

By maximizing electronic means to ensure the timely and efficient processing of tax returns, the Operations Center aids the department in providing quality service through capturing revenue to fund state services while putting refunds back into the hands of Ohio taxpayers as soon as possible.

## REVENUE ACCOUNTING

Revenue Accounting, one of four units within the Budget and Fiscal Division, is responsible for a variety of duties within the Department of Taxation that directly impact local governments and the services received daily by Ohio residents.

One of the primary duties of Revenue Accounting is the distribution of tax revenue. In Fiscal Year 2006, Revenue Accounting distributed more than \$4.2 billion to/from the following funds and agencies:

- Local Government Fund;
- Local Government Revenue Assistance Fund;
- Library and Local Government Support Fund;
- gasoline tax;
- sales and use tax;
- school district income tax;
- municipal income tax for electric light companies and telephone companies;
- property tax rollback;
- manufactured home tax;
- tangible personal property tax;
- Property Tax Replacement Fund (from kilowatt-hour and natural gas taxes);
- Property Tax Replacement Fund (from commercial activity tax);
- dealers in intangibles tax;
- political party check-off;
- resort tax;
- horse racing tax;
- Scenic Rivers, Wildlife, and Military Injury Relief check-offs;
- Cuyahoga County beer, wine, cigarette, and liquor taxes; and
- litter tax.

In addition, Revenue Accounting records most of the revenue receipts and refund deposits for the Department of Taxation for the following taxes:

- individual income tax;
- employer withholding tax;
- sales and use tax;
- corporation franchise tax;
- school district income tax;
- motor fuel and use tax;
- International Fuel Tax Agreement;
- commercial activity tax; and
- municipal income tax for electric light companies and telephone companies.

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

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**.

The Revenue Accounting unit supports the Budget and Fiscal Division in fulfilling the role of providing quality service by ensuring that tax dollars are properly deposited and distributed in accordance with current law.

## TAX ANALYSIS DIVISION

The Tax Analysis Division (TAD) serves as the research arm of the Ohio Department of Taxation. Although it is a small unit, the division serves more types of customers than any other single department division, providing packaged data, quantitative analysis, revenue forecasts, and policy analysis to internal and external customers. The customers for TAD products include, but are not limited to, the Governor's office, members of the General Assembly, other divisions of the department, and all levels of local government.

Many of TAD's products are prepared on a regular basis. 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. In addition to revenue estimates for specific law changes, TAD also does overall revenue estimating for the state budget, contributing to the formal process within the Office of Budget and Management.

The tax data series on the department's Internet site contains a number of data products that are updated monthly, quarterly, or annually. When the biennial budget is prepared, TAD provides assistance to the Office of Budget and Management (OBM) in forecasting tax revenues. Once the forecasts are finalized, the division then tracks revenue on a monthly basis and assists OBM with any updates of the forecasts. Tax Analysis also provides estimates of the Governor's tax proposals in the executive budget. In addition, TAD produces the Tax Expenditure Report, traditionally "Book Two" of the executive budget.

The division also produces or contributes to research publications that are meant as educational aids to decision makers. One such publication is the **Property Taxation and School Funding** report. In addition, the division produces statistics, tables, graphs, and interstate comparison data for departmental publications such as the **Brief Summary of Major State and Local Taxes in Ohio** and the **Annual Report**.

The division provides a number of services to local governments. It produces dozens of estimates of school district income tax revenues each year. The division also produces (in conjunction with the Revenue Accounting Division) estimates of the distributions to the three local government funds, and handles the estate tax settlements from local governments. TAD also provides informal consulting to school districts and other local governments on property tax ques-

tions and permissive sales tax questions. Tax Analysis staffers frequently make presentations to county auditors, school officials, and other local governments, discussing such topics as property tax law, school district income taxes, state revenue sharing, tax reform, and the impact of utility property tax law changes.

In addition to its regular duties, TAD is involved in a number of special projects each year. The projects themselves are rather diverse in nature and scope. For example, the division served a key supporting role for the Local Government and Library Revenue Distribution Task Force in its deliberations during 2006. TAD also completed all the calculations necessary to determine the amount of money each school district and local government is to receive through 2010 from the state in compensation for the elimination of the tangible personal property tax.

