

# RESPONSIBILITIES OF THE DEPARTMENT

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. This includes a central collection and reporting system for the municipal income taxes of electric companies. 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 July, 2001. In addition to five Deputy Tax Commissioners, there are various operating divisions: Sales and Use; Audit; Operations and Support; Corporate Franchise Tax; Personal Property; Public Utility; Taxpayer Services and Compliance; Excise; Tax Equalization; and Estate. There are also administrative staff sections: Administrative Counsel; Budget and Fiscal; Employee Training and Development; Human Resources; Enforcement; Appeals Management; Taxpayer Appeals; Tax Analysis; Legislation; Communications; Information Services; 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 taxpayer service centers located in major cities throughout Ohio and regional offices in Chicago, New York and Los Angeles. 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 2001, there were 1,240 permanent employees in the central office and district offices. Expenditures of \$106.5 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 9 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 2001, there were 19% fewer employees than in Fiscal Year 1991.

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 \$88.7 million for calendar year 2000. Table 4 indicates that sales and excise tax assessments were \$375.5 million in fiscal year 2001, with \$359.8 million of that amount from the sales and use tax alone.

Table 5 shows assessments levied for both the corporate franchise and personal income taxes. Corporate franchise tax assessments are levied against corpora-

**Table 1**  
**Ohio Department of Taxation Staff Structure**  
**and Number of Employees, Fiscal Year 2001**

Unit of Organization	Number of Employees (June 30, 2001)	Unit of Organization	Number of Employees (June 30, 2001)
<b>Administrative Divisions</b>		<b>Service Centers</b>	
Tax Commissioner	14	District Activities	3
Human Resources	12	Akron	41
Tax Analysis	8	California	9
Employee Development & Training	6	Chicago	10
Legislation	9	Cincinnati	39
Administrative Counsel	1	Cleveland	55
<b>Division Total</b>	<b>50</b>	Columbus	35
<b>Legal</b>	<b>23</b>	Dayton	39
<b>Bankruptcy</b>	<b>6</b>	New York	8
<b>Investigation &amp; Enforcement</b>	<b>22</b>	Lima	17
		Toledo	29
		Youngstown	19
		Zanesville	20
		<b>Total</b>	<b>324</b>
<b>Budget and Fiscal Divisions</b>		<b>Audit Division</b>	
Budget and Fiscal	2	Administration	3
Budgeting/Accounts Payable	4	<b>Division Total</b>	<b>3</b>
Facilities Management	18	<b>Operations and Support</b>	<b>3</b>
Revenue Accounting	3		
<b>Division Total</b>	<b>27</b>	<b>Service Center Division</b>	
<b>Information Services</b>		Administration	4
Administration	17	Processing & Extraction	66
Application-Development	44	Accounting & Cashier	18
Operations-Production	9	Data Entry	73
Technical Services	38	Files	28
Information Technical Planning	10	Mail Room	8
Admin./Customer Service	22	<b>Division Total</b>	<b>197</b>
<b>Division Total</b>	<b>140</b>	<b>Corporate Franchise Tax Audit Division</b>	
<b>Property Tax Division</b>		Administration	3
Administration	14	Corporate Auditing	20
Information Processing	7	Audit Review	6
Inter-County Central Audit	9	<b>Division Total</b>	<b>29</b>
District Support	4	<b>Income Tax Audit Division</b>	
Citation	10	Administration	4
<b>Division Total</b>	<b>44</b>	School District	6
<b>Sales and Use Tax Division</b>		Income Tax Audit	42
Administration	7	<b>Division Total</b>	<b>52</b>
Audit Review	4	<b>Estate Tax Division</b>	<b>17</b>
Document Control & Scan Edit	6	<b>Forms and Purchasing Division</b>	<b>5</b>
Sales Tax	48	<b>Taxpayer Services and Compliance</b>	<b>3</b>
Central Audit	27	<b>Compliance Division</b>	
<b>Division Total</b>	<b>92</b>	Administration	5
<b>Excise and Motor Fuel Tax Division</b>		Clerical Support	7
Administration	5	Business Tax Billing	18
Fuel Use	25	Assessment	25
Motor Fuel	14	<b>Division Total</b>	<b>55</b>
Excise Tax	4	<b>Taxpayer Services Division</b>	
<b>Division Total</b>	<b>48</b>	Administration	6
<b>Tax Equalization Division</b>		Customer Assistance	41
Administration	13	Operations	17
Appraisal	5	<b>Division Total</b>	<b>64</b>
Data Collection	7	<b>Total Permanent Employees</b>	<b>1,240</b>
Computer/Statistical Analysis	4	<b>Temporary Employees in Pay Status</b>	<b>216</b>
<b>Division Total</b>	<b>29</b>	<b>Total Employees</b>	<b>1,456</b>
<b>Public Utilities Division</b>	<b>7</b>		

tions 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 2001, 877 corporate franchise tax assessments were levied amounting to \$23.3 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 80,999 taxpayers

