 2D barcoding, which allow the forms to be quickly and accurately scanned as opposed to being processed by hand;

- developed fill-in versions of many forms, which allow taxpayers to fill out tax forms using their computer;
- reduced the department's printed materials by more than 70 percent;
- consolidated income tax, school district and TeleFile booklets into one income tax publication;
- streamlined the forms portion of the agency's Web site to allow taxpayers to more easily look up tax forms and instructions.
- recently created scannable forms for the IT 1041, IT 1140 and IT 4708.

The unit is currently responsible for composing forms and instructions, distributing forms and maintaining an inventory. The distribution of forms includes both individual (taxpayers and tax practitioners) and bulk fulfillments. The bulk fulfillments include:

- other divisions and sections within the department (i.e., Taxpayer Services and Communications)
- libraries
- post offices
- banks
- senior centers
- Volunteer Income Tax Assistance
- American Association of Retired Persons
- Internal Revenue Service
- other governmental agencies and tax practitioners.

The unit works directly with the business and technical divisions to determine the content of forms and instructions, though it has latitude to edit for readability, consistency and grammatical errors. The unit generally works on an individual basis with divisions to update and edit their forms and instructions on an as-needed basis. However, in regard to the IT 1040, IT 1040EZ and school district income tax forms, a yearly review committee is formed that represents several sections within the agency.

In addition, the unit also acts as a forms liaison with third-party software vendors and payroll processing companies. The unit receives recreations of our tax forms from vendors and then reviews them for accuracy. If vendors submit payment coupons, those are sent to data entry to be tested. In recent years, the unit has revised forms and promoted 2D barcoding to be scanned and imaged by a full-page scanner for more efficient data capture.

The unit ultimately is responsible for making sure that the most up-to-date forms and instructions are available on the department's Web site. The forms section is one of the most visited sections of the agency's Web site: tax.ohio.gov/forms

Revenue Accounting

The Revenue Accounting Division ensures that tax dollars are properly deposited and distributed in accordance with the law.

One of the primary duties of Revenue Accounting is the distribution of tax revenue. In fiscal year 2014, Revenue Accounting distributed approximately \$4.9 billion, including:

- revenue into the Local Government Fund and the Public Library Fund;
- revenue from locally-enacted taxes, including county sales and use taxes, school district income taxes, resort area taxes, municipal income tax receipts from electric light companies and telephone companies, and Cuyahoga County beer, wine, cigarette and liquor taxes;
- revenue from casinos;
- revenue from 9-1-1 fees
- revenue shared from specific state taxes including motor fuel and horse racing taxes;
- property and manufactured home tax relief efforts from the non-business credit, the owner occupancy credit and the homestead exemption;
- property tax replacement fund distributions, including those associated with kilowatt-hour, natural gas distribution and commercial activity taxes;
- revenue from income tax check-off programs, including the political party check-off and the following refund donation check-offs: Non-game and Endangered Wildlife, Natural Areas and Preserves, Injured Military and Historical Society.

In addition, Revenue Accounting records most of the revenue receipts and refund deposits for the department for the individual income tax, employer withholding tax, sales and use tax, corporation franchise tax, school district income tax, motor fuel and use tax, the International Fuel Tax Agreement, the commercial activity tax and the municipal income tax for electric light companies and telephone companies. The division is also responsible for exception processing for most of the refunds released by the agency.

The division also handles the accounting and reversals for all tax payment errors. This includes checks, electronic funds transfers (EFTs), payments made through the Ohio Business Gateway (OBG), and Treasurer of State debits and credits.

Revenue Accounting also has a Central Payment Unit that is responsible for researching payments that need processing for all taxes. Revenue Accounting reconciles EFT payments, OBG payments, and credit card payments. Revenue Accounting has the additional responsibility of assisting the Office of Budget and Management with the state Comprehensive Annual Financial Report.

Tax Analysis Division

The Tax Analysis Division serves as the research arm of the Ohio Department of Taxation, providing packaged data, quantitative analysis, revenue forecasts, policy analysis, and other information to internal and external customers. The division supplies this information upon request from the Governor's office, members of the General Assembly,

other divisions of the department, all levels of local government, and to a wide variety of academic and private researchers. Each session of the Ohio General Assembly, the division provides revenue estimates for scores of bills that have proposed tax law changes and many proposals that never reach bill form. This activity is augmented by analyses of federal legislation that may impact Ohio state or local government finances.

