

YEAR IN REVIEW - 2000

A DEFINING YEAR: REVIEWING FY 2000

It was a new year in many ways for the Ohio Department of Taxation (ODT). New leadership and new direction combined with a veteran staff to chart a course of significant accomplishment in Fiscal Year 2000.

The new year started at the top from day one. On July 1, 1999, Thomas M. Zaino took office as Ohio's thirteenth Tax Commissioner. Zaino joined the department from a career as a tax practitioner in the private sector specializing in state and local taxes.

Zaino, working with a new Leadership Team of Deputy Tax Commissioners, and input gathered from inside and out of the department, chose three priorities:

- Adopting a Taxpayer Services focus throughout the department;
- Modernizing the department through enhanced training, added technology and updated tax policy; and
- Meeting the challenge of replacing nearly fifty percent of management and staff who are eligible for retirement in the next three years.

Framing those priorities, were the Department's new mission statement and motto (**see page 2**) promising a dedication to providing quality service. Following quickly, was the assignment of number of small groups, called Implementation Teams (I-Teams), challenged with developing programs to further ODT's priorities.

ENHANCING TAXPAYER SERVICES

The focus on Taxpayer Services was perhaps fixed most keenly on the legislative front. An I-Team was chosen and charged with developing legislation to update Ohio tax law so it would be more convenient for taxpayers. The result was the **Taxpayer Services Bill**, a package of more than thirty provisions meant to make it easier for taxpayers to comply with the law. H.B. 612 won unanimous approval in the Ohio General Assembly and Governor Taft signed it into law on June 29, 2000. Changes made by H.B. 612 include:

- Providing more choices for taxpayers to deliver documents to ODT by allowing alternatives (like UPS, FedEx, etc.) to the U.S. Postal System.

- Eliminating many mandatory, automatic penalties and giving the Tax Commissioner discretion to determine an appropriate penalty.
- Allowing ODT to accept electronic signatures, opening the way for taxpayers to file and pay taxes over the internet.
- Doubling the time (from 30 to 60 days) allowed for taxpayers to make appeals.
- Reducing the number of taxpayers required to make quarterly estimated income tax payments.

The Taxpayer Services Bill (H.B. 612) took effect on September 29, 2000.

Technology allowed and provided a number of enhancements to the department's Taxpayer Services system. After a massive and successful effort to make **ODT's computer systems Year 2000 (Y2K) compliant**, attentions turned to applying technology that would help make the Taxpayer Services system more responsive and efficient.

A telephone technology – the **Spectrum** automated call distribution system – went on line giving the department the ability to distribute calls throughout the department, permitting the answering of more calls, more quickly. Computer technology also contributed to efforts to enhance communications with and be more responsive to taxpayers. Pieces were put in place which will give taxpayers the opportunity to contact the **ODT public e-mail system**.

In response to Governor Taft's directive to make key state services available on the internet, ODT, working in partnership with the private sector, saw its first **business tax returns filed on-line**. Another initiative involving a private sector partnership will allow Ohioans to make **credit card payment of individual income taxes** beginning in 2001. Working with Auditor of State Jim Petro, ODT began offering, for the first time, **direct deposit of refunds** to a bank account chosen by an individual income taxpayer.

Taxpayers continued to respond favorably to the advantages accompanying the electronic filing (e-file) of taxes. In FY 2000, there was a **29% increase in e-file returns**. More than 1.3 million Ohio taxpayers chose to e-file or TeleFile their income tax return.

For taxpayers needing special assistance, the department **increased authority to the Problem Resolution Office (PRO)**. Under a new alignment, the PRO became a full-time position reporting directly to the Tax Commissioner. The PRO has a focus particularly of working to correct systemic problems; e.g. those causing the most grievance for the most taxpayers.

MODERNIZING ODT: TRAINING, TECHNOLOGY & TAX POLICY

Tax Commissioner Zaino, at the direction of Governor Bob Taft, successfully tackled some major legal housecleaning with the **settlement of numerous lawsuits** challenging public utility taxes. Nineteen electric and telephone utility companies had filed lawsuits — some dating to 1989 — seeking refunds totaling \$3.9 billion. If the companies had won, nearly every school district and local government in Ohio, which receive the taxes, would have been responsible for paying back the money. In addition to the Taxpayer Service bill mentioned above, two additional priority legislative initiatives modernizing Ohio tax policy won approval of the General Assembly and Governor Taft. **Passage of the Estate Tax Bill** (Substitute Senate Bill 108) significantly reduced the burden of the estate tax, particularly for smaller estates, in providing Ohioans tax relief totaling nearly \$200 million (see page 3, *Summary of Legislation*). House Bill 483 set the stage for Ohio to work with other states in developing a **streamlined sales tax system**. The bill authorized ODT to participate in talks aimed at developing a sales tax collection system designed to preserve a critical source of revenue for states and local governments while not hindering the exploding growth of internet commerce.

Looking for internal improvements was the goal of various **I-Team initiatives** begun this fiscal year. Each team, generally, is assigned to study an operation of the department and implement new processes to upgrade or increase efficiencies. Those I-Teams span ODT, touching on Revenue Accounting, Forms, Document Processing, Compliance and Taxpayer Services, Legal, and Research and Analysis.

HUMAN RESOURCES: FINDING THE NEXT GENERATION

The critical and considerable task of recruiting and grooming a new generation of tax professionals began with small strides this year. Commissioner Zaino convened a retreat of key personnel from which emerged a blueprint for **restructuring and expanding career opportunities with ODT** as a means of responding to an expected surge of retirements over the next few years. The plan, in part, envisions creating greater opportunities as incentive for retaining and recruiting Tax Agents, who make up about 45-percent of the department’s staff. An Audit I-Team was appointed to begin that process by studying the numerous auditing activities throughout ODT. Implementing the entire plan is expected to take up to three years.

Commissioner Zaino also made some **senior management structure changes**, choosing a new Chief Legal Counsel and appointing two new Executive Administrators. Several new Administrators were also selected to head up various Divisions within the Department.

OUR MISSION:

To provide quality service to Ohio taxpayers by helping them comply with their tax responsibilities and by fairly applying the tax law.

OUR MOTTO:

We CARE about the quality of our service.

- Courteous
- Accurate
- Responsive
- Equitable