

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.

Taxpayer Service Centers

The Department maintains eight Taxpayer Service Centers (SCs) located in major regions throughout Ohio (Akron, Cincinnati, Cleveland, two in Columbus, Dayton, Toledo, Youngstown, and Zanesville).

The SCs constitute both a local resource for assistance and a local presence to implement and enforce the various compliance and service programs, as well as providing support for outreach and education in an efficient and cost-effective manner. The SCs allow us to put a "face" to the department in the local regions. SCs offer the ability to provide assistance to walk-in taxpayers throughout the state, as well as support the telephone inquiries across the business and income tax lines and process correspondence arising from numerous billing programs generated by the Compliance Division.

The SCs are extensions of the Taxpayer Service and Compliance divisions. Our call center technology allows for the distribution of calls to our tax agents located across the SCs. The SCs also provide resources that support the compliance programs administered through the Compliance Division. A portion of the correspondence and telephone calls, as well as any walk-in taxpayers generated from these compliance programs, are serviced by the SCs. The SC staff also provides local resources to support various compliance programs. The SCs provide this service for the administering division.

Compliance

The Compliance Division, similar to TPS, is a functionalized division responsible for the billing, assessment, and certification of the major compliance programs, i.e., delinquencies, non-remittances, variances, federal matching programs, etc. These services are provided for the individual income, school district income, employer withholding, employer withholding school district, corporation franchise, sales and use, and pass-through entity taxes.

Bills are generated for actual or potential tax liabilities arising from an audit or a taxpayer's failure to file, pay, compute their taxes correctly, report their federal adjusted gross income consistently, or report all their income. When taxpayers do not respond to a billing notice an assessment is then issued. Assessments are the Tax Commissioner's final notification to a taxpayer of a tax deficiency or delinquency. An assessment informs the taxpayer of their legal rights if the assessment remains outstanding, and that their debt will be certified to the Ohio Attorney General's office for collection if an appeal is not filed in a timely fashion (see **Tables 1 - 3**, below).

The Compliance Division is responsible for responding to all taxpayer billing, assessment, and certification correspondence and the updating of the various department systems to resolve the notices. As stated previously, the telephone calls on the billing and assessment programs are routed through TPS allowing for the Compliance Division to concentrate their efforts on the correspondence; however, Compliance does provide resources to respond to the escalation of very technical telephone calls and the certification inquiries. Additionally, some administrative review responsibilities are handled by Compliance. Non-audit related assessment appeals (petitions) are serviced through Compliance. This enables taxpayers to resolve certain issues in an informal manner that supports the department's focus on timely, quality customer service.

The Compliance Division also serves as the department's liaison to the Ohio Attorney General's office with all communication regarding collection of deficient or delinquent taxes.

The services provided by the Compliance Division help the Department of Taxation ensure that the tax law is fairly applied by enabling the collection of delinquent taxes that help provide the revenue necessary for state programs and services.

TABLE 1
PERSONAL PROPERTY TAX ASSESSMENTS,* CALENDAR YEARS 2004 - 2005

Type of Tax	Amount of Assessments	
	Calendar Year 2004	Calendar Year 2005
Tangible Personal Property		
Single-County Corporations and Individual Unincorporated Businesses	\$11,158,008	\$11,138,440
Inter-County Corporations	88,364,622	118,029,735
Total Tangible Personal Property	\$99,522,630	\$129,168,175
Dealers in Intangibles	\$5,347,313	\$3,393,341
Total Personal Property and Dealers	\$104,869,943	\$132,561,516
* Resulting from audits or delinquent returns.		

SERVICE & SUPPORT

TABLE 2

SALES AND EXCISE TAX ASSESSMENTS LEVIED, AND UNPAID ASSESSMENTS CERTIFIED FOR COLLECTION, FISCAL YEARS 2005 - 2006

Tax Category	Assessments Levied*				Unpaid Assessments Certified for Collection**	
	FY 2005		FY 2006		FY 2005	FY2006
	Amount	Number	Amount	Number		
Sales & Use	\$277,258,317	140,435	\$507,993,278	241,439	\$147,948,544	\$246,819,553
Motor Vehicle Fuel	11,920,314	108	6,986,834	143	5,700,619	5,076,616
Motor Fuel Use	3,038	10	1,659	8	\$710	\$3,616
Cigarette	60,167	1	2,535,588	10	-	\$462,676
Other Tobacco Products	965,226	79	704,844	55	\$111,262	\$676,225
Alcoholic Beverage***	101,758	9	61,796	14	-	\$37,854
Severance	12,841	10	329,919	101	\$42,105	\$76,948
Horse Racing	-	0	-	0	-	-
Replacement Tire Fee	88,514	2	73,918	5	\$45,225	\$86,584
IFTA****	432,355	170	608,628	178	\$233,086	\$212,290
Kilowatt Hour	28,267	2	207,110	11	\$276,635	-
Natural Gas Distribution	-	0	-	0	-	-
Master Settlement Agreement*****	24,250	20	29,750	15	\$34,000	\$29,423
Total	\$290,895,047	140,846	\$519,533,324	241,979	\$154,392,186	\$253,481,785

* 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, and may be from a prior fiscal year.

*** Beer, wine, and mixed beverages.

**** International Fuel Tax Agreement.

***** Master Settlement Agreement (tobacco).

TABLE 3

INDIVIDUAL INCOME TAX AND CORPORATION FRANCHISE TAX ASSESSMENTS LEVIED, FISCAL YEARS 2002 - 2006

Tax Category	Fiscal Year 2002		Fiscal Year 2003		Fiscal Year 2004		Fiscal Year 2005		Fiscal Year 2006	
	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number
Corporation										
Franchise	\$52,046,091	9,439	\$57,203,517	7,755	\$57,968,371	4,363	\$496,524,746	83,419	\$312,324,996	24,892
Individual										
Income	\$142,824,765	154,172	\$32,785,324	20,989	\$74,387,712	85,759	\$155,353,096	132,765	\$162,714,937	109,424
Total	\$194,870,856	163,611	\$89,988,841	28,744	\$132,356,083	90,122	\$651,877,842	216,184	\$475,039,933	134,316