Tax Analysis assists the Office of Budget and Management (OBM) with forecasting tax revenues, tracking revenue on a monthly basis, and making updates to OBM forecasts. The division also provides estimates of the Governor's tax proposals in the executive budget and the Tax Expenditure Report, traditionally "Book Two" of the executive budget.

Tax Analysis produces the tax data series that appears on the department's website – a statistical compilation series that puts Ohio in the forefront when it comes to data scope and quality. The division produces similar data for other publications, including "Property Taxation and School Funding," which is an educational aid for decision makers. The division also assembles the statistics, tables, graphs, and interstate comparison data for departmental publications, including this annual report.

Tax Analysis provides a number of services to local governments, including dozens of estimates of School District Income Tax revenues each year and, in conjunction with the Revenue Accounting Division, estimates of the distributions to the two local government funds. The division's employees frequently make presentations to state and local governmental officials, public school officials, and other organizations on a variety of topics.

Support Services

Other divisions of the Department of Taxation serve in more of a support role.

Budget and Fiscal Division

The Budget and Fiscal Division performs internal financial operations that help the department run its day-to-day operations. The division prepares and monitors the department's operating budget with primary responsibilities that include centralized purchasing, invoice payment, travel expense reimbursement, telecommunication management, asset management and financial reporting. The division also administers the department's payment cards, petty cash funds and contracts.

Communications Office

The Communications Office supports the department's mission of helping taxpayers understand their responsibilities through the timely delivery of information to external and internal audiences. The office is the first point of contact for news media with questions about the department or requests for interviews. The office also:

- issues news releases and coordinates other events with state and local media to highlight significant

events and policy changes at the department.

- manages the department's Web site, tax.Ohio.gov, with support from Information Services and liaisons throughout the agency.
- oversees several periodic publications, including this annual report and certain brochures.
- manages content on the department's internal Web site and develops other informational resources for department employees, including a monthly employee newsletter.

Office of Agency Performance

The Office of Agency Performance consists of the following areas:

Human Resources Division

The mission of the Human Resources Division is to develop and maintain the effective workforce needed to complete the department's mission.

Human Resources places a primary concern on helping leaders within the department build competent, effective and efficient work teams and units. The goal is accomplished by Human Resources' development of plans, policies, implementation strategies, and evaluative and strategic reviews.

The division also creates, implements, and assesses a wide range of human resource actions in the areas of recruitment, employment, compensation, labor and employee relations, performance management, employee development, and executive resources.

Organizational Development

Organizational Development coordinates and provides practical and applied professional skills and career development opportunities for all Taxation employees. The division works within the department's tax and administrative divisions to assess their ongoing organizational and staff development needs and then presents or assists with the development and delivery of appropriate and timely training.

Organizational Development coordinates, facilitates and participates in both process improvement initiatives and Kaizen events in-house and for other agencies. Results from these events prove to save taxpayer dollars, reduce errors, decrease wait times, increase productivity and ensure standardization throughout the enterprise. The division also coordinates the department's involvement in the statewide Public Practice Continuing Legal Education (CLE) Coalition, including presenting a minimum of two Public Practice CLE seminars per year. The division has also launched a new initiative that allows business owners, accountants, attorneys and practitioners the option to participate in virtual tax academy sessions in which the most up to date information pertaining to small business owners are discussed in great detail. The accountants and attorneys who attend are also able to receive free continuing education credits. Organizational Development also coordinates special projects, conferences, department-

wide health and wellness initiatives, corporate citizenship programs and employee recognition programs.

Internal Audit

The mission of the department's Internal Audit Division is to independently examine and evaluate the ongoing control processes of the department and to provide counsel and recommendations for improvements whenever needed. The division also investigates areas with a high potential for risk and offers suggestions and recommendations to minimize the department's exposure. The Internal Audit Division reports to the executive administrator of the Office of Agency Performance and has open access to discuss matters directly with the Tax Commissioner's deputies. The Internal Audit Division is free of all operational and management responsibilities that might impair an ability to make independent reviews of all aspects of the department's operations. Additionally, the division has been authorized to have free and unrestricted access to all departmental records, functions, property, and personnel in order to investigate and/or maintain sound internal controls. The division serves as the contact and liaison for representatives from the Auditor of State and Office of Budget and Management's Internal Audit offices.

