

The Ohio Revised Code (Section 5703.05) states that “all powers, duties, and functions of the department of taxation are vested in and shall be performed by the Tax Commissioner . . .” The Tax Commissioner is appointed by the Governor, subject to confirmation by the Ohio Senate, and serves at the pleasure of the Governor. The Tax Commissioner is responsible for the administration of most state-collected taxes, several locally-collected taxes, and the supervision of the real property tax. In addition, the Tax Commissioner administers the energy credit program, which reduces the winter heating bills of qualified individuals. The Tax Commissioner also has responsibility for several programs distributing revenues to local governments, including: (1) motor fuel tax distributions; (2) local property tax relief reimbursements; and (3) distributions of the library and local government support fund, the local government fund, and the local government revenue assistance fund.

The Tax Commissioner is empowered to make “all tax assessments, valuations, findings, determinations, computations, and orders” which the Department is by law authorized and required to make, review or redetermine and to correct previous assessments, valuations, or findings. The Tax Commissioner also is charged with promulgating rules and regulations and preparing and distributing tax returns and other reporting forms. The Tax Commissioner is responsible for auditing returns, levying assessments and penalties, granting or denying tax refunds, and may issue, revoke, or suspend certain licenses and permits. In two instances, the personal income tax and the horse racing tax, the Tax Commissioner is assigned the actual collection of taxes in addition to other administrative duties. The Tax Commissioner is also required to maintain a continuous study of the practical operation of the taxation and revenue laws of the state, the probable revenue effect of possible changes in existing laws, and proposed measures providing for other forms of taxation.

To efficiently perform these numerous functions, the Tax Commissioner is authorized by law to create the divisions and sections of employees which are deemed proper. The organization chart

on page *x* indicates the structure of the department as of June 30, 2000. In addition to four Deputy Tax Commissioners, the Tax Commissioner has 11 operating divisions responsible for specific taxes: Sales and Use; Personal Property; Public Utility; Income Tax Audit; Corporate Auditing; Income Tax Operations; Taxpayer Services and Compliance; Excise; Tax Equalization; and Estate. There are 12 administrative staff sections: Administrative Counsel; Budget and Fiscal; Employee Training and Development; Human Resources; Enforcement and Investigations; Legal; Tax Analysis; Legislation; Communications; Information Services; Forms Purchasing; and Bankruptcy. The department has a Problem Resolution Officer that reports directly to the Tax Commissioner. This person provides additional assurance to taxpayers that their rights are being protected. There are nine district offices located in major cities throughout Ohio, regional offices in Chicago, New York and Los Angeles, and a Districts' Administrator in the central office in Columbus. A map indicating the locations of the district offices and the counties which they serve is shown on page *xi*.

At the close of fiscal year 2000, there were 1,266 permanent employees in the central office and district offices. Expenditures of \$106.6 million were made during the fiscal year to fulfill the various functions and responsibilities of the Department. Further detail of numbers of employees and expenditures is shown in Tables 1 and 2.

Chart 1 on page 10 shows the total number of employees of the Department of Taxation at the end of each fiscal year over a 10 year period. For Fiscal Year 2000, there were 19% fewer employees than in Fiscal Year 1990.

Tables 3 through 5 indicate assessments issued for the various taxes administered by the Department. Personal property tax assessments shown in Table 3 for tangible and intangible taxes totaled \$96.8 million for calendar year 1999. Table 4 indicates that sales and excise tax assessment were \$535.7 million in fiscal year 2000, with \$531.8 million of that amount from the sales and use tax alone.

