



## Responsibilities and Organization of the Department

### The Tax Commissioner

**S**ection 5703.05 of the Ohio Revised Code vests all powers, duties and functions of the Department of Taxation in the Tax Commissioner. The Tax Commissioner is appointed by the Governor, is subject to confirmation by the Ohio Senate, and serves at the pleasure of the Governor.

In general, the Tax Commissioner is responsible for the administration of most state-collected taxes and several locally-collected taxes as well as supervision of the real property tax. Broadly speaking, the principal powers and duties of the Tax Commissioner include:

- making all tax assessments, valuations, findings, determinations, computations and orders.
- reviewing, re-determining or correcting previous assessments, valuations or findings.
- promulgating rules and regulations and preparing and distributing tax return forms and other reporting tools;
- auditing returns, levying assessments and penalties, and granting or denying tax refunds; and
- issuing, revoking or suspending certain licenses and permits.

In addition, the Tax Commissioner has certain specific duties. These include:

- the actual collection of Ohio individual income, school district income, horse racing, sales, commercial activity and corporation franchise taxes as well as certain excise taxes;
- the operation of a central collection and reporting system for municipal income taxes on electric companies and telephone companies;
- the maintenance of a continuous study of the practical operation of the taxation and revenue laws of the state, the probable revenue effect of legislation introduced to change existing laws, and proposed measures providing for other forms of taxation; and
- revenue distribution to local governments, including shares of motor fuel tax revenue, property tax relief reimbursements, and distributions from the Local Government Fund, the Public Library Fund, and certain other funds.



To efficiently perform these functions, the Tax Commissioner is authorized by law to create divisions and sections of employees and organize the work of the department in a manner that, in the commissioner's judgment, will result in an efficient and economical administration of tax laws. The organization chart contained in this chapter indicates the current structure of the department as of July 7, 2010. The department had four deputy tax commissioners, one also serving as chief legal counsel and another also serving as the department's chief ethics officer.

Senior management also includes a chief information officer and a number of executive administrators who oversee various divisions within the department.

The department also has a problem resolution officer on staff, under the direction of the chief ethics officer, who provides additional assurance to taxpayers that their rights are being protected. To further serve Ohio residents and those in other states that have a business or residential nexus with Ohio, the department has located taxpayer service centers in eight major cities throughout Ohio in Columbus, Akron, Cleveland, Cincinnati, Dayton, Toledo, Youngstown, and Zanesville. The department also maintains regional audit centers near New York City, Chicago, and Los Angeles.

At the close of fiscal year 2009, the department had 1,292 permanent employees. During the fiscal year, the department spent about \$132.2 million to fulfill the department's various functions and responsibilities. Further details on department staffing levels and expenditures are shown in Tables 1 and 2, in this chapter.

Further details on the organization of the department are included in the pages that follow. For purposes of this report, the divisions are grouped into four main areas: customer services, compliance services, other tax administration services and support services.

### Customer Services

The vast majority of Ohio taxpayers make an honest effort to meet their responsibilities under the law. When they need help, they usually turn to the Department of Taxation's customer service divisions.

#### Taxpayer Services Division

For many taxpayers, the Taxpayer Services Division is the first stop – a single point of contact for taxpayers with questions about individual income, school district income, sales

and use, employer withholding, employer school district withholding, corporation franchise, pass-through entity and trust taxes.

This division serves as a multi-channel contact center that responds to taxpayer inquiries by letter, telephone, e-mail, fax machine and in person. This division strives for “first call resolution” to taxpayer inquiries, which range from general and technical taxability issues, tax return issues, filing requirements, business registrations, billings and assessments. The division also serves as the help desk for the Ohio Business Gateway, fields requests for forms, handles inquiries about refunds and answers questions from tax practitioners.

During fiscal year 2009, the Taxpayer Services Division handled 1,232,915 phone calls and 66,344 e-mail queries. Agents also assisted 37,064 walk-in taxpayers with completing returns, making payments, or answering general tax questions.

The division also 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 and safekeeping information.

#### **Taxpayer Service Centers**

The Department of Taxation maintains taxpayer service centers in Akron, Cincinnati, Cleveland, Columbus, Dayton, Toledo, Youngstown and Zanesville. These centers are intended to put a “face” to the department across Ohio.