Fiscal year 2006 was an active and productive year largely devoted to providing data and information in the wake of the major tax reform package enacted in June 2005. For example, TAD provided explanatory materials on several aspects of the tax reform package. Furthermore, TAD was involved in estimating the revenue impact of the various tax changes contained in the “budget corrections” bill enacted in May 2006.

In fiscal year 2006, the division also continued to enhance its data assets and informational resources. Several new Tax Data Series tables were created and posted to the ODT Web site. TAD added to its database of large corporate taxpayers, providing an invaluable tool for simulating proposed changes in corporation franchise tax law. The division also refined its homestead exemption simulation model to better estimate the impact of various legislative proposals. TAD has also worked with other units of the Department of Taxation in providing new data that can enhance audit selection and tax compliance procedures.

In general, Tax Analysis continues to work on improving and expanding its research capability to better support the department’s efforts to provide quality service not only throughout state government, but also to Ohio local governments and school districts.

## TAX DISCOVERY DIVISION

Formed in 2005, Tax Discovery is charged with creating new ways to generate revenue for the State of Ohio by operating new tax compliance programs within the division, measuring the program’s success, and then either referring the program to the appropriate operating division or keeping the program within Tax Discovery.

For the fiscal year ending June 30, 2006, Tax Discovery generated approximately \$25,200,000 in revenue from conducting specific programs mainly in the individual income, employer withholding, and sales and use tax areas. Other tax areas in which revenue was realized were school district income, school district employer withholding, and corporation franchise tax.

Also in FY 2006, the Tax Discovery division administered the Ohio Tax Amnesty program. The program generated \$66.8 million in otherwise uncollected revenue for the state.

The Tax Discovery Division supports the department’s mission by implementing programs that help ensure the tax law is applied fairly by assisting all taxpayers in complying with their responsibilities.

## TAXPAYER SERVICES/COMPLIANCE DIVISION

The Taxpayer Services/Compliance Division is actually comprised of three separate divisions: Taxpayer Services, Compliance, and the Taxpayer Service Centers. The Taxpayer Services Division and the Compliance Division were merged in a 1998 department reorganization. The Taxpayer Service Centers joined in 2002. This consolidation combined the cross functionality of these divisions, moving the department closer to the implementation of a global strategy to service taxpayers and conduct unified compliance initiatives. These divisions have continued to work together in an effort to streamline their operations, to capitalize on the resources available, and to implement changes that will allow efficiencies to be gained.

### Taxpayer Services

The Taxpayer Services Division (TPS) is a functionalized contact center for the Department of Taxation’s personal income, school district income, sales, use, employer withholding, employer school district withholding, corporation franchise, pass-through entity, and trust taxes. TPS is a multi-channel contact center that responds to inquiries by telephone, e-mail, correspondence, Interactive Voice Response (IVR), Web, fax, and walk-ins. A functionalized TPS has allowed, at least to the extent of the taxes serviced, for a “single point of contact” for taxpayers. This gives a common look and feel to the Department of Taxation and allows for consistency and accuracy in the information provided. TPS strives for “first call resolution” to taxpayer inquiries. Taxpayer inquiries include, but are not limited to, general and technical taxability issues, tax returns issues, filing requirements, business registrations, billings, assessments, Corporate Dissolutions and Reinstatements, Ohio Business Gateway Help Desk, form requests, refund requests, practitioner inquiries, etc.

TPS 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 licenses. Other responsibilities include maintaining the cumulative vendor accounts, updating of demographic information, and the maintenance of the liquor license renewal as well as safekeeping information.

In addition to the contact center responsibilities TPS also administers a number of outreach and Education programs, such as VITA/TCE, small business workshops (SBW), federal/state employer withholding workshops, Ohio State University sponsored federal/state tax schools, e-file seminars, CLE programs for accountants and attorneys, annual meetings of tax preparers and enrolled agents, and other engagements as requested. The unit’s intent has been to assist the department in increasing voluntary compliance and cost saving self-service solutions through the promotion of effective, innovative customer service strategies. The unit has focused on fostering professional relationships to increase communication opportunities and awareness of tax laws and regulations throughout the state.