Table 1
Ohio Department of Taxation Staff Structure
and Number of Employees, Fiscal Year 2000

Unit of Organization	Number of Employees (June 30, 2000)	Unit of Organization	Number of Employees (June 30, 2000)
Administrative Divisions		District Offices	
Tax Commissioner	11	District Activities	9
Human Resources	11	Akron	43
Tax Analysis	9	California	10
Employee Development & Training	8	Chicago	12
Legislation	6	Cincinnati	44
Administrative Counsel	<u>2</u>	Cleveland	58
Division Total	47	Columbus	39
		Dayton	39
Legal	24	New York	10
Bankruptcy	7	Lima	21
Investigation & Enforcement	21	Toledo	29
		Youngstown	23
		Zanesville	<u>20</u>
		Division Total	357
Budget and Fiscal Divisions		Income Tax Operations	4
Budget and Fiscal	3		
Budgeting/Accounts Payable	4	Service Center Division	
Facilities Management	21	Administration	4
Revenue Accounting	<u>3</u>	Processing & Extraction	51
Division Total	31	Accounting & Cashier	20
		Data Entry	77
Information Services		Files	23
Administration	13	Mail Room	<u>8</u>
Application-Development	42	Division Total	183
Operations-Production	11		
Technical Services	32	Corporate Franchise Tax Audit Division	
Information Technical Planning	9	Administration	4
Admin./Customer Service	<u>25</u>	Corporate Auditing	18
Division Total	132	Audit Review	<u>7</u>
		Division Total	29
Property Tax Division			
Administration	12	Income Tax Audit Division	
Information Processing	7	Administration	4
Inter-County Central Audit	10	School District	7
District Support	4	Income Tax Audit	<u>45</u>
Citation	<u>11</u>	Division Total	56
Division Total	44		
		Estate Tax Division	20
Sales and Use Tax Division		Forms and Purchasing Division	5
Administration	7	Taxpayer Services and Compliance	3
Audit Review	4	Compliance Division	
Document Control & Scan Edit	6	Administration	5
Sales Tax	51	Clerical Support	24
Central Audit	<u>29</u>	Business Tax Billing	17
Division Total	97	Assessment	<u>23</u>
		Division Total	69
Excise and Motor Fuel Tax Division			
Administration	4	Taxpayer Services Division	
Fuel Use	23	Administration	6
Motor Fuel	16	Customer Assistance	26
Excise Tax	<u>5</u>	Operations	17
Division Total	48	Energy Credits	<u>3</u>
		Division Total	52
Tax Equalization Division		Total Permanent Employees	1,266
Administration	13		
Appraisal	5	Temporary Employees in Pay Status	174
Data Collection	8		
Computer/Statistical Analysis	<u>4</u>	Total Employees	1,440
Division Total	30		
Public Utilities Division	7		

Table 5 shows assessments levied for both the corporate franchise and personal income taxes. Corporate franchise tax assessments are levied against corporations that: (1) do not file the required annual return; (2) file an incorrect return; or (3) fail to remit the full amount of the tax due. In fiscal year 2000, 847 corporate franchise tax assessments were levied amounting to \$122.6 million in additional taxes, penalties, and interest due from corporations. These assessments must be paid within 60 days after the corporation receives the assessment notice. The assessment may be appealed by the taxpayer.

Personal income tax assessments are levied against employers who fail to remit income tax withheld from their employees and individuals who either fail to file a tax return during the required time period or fail to pay the full amount of the tax legally due. Personal income tax assessments were levied against

55,598 taxpayers in fiscal year 2000 and amounted to about \$57.3 million in additional taxes, penalties, and interest due from individual taxpayers. These assessments become due and payable within 60 days after they are received by the taxpayer. A taxpayer may appeal the assessment within 60 days after its receipt.

If an assessment (either corporate franchise or personal income tax) is appealed, the assessed amount must still be paid within 60 days of its receipt. The only exception to this is on an assessment resulting from an audit that finds a liability greater than that shown on the original return; the portion of the assessment which represents the additional liability does not have to be paid during the appeal process if the appeal is based upon a differing interpretation of the Ohio Revised Code.