The service centers constitute a local resource for assistance, and a local presence to implement and enforce the department’s various compliance and service programs. The centers offer assistance to walk-in taxpayers and support telephone inquiries received from business and income tax telephone lines.

The service centers also act as extensions of the Taxpayer Service and Compliance divisions. The department’s call center technology allows calls to be distributed to service centers when necessary. The centers also assist with compliance and billing programs run by the Compliance Division – specifically, with the correspondence, telephone calls and walk-ins that such programs generate.

#### **Problem Resolution Officer**

The problem resolution officer is a special resource for taxpayers. This individual serves as a liaison between the Ohio Department of Taxation and taxpayers when the normal lines of communication break down. Revised Code section 5703.52 states that the officer or additional persons designated for the office is to “receive and review inquiries and complaints concerning matters that have been pending before the department for an unreasonable length of time or matters to which a taxpayer has been unable to obtain a satisfactory response after several attempts to communicate with the employee of the department assigned to the taxpayer’s case or the employee’s immediate supervisor.”

The problem resolution officer works with the appropriate employees and the taxpayer to determine the precise circum-

stances of their issue and to arrive at the appropriate resolution. Education and explanation regarding the applicable laws and rules is a key part of this process. Most tax situations can be reviewed by the problem resolution officer, except for appeals of final determinations of the Tax Commissioner or cases certified to the Ohio Attorney General for collection. The officer is available to assist taxpayers by mail, telephone or through e-mail received through the department’s Web site.

## **Compliance Services**

While most people voluntarily comply with Ohio’s tax laws, there are exceptions. For these exceptions – and to fairly ensure that compliance is applied equally to all taxpayers – the department bills for unpaid taxes and operates a system of appeals that can either reduce liability or lead to collection for unpaid tax debts.

#### **Compliance Division**

The Compliance Division handles billing, assessment and certification for collection as part of the major compliance programs run by the Department of Taxation.

Examples of compliance programs run by this division include the mailing of delinquency notices when taxpayers fail to submit a return and the mailing of billing notices to taxpayers who fail to pay an amount that appears to be due. The Compliance Division runs these and other compliance programs for a range of taxes, including individual income, school district income, employer withholding, school district employer withholding, corporation franchise, sales and use, and pass-through entity taxes.

The division generates bills for actual or potential tax liabilities arising from an audit or from an apparent taxpayer mistake. Such mistakes include the failure to file a return, compute taxes correctly, pay the amount owed, report federal adjusted gross income consistently, or report all income.

When taxpayers do not respond to a billing notice, the Compliance Division then issues an assessment. Assessments are the Tax Commissioner’s final notice to a taxpayer of a tax deficiency or delinquency. An assessment informs a taxpayer of his or her legal rights if the assessment remains outstanding, and that the debt will be certified to the Ohio Attorney General’s office for collection if an appeal is not filed in a timely fashion.

The Compliance Division also certifies debts for collection by the Ohio Attorney General and serves as the department’s liaison to the Ohio Attorney General’s office on issues concerning collection of deficient or delinquent taxes.

The Compliance Division is also responsible for responding to all taxpayer billing, assessment and certification correspondence and reviewing appeals of assessments that did not begin with an audit. This enables taxpayers to resolve certain issues in an informal manner that supports the department’s focus on timely, quality customer service.

#### **Office of Chief Counsel**

The Office of Chief Counsel is responsible for the tax legal affairs of the Department of Taxation. It is divided into four areas, described below:

**Tax Appeals Division** – The Tax Appeals Division conducts most of the administrative appeal hearings within the

department and issues the Tax Commissioner's final determination in these tax matters, which serves as the department's final assessment of the taxpayer. The Tax Appeals Division had 18 hearing officers and supervisors and three support staff as of June 30, 2009, an increase of one hearing officer from fiscal year 2008.

Tax Appeals tracks final determinations by calendar year. In calendar year 2009, the division had an opening balance of 9,077 cases and received an additional 12,958 more during the year. A total of 6,432 final determinations were issued, for an end-of-year balance of 15,603 cases on hand. This was an increase from calendar year 2008, when Tax Appeals started the year with 4,515 cases, received 9,876 more during the year, issued 5,314 final determinations, and ended with a balance of 9,077 cases.