Facilities Management

This section is responsible for managing, equipping and maintaining the department's office facilities, including safety and security. This section also administers mail operations, disposal of all fixed assets, central supply services and vehicle fleet program.

Information Services Division

The Information Services Division (ISD) supports the department's business divisions through the development and support of the tax administration systems, databases and information systems. This division provides a secure architecture for the exchange of information with internal and external customers.

During fiscal year 2014, ISD worked on various legislated initiatives, including establishing a portal for counties to aid them in processing applications for the Homestead Exemption related to their property taxes. The division continued to support the statewide information technology transformation project by successfully moving all State Tax Revenue and Accounting System (STARS) processing and data to Office of Information Technology managed servers and storage, as well as participating in the statewide VoIP phone system project. Additionally, the division implemented a solution to enable the administration of three new taxes: 9-1-1, financial institutions and petroleum activity. Taxation continued to enhance its web capabilities by implementing its first mobile application – Check My Refund – during this time frame. ISD continued to provide enhanced taxpayer self-services using Taxation's web site and the state's Ohio Business Gateway.

The STARS project made significant progress in fiscal year 2014, with three releases. In October 2013, employer

withholding and school district withholding were moved to STARS. Later, in February 2014 and June 2014, respectively, the natural gas tax, tire replacement fee and sales and use tax were implemented. More releases are planned for fiscal year 2015 and beyond.

Additionally, ISD continued its focus on the security of internal and external facing systems and applications, and concentrated on keeping the infrastructure available and reliable. All measured systems were available at least 98 percent of the time and most were available more than 99 percent of the time during fiscal year 2014.

Legislation Division

The Legislation Division is the legislative coordinating unit for the Department of Taxation. It monitors state tax-related legislation and federal tax legislation that could affect Ohio or its tax laws, and it coordinates the department's program for compliance with legislative lobbying laws. The division also works with the Governor's Office and members of the Ohio General Assembly to provide legislative services including:

- analyzing and reviewing proposed tax-related legislation;
- assisting with constituent inquiries or problems; and
- providing briefings or background information concerning tax issues.

The division's employees attend committee hearings of the Ohio General Assembly and prepare and present testimony on tax policy issues. The division also provides information to the general public, state agencies, and elected officials about tax policy and the department's policies and procedures.

Ohio Department of Taxation's Partners

The Ohio Department of Taxation accomplishes many of its goals through collaborative partnerships with other governmental agencies.

The Internal Revenue Service provides data from federal returns which is used to check the accuracy of Ohio income tax returns. For example, the adjusted gross income reported by taxpayers on their federal returns is routinely compared with the adjusted gross income as reported on the Ohio returns. Discrepancies are researched by the department and taxpayers are contacted, if necessary, to verify their correct income.

Two sections of the Office of the Ohio Attorney General play key roles in the administration of Ohio taxes. The Taxation Section litigates cases for the Tax Commissioner at the Ohio Board of Tax Appeals and the Ohio Supreme Court, as well as at other state and federal courts. The Collections Enforcement Section performs collection activities on delinquent tax accounts.

The state Office of Budget and Management (OBM) receives all revenue collected by the department. Income tax and other refund checks, as well as electronic deposits to taxpayers' accounts, are generated by OBM based on data provided by the Department of Taxation.

The Ohio Development Services Agency certifies to the Department of Taxation certain credits available to Ohio taxpayers, such as the job creation tax credit, the job retention tax credit, the research and development investment tax credit, the technology investment tax credit, and the Ohio historic preservation tax credit.

The Ohio Department of Taxation also withholds income tax refunds from parents who are delinquent in their child support. Those amounts are forwarded to the Ohio Department of Job and Family Services which, in turn, disburses the money to the county child support enforcement agencies.

The Department of Taxation and the Ohio Department of Commerce share information on businesses with liquor permits according to procedures spelled out in the Ohio Revised Code. The agencies work to ensure that holders of liquor permits remain current in their sales tax and employer withholding tax filings and payments.

Administrative Tables

The tables that follow illustrate various aspects of the Department of Taxation's structure and mission, including its organization, expenditures and staffing. The tables also document the growth of electronic filing and the number of assessments recorded through the department's compliance programs. A final table provides totals of cash collected through these compliance programs in the most current fiscal year.