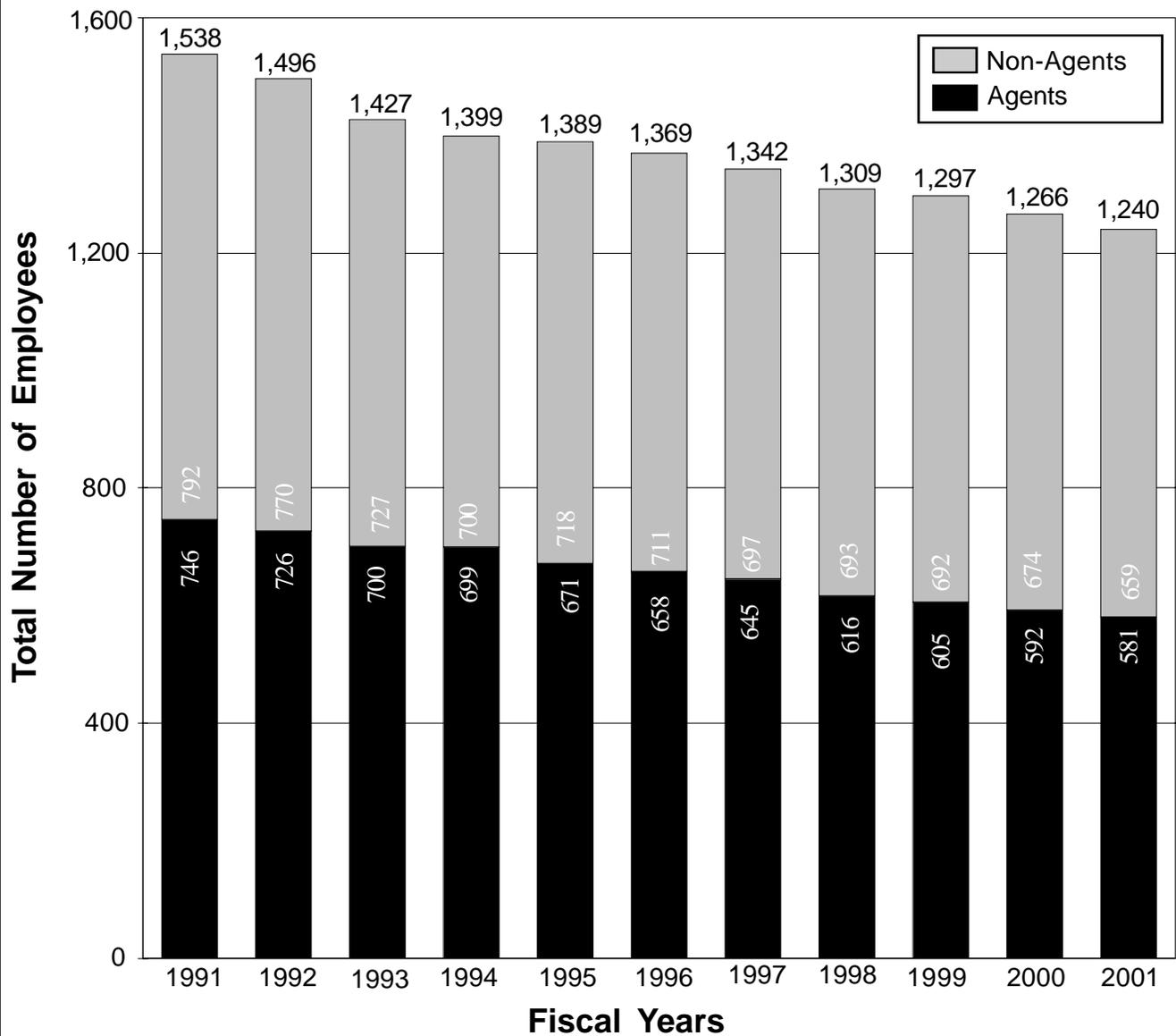
in fiscal year 2001 and amounted to about \$51.2 million in additional taxes, penalties, and interest due from individual taxpayers. These assessments become due and payable within 60 days after they are received by the taxpayer. A taxpayer may appeal the assessment within 60 days after its receipt.