**Appeals Management Division** – The Appeals Management Division serves as a liaison with the Attorney General's office for all litigation that involves the department except personnel actions. Much of the work of the division involves the mediation of appeals at the Board of Tax Appeals and the Ohio Supreme Court. This division also includes a Resolution Unit that works with the Offers in Compromise program and settlements concerning assessments certified for collection to the Attorney General's office. The Appeals Management Division had 11 employees as of June 30, 2009.

Case information is tracked on a calendar year basis. As of Dec. 31, 2009, Appeals Management had 513 cases on appeal at the Board of Tax Appeals; six in the state appeals court system; 23 at the Ohio Supreme Court; and one at the United States Supreme Court. This was an increase in cases from 2008, when the division had 428 cases on appeal at the Board of Tax Appeals; four in the state appeals court system; 13 at the Ohio Supreme Court; and two at the United States Supreme Court.

**Bankruptcy Division** – The Bankruptcy Division is charged with claiming delinquent taxes from both individual and corporate taxpayers who have filed for bankruptcy. The division receives notices of filings each month from bankruptcy courts both in and outside of Ohio that must be researched for outstanding tax debts. When taxes are owed, the division must file a proof of claim in the appropriate bankruptcy court prior to the bar date, or the date when the court can discharge debts. Collection of tax debts from these proofs may take months or years, as courts can place delinquent taxpayers on a payment plan. The Bankruptcy Division had 14 employees as of June 30, 2009, one more than in fiscal year 2008.

In calendar year 2009, the division received 13,288 notices of bankruptcies filed. It processed a total of 4,118 proofs of claim, which amounted to \$484,262,385 in delinquent taxes filed. By comparison, during calendar year 2008, 10,230 notices of bankruptcy were received and 4,112 proofs of claim were processed, amounting to \$130,915,319 in delinquent taxes.

**Legal counsels** – The Office of Chief Counsel also has legal counsels assigned to other department divisions, where they are responsible for drafting and reviewing legislation, rules, and information releases. The counsels also draft

formal and informal tax opinions. These legal counsels drafted five formal tax commissioner opinions regarding specific tax issues in calendar year 2009 and 11 in calendar year 2008, compared to five in calendar year 2007.

#### **Audit Division**

The Audit Division conducts audits relating to most of Ohio's major business taxes, which includes sales and use tax, commercial activity tax, corporation franchise tax, pass-through entity tax, employer withholding tax, and tangible personal property tax.

During the fiscal year ending June 30, 2009, the Audit Division completed the following number of audits for each of these tax types:

Tax Type	Total Audits
Sales and Use	1,156
Personal Property	542
Corporation Franchise	689
Pass-Through Entity	217
Employer Withholding	95
Commercial Activity	37
<b>Total</b>	<b>2,736</b>

#### **Enforcement Division**

The Department of Taxation's Enforcement Division is comprised of 27 sworn police officers who enforce the criminal provisions of Ohio tax laws. The Enforcement Division came into existence in 1971, when it was organized primarily to combat cigarette smuggling and organized crime. Since that time, the division has grown in size and responsibility. The Enforcement Division now enforces most of the taxes administered by the department, including the cigarette tax, other tobacco products tax, motor fuel tax, income tax, employer withholding taxes and the sales and use tax.

In 2002, 2005 and again in 2008, the Enforcement Division achieved accreditation from the Commission on Accreditation for Law Enforcement Agencies Inc. In 2008, the division attained flagship status and was highlighted as among the top third of accredited agencies in the United States. The Enforcement Division is the only revenue-type division in the world to achieve this distinction. The accreditation means the division has met stringent guidelines related to policies and procedures governing the operation of a law enforcement agency.

While the Enforcement Division is a support branch of the Department of Taxation, it is also a revenue generator for state government. During fiscal year 2009, Enforcement's efforts brought in \$4.5 million. For fiscal years 2004 through 2009, Enforcement actions resulted in over \$25 million in revenue.

#### **Tax Discovery Division**

Most of the department's compliance efforts concern the amount of tax that should be paid by individuals and entities that are already well known to the department. In contrast, tax discovery can be thought of as the effort to identify legally-owed tax belonging to individuals and entities that may not be known to the department, at least in the context of a particular tax.