Table 2
Expenditures of the Ohio Department of Taxation,
Fiscal Year 2000

Unit of Organization	Personal Service	Maintenance and Equipment	Total
Administrative Division	\$8,930,727	\$1,335,293	\$10,266,020
Compliance	3,580,589	171,768	3,752,357
Corporate Franchise	1,893,771	210,344	2,104,115
District Offices	19,683,288	2,126,472	21,809,760
Energy Credit Division	289,623	40,873	330,496
Estate Tax Division	1,262,591	246,853	1,509,444
Excise and Motor Tax Division	3,218,943	1,040,089	4,259,032
Income Tax Audit Division	3,532,128	109,452	3,641,580
Information Services Division	12,317,830	5,352,566	17,670,396
Personal Property Tax Division	2,627,984	213,384	2,841,368
Public Utilities Division	697,756	38,944	736,700
Sales and Use Tax Division	9,380,186	2,353,563	11,733,749
Service Center	13,254,069	7,639,074	20,893,143
Tax Equalization	1,831,895	108,236	1,940,131
Taxpayer Services Division	<u>2,767,863</u>	<u>294,156</u>	<u>3,062,019</u>
Total	\$85,269,243	\$21,281,067	\$106,550,310

Chart 1
Ohio Department of Taxation: Total Number of Employees
Fiscal Years 1990 - 2000