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 2001**

Unit of Organization	Personal Service	Maintenance and Equipment	Total
Administrative Division	\$9,180,349	\$2,851,450	\$12,031,799
Compliance Division	3,077,694	224,304	3,301,998
Corporate Franchise Tax Audit Division	1,810,283	421,872	2,232,155
Taxpayer Service Centers (District Offices)	21,004,026	3,056,336	24,060,362
Estate Tax Division	1,202,504	278,181	1,480,686
Excise and Motor Tax Division	2,831,494	1,032,926	3,864,419
Income Tax Audit Division	3,118,463	368,073	3,486,536
Information Services Division	14,225,410	4,512,727	18,738,137
Personal Property Tax Division	2,714,312	289,400	3,003,712
Public Utilities Division	511,054	45,448	556,502
Sales and Use Tax Division	5,629,243	1,715,151	7,344,394
Service Center	12,260,241	7,433,325	19,693,567
Tax Equalization	1,808,050	165,964	1,974,014
Taxpayer Services Division	<u>3,359,721</u>	<u>705,015</u>	<u>4,064,736</u>
<b>Total</b>	<b>\$82,732,843</b>	<b>\$23,100,173</b>	<b>\$105,833,017</b>

**Chart 1**  
**Ohio Department of Taxation: Total Number of Employees**  
**Fiscal Years 1991 - 2001**



**Table 3**  
**Personal Property Tax Assessments,**  
**Calendar Year 1999 and 2000**

Type of Tax	Amount of Assessment	
	Calendar Year 1999	Calendar Year 2000
Tangible Personal Property		
Single-county Corporations, Individual & Unincorporated Business	\$28,833,835	\$23,689,307
Inter-county Corporations	<u>65,304,867</u>	<u>62,197,186</u>
Total Tangible Personal Property	\$94,138,702	\$85,886,493
Dealers in Intangibles	<u>2,632,753</u>	<u>2,793,576</u>
Total	\$96,771,455	\$88,680,069

**Table 4**  
**Sales and Excise Tax Assessments Levied and Unpaid**  
**Assessments Certified for Payment, Fiscal Years 2000 and 2001**

Tax Category	Assessments Levied*				Unpaid Assessments Certified for Collection**	
	Fiscal Year 2000		Fiscal Year 2001		Fiscal Year 2000	Fiscal Year 2001
	Amount	Number	Amount	Number		
Sales and Use	\$531,763,171	85,519	\$359,768,624	136,501	\$179,898,823	101,561,536
Motor Vehicle Fuel	1,057,516	38	14,660,003	20	46,262	584,330
Motor Fuel Use	2,869	21	4,997	16	6,536	1,140
Cigarette	0	0	17,317	4	0	730
Other Tobacco Prods.	1,485,000	38	280,634	60	513,013	64,481
Beer and Wine	33,656	16	110,229	15	2,858	3,370
Severance	762,854	348	156,240	79	265,946	214,946
Horse Racing	0	0	0	0	0	0
Tire Replacement	1,274	1	7,660	3	0	5,322
IFTA	<u>569,187</u>	<u>355</u>	<u>504,870</u>	<u>325</u>	<u>325,789</u>	<u>228,465</u>
Total	\$535,675,527	86,336	\$375,510,574	137,023	\$181,059,227	\$102,664,320

\* 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 33,138 in fiscal year 2000 and 31,761 in fiscal year 2001.

**Table 5**  
**Personal Income Tax and Corporate Franchise Tax Assessments Levied,**  
**Fiscal Years 1998 - 2001**

Tax Category	Fiscal Year 1998		Fiscal Year 1999		Fiscal Year 2000		Fiscal Year 2001	
	Amount	Number	Amount	Number	Amount	Number	Amount	Number
Corporate Franchise	\$83,251,825	2,169	\$64,906,879	1,434	\$122,606,337	847	\$23,322,837	877
Personal Income	<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>	<u>51,199,703</u>	<u>80,999</u>
Total	\$157,523,669	66,219	\$163,488,314	123,997	\$179,881,244	56,445	\$74,522,540	81,876