The Tax Discovery Division is charged with creating new tax programs, based on existing tax laws, in order to generate revenue for the state of Ohio. It runs programs within the

unit, measures the success of the program, and then either refers the program to the affected operating division or keeps and maintains the program within the Discovery division. In addition, Discovery, which was formed in 2005, can be charged with administering special programs as requested by the Tax Commissioner's office.

For the 2009 fiscal year, Tax Discovery identified over \$51 million in additional tax liability for collection, primarily in the individual income, employer withholding, and sales and use tax areas. Since the division's inception, over \$119.9 million has been identified for collection that presumably otherwise would not have been collected.

## Tax Administration Services

Other divisions are less visible to taxpayers, but still vital to the administration of state taxes in Ohio.

A number of these divisions oversee one or several specific taxes. This oversight includes developing rules and procedures for one or more taxes, prescribing forms, processing returns that have been suspended for one or more reasons, and interpreting law and policy to resolve taxpayer issues.

These divisions are:

- **Business Tax**, which is responsible for the corporation franchise tax, the pass-through entity and trust withholding tax, and the municipal income tax for electric light companies and telephone companies.
- **Commercial Activity Tax**.
- **Estate Tax**.
- **Excise, Motor Fuel and Public Utilities Tax**, which is the product of a merger of the Excise & Motor Fuel and Personal Property Tax divisions effective Oct. 14, 2008. This division oversees the taxes on alcoholic beverages, cigarettes and other tobacco products, horse racing, kilowatt-hour, motor fuel, natural gas distribution and severance. Because of the specialized nature of these taxes, the division processes returns, handles taxpayer calls, issues variances and assessments, and conducts audits on its own. This division also oversees the public utility property and public utility excise taxes as well as lingering responsibilities associated with the personal property tax.
- **Individual Income and School District Income Tax**.
- **Sales and Use**, which monitors sales and use tax compliance by out-of-state businesses and handles tax matters pertaining to liquor permits.
- **Tax Equalization**, which is responsible for overseeing the appraisal of real property for tax purposes by Ohio's county auditors.

The efforts of these divisions are chronicled, to some extent, in the "Taxes Administered" section of this book.

Other divisions are responsible for one or more aspects of taxation that apply to many of Ohio's specific taxes. They are described below.

### Operations and Support Center

The Operations and Support Center is the central processing unit for the majority of the business and individual tax

returns filed with the Department of Taxation. This division processed more than 6.6 million tax returns in 2008.

The primary function of the Operations Center is to facilitate voluntary compliance. This is accomplished through:

- receiving and recording tax returns, documents and remittances;
- issuing refunds;
- storing and retrieving tax documents; and
- depositing taxpayer payments with banks so that funds are available for distribution to state and local governments.

As part of this mission, the Operations and Support Center has overseen the growing number of ways taxpayers may submit tax returns electronically rather than on paper. For the 2008 filing season, these methods included:

- **TeleFile**, the ability to submit a return by touchtone telephone. This was the department's first electronic filing method, and was first offered for the 1997 taxable year.
- the Internal Revenue Service's e-file program, which became available through tax practitioners and software packages starting in 1999.
- **Ohio I-File**, a Web-based solution introduced in 2003 for the 2002 filing year. I-File asks taxpayers a series of questions, then compiles a state or school district income tax return based on those answers.
- **Ohio eForms**, which are Adobe Acrobat forms that resemble traditional tax forms but can be filled out online and submitted electronically. The first eForms were rolled out in 2008 for the 2007 taxable year.

For the 2008 taxable year, all of these methods combined to account for more than 4 million, or 65 percent, of all individual and school district income tax returns filed with the department.

Electronic filing not only allows taxpayers to get their refund faster, but it also substantially reduces both the taxpayer and processing errors generally found on paper-filed returns. The ease and efficiency associated with electronically filed returns – versus the labor-intensive manual process associated with returns filed on paper – is believed to save the citizens of Ohio millions of dollars in processing costs annually.

### Forms Printing Division

The Forms Printing Division produces hundreds of forms utilized by tax practitioners and taxpayers to meet their obligations for most taxes administered by the Department of Taxation.