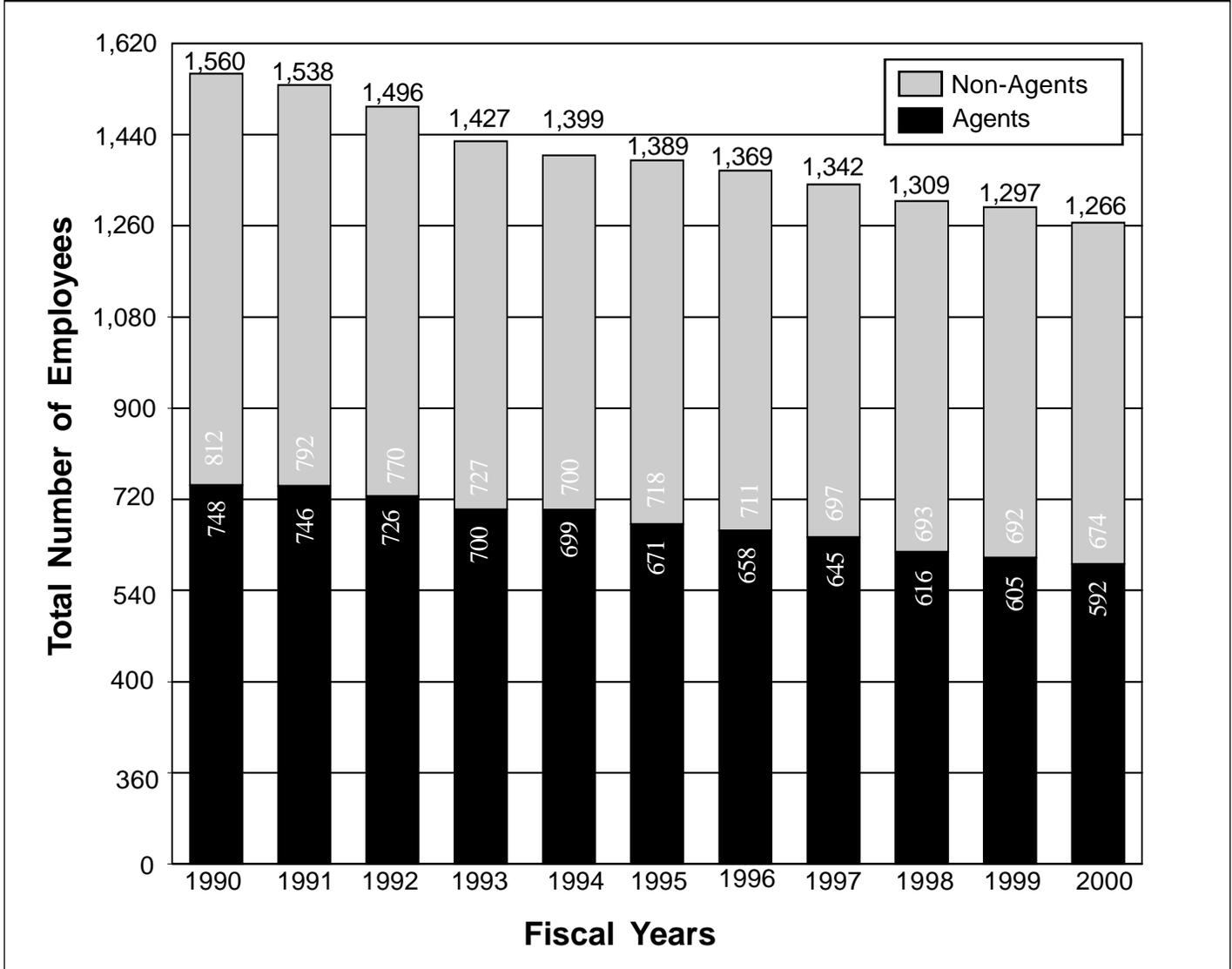


Table 3
Personal Property Tax Assessments,
Calendar Year 1998 and 1999

Type of Tax	Amount of Assessment	
	Calendar Year 1998	Calendar Year 1999
Tangible Personal Property		
Single-county Corporations, Individual & Unincorporated Business	\$21,017,743	\$28,833,835
Inter-county Corporations	<u>71,703,821</u>	<u>65,304,867</u>
Total Tangible Personal Property	\$92,721,563	\$94,138,702
Dealers in Intangibles	<u>666,882</u>	<u>2,632,753</u>
Total	\$93,388,445	\$96,771,455

Table 4
Sales and Excise Tax Assessments Levied and Unpaid
Assessments Certified for Payment, Fiscal Years 1999 and 2000

Tax Category	Assessments Levied*				Unpaid Assessments Certified for Collection**	
	Fiscal Year 1999		Fiscal Year 2000		Fiscal Year 1999	Fiscal Year 2000
	Amount	Number	Amount	Number		
Sales and Use	\$153,245,841	7,906	\$531,763,171	85,519	\$15,286,387	\$179,898,823
Motor Vehicle Fuel	24,291,634	24	1,057,516	38	577,097	46,262
Motor Fuel Use	6,837	46	2,869	21	71,542	6,536
Cigarette	22,535	2	0	0	19,411	0
Other Tobacco Prods.	739,393	90	1,485,000	38	95,036	513,013
Beer and Wine	0	0	33,656	16	141	2,858
Severance	317,051	126	762,854	348	87,336	265,946
Horse Racing	0	0	0	0	0	0
Tire Replacement	0	0	1,274	1	3,659	0
IFTA	<u>442,632</u>	<u>329</u>	<u>569,187</u>	<u>355</u>	<u>85,742</u>	<u>325,789</u>
Total	\$179,065,925	8,523	\$535,675,527	86,336	\$16,226,351	\$181,059,227

* Represents only assessments levied and not assessments collected.

** Data do not relate to current assessments shown in "Assessments Levied" column. It represents those assessments certified for collection after taxpayers have exhausted all avenues of appeal. Total number of such assessments were 23,252 in fiscal year 1999 and 33,138 in fiscal year 2000.

Table 5
Personal Income Tax and Corporate Franchise Tax Assessments Levied,
Fiscal Years 1997 - 2000

Tax Category	Fiscal Year 1997		Fiscal Year 1998		Fiscal Year 1999		Fiscal Year 2000	
	Amount	Number	Amount	Number	Amount	Number	Amount	Number
Corporate Franchise	\$110,749,787	17,008	\$83,251,825	2,169	\$64,906,879	1,434	\$122,606,337	847
Personal Income	<u>35,357,617</u>	<u>31,182</u>	<u>74,271,844</u>	<u>64,050</u>	<u>98,581,435</u>	<u>122,563</u>	<u>57,275,907</u>	<u>55,598</u>
Total	\$146,107,404	48,190	\$157,523,669	66,219	\$163,488,314	123,997	\$179,881,244	56,445