The Forms Printing Division is responsible for composing forms, preparing bid specifications for printing projects, ordering forms for various divisions, distributing forms and maintaining an inventory. The division acts as a forms liaison with third-party vendors and payroll processing companies.

In recent years, the division has revised forms to be scanned and imaged by a full-page scanner for more efficient data capture. The division is also responsible for making sure the most up-to-date forms are available on the department's

Web site. The forms section is the most visited section of the department's Web site.

### Revenue Accounting

The Revenue Accounting Division ensures that tax dollars are properly deposited and distributed in accordance with the law.

One of the primary duties of Revenue Accounting is the distribution of tax revenue. In fiscal year 2009, Revenue Accounting distributed more than \$4.8 billion, including:

- revenue into the Local Government Fund and the Public Library Fund;
- revenue from locally-enacted taxes, including county sales and use taxes, school district income taxes, resort area taxes, municipal income tax receipts from electric light companies and telephone companies, and Cuyahoga County beer, wine, cigarette and liquor taxes;
- revenue shared from specific state taxes including the motor fuel tax, dealers in intangibles tax and the horse racing tax;
- property tax relief efforts, including the 10 percent rollback, the 2.5 percent rollback and the homestead property tax exemption;
- property tax replacement fund distributions, including those associated with the kilowatt-hour tax, the natural gas distribution tax and the commercial activity tax;
- revenue from income tax check-off programs, including the political party check-off and the scenic rivers, wild-life and Military Injury Relief Fund donation check-offs; and
- revenue from the manufactured home tax and the tangible personal property tax.

In addition, Revenue Accounting records most of the revenue receipts and refund deposits for the department for the individual income tax, employer withholding tax, sales and use tax, corporation franchise tax, school district income tax, motor fuel and use tax, the International Fuel Tax Agreement, the commercial activity tax and the municipal income tax for electric light companies and telephone companies.

The division also handles the accounting and reversals for all tax payment errors. This includes checks, electronic funds transfers (EFTs), payments made through the 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.

### Tax Analysis Division

The Tax Analysis Division serves as the research arm of the Ohio Department of Taxation, providing packaged data, quantitative analysis, revenue forecasts, and policy analysis to internal and external customers. The customers for Tax Analysis products include the Governor's office, members of the General Assembly, other divisions of the department, and all levels of local government.

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.

Tax Analysis also assists the Office of Budget and Management (OBM) in forecasting tax revenues, tracking revenue on a monthly basis and assisting OBM with any updates of its forecasts. Tax Analysis also provides estimates of the Governor's tax proposals in the executive budget and the Tax Expenditure Report, traditionally "Book Two" of the executive budget.

Tax Analysis produces the tax data series that appears on the department's Web site – a data series that puts Ohio in the forefront when it comes to scope and quality. The division produces similar data for other publications, including *Property Taxation and School Funding*, an educational aid for decision makers. The division also assembles the statistics, tables, graphs, and interstate comparison data for departmental publications such as *Ohio's Taxes: A Brief Summary of Major State and Local Taxes in Ohio* and this annual report.

The division provides a number of services to local governments, including dozens of estimates of school district income tax revenues each year and, in conjunction with the Revenue Accounting Division, estimates of the distributions to the three local government funds. The division also provides informal consulting to school districts and other local governments on property tax questions 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.

## Support Services

Other divisions of the Department of Taxation are in more of a support role. Many of these divisions have analogues in other state agencies and in the private sector.

### Budget and Fiscal Division

The Budget and Fiscal Division performs internal financial, accounting, and facilities management functions that help the department run its day-to-day operations. The two Budget and Fiscal sections are:

**Budget and Accounts Payable** – This section prepares and monitors the department's operating budget with primary responsibilities that include centralized purchasing, processing payment of invoices and travel expense reimbursement. This section also administers the department's payment cards, travel Visa program, petty cash funds and contracts.

**Facilities Management** – This section is responsible for managing, equipping, and maintaining the department's office facilities, including safety and security. This section also administers the mail operations, inventory of all fixed assets, central supply services and the vehicle fleet program.

### Communications Office

The Communications Office supports the department's mission of helping taxpayers understand their responsibilities through the timely delivery of information to external and internal audiences. The office is the first point of contact for

media with questions about the department or requests for interviews. The office also:

- issues news releases and coordinates other events with state and local media to highlight significant events and policy changes at the department.
- manages the department's Web site, [tax.Ohio.gov](http://tax.Ohio.gov), with support from Information Services and liaisons throughout the agency.
- oversees several periodic publications, including this annual report, the quarterly *Ohio State Tax Report* and certain brochures.
- manages content on the department's internal Web site and develops other informational resources for department employees, including a monthly employee newsletter.

#### **Employee Development & Training/Quality Programs Division**

The Employee Development and Training/Quality Programs Division provides practical and applied professional skills and career development opportunities for all Ohio Department of Taxation employees. The division works with the department's tax and administrative divisions to assess their ongoing organizational and staff development needs, then presents or assists with the development and delivery of appropriate and timely training for all department employees.

This division also coordinates:

- the department's Agency Level Efficiency Review Team (ALERT), part of Governor Strickland's Efficiency Review & Continuous Process Improvement initiative.
- department-wide health and wellness initiatives.
- corporate citizenship and employee recognition programs.
- department activities as part of the three major annual statewide charitable campaigns: Operation Feed, the Combined Charitable Campaign, and the Holiday Food Basket drive.
- department involvement in the statewide Public Practice Continuing Legal Education Coalition, including presenting a minimum of two department Public Practice CLE seminars per year.

#### **Human Resources Division**

The mission of the Human Resources Division is to develop and maintain the effective workforce needed to complete the department's mission.

Human Resources places a primary concern on helping leaders within the department build competent, effective, and efficient work teams and units. This goal is accomplished by Human Resources' development of plans, policies, implementation strategies, and evaluative and strategic reviews.

The division also creates, implements and assesses a wide range of human resource actions in the areas of recruitment, employment, compensation, labor and employee relations, performance management, employee development, and executive resources.

#### **Information Services Division**

The Information Services Division supports the department's business program areas through the development and support of computer information systems. This division provides a secure, flexible and appropriately-scaled architecture

for the exchange of information with internal and external customers.

During fiscal year 2009, Information Services worked in partnership with many areas of the business to improve return processing times, capitalize upon new tax discovery opportunities, implement enhanced system security measures, reduce the volume of calls to the Taxpayer Service Centers, increase electronic filing, improve turnaround time for depositing income tax checks and improve customer service in preparation for the tax season.

Information Services continues to support the State Taxation Accounting and Revenue System (STARS) project through experience in analysis, design and technical support for STARS infrastructure including hardware, software, networking, data migration and interfaces. The division also fulfills equipment needs, data issues, computer service requests and system security requests for the project. When fully operational, STARS will significantly improve tax administration for all taxes by consolidating several existing tax systems on a single platform.

#### **Internal Audit Division**

The mission of the department's Internal Audit Division is to independently examine and evaluate the ongoing control processes of the department and to provide counsel and recommendations for improvements whenever needed. The division also investigates areas with a high potential for risk and offers suggestions and recommendations to minimize the department's exposure.

The Internal Audit Division reports directly to a Deputy Tax Commissioner but has open access to discuss matters directly with the Tax Commissioner. The Internal Audit Division is free of all operational and management responsibilities that might impair an ability to make independent reviews of all aspects of the department's operations. Additionally, the division has been authorized to have free and unrestricted access to all department records, functions, property, and personnel in order to investigate and/or maintain sound internal controls. The division serves as the contact and liaison for representatives from the Auditor of State's office.

#### **Legislation Division**

The Legislation Division is the legislative coordinating unit for the Department of Taxation. It monitors all tax-related legislation as it progresses through the General Assembly. The division serves as the primary resource to members of the General Assembly, providing three main services:

- analyzing and reviewing proposed legislation;
- assisting with constituent inquiries or problems; and
- providing briefings or background information concerning tax issues.

The division's staff attends legislative committee hearings and prepares and presents testimony on tax policy issues. The division also provides information to the general public, state agencies, and elected officials about tax policy and the department's policies and procedures.

## Ohio Department of Taxation's Partners

The Ohio Department of Taxation accomplishes many of its goals through collaborative partnerships with other governmental agencies.

The **Internal Revenue Service** provides data from federal returns which is used to check the accuracy of Ohio income tax returns. For example, the adjusted gross income reported by taxpayers on their federal returns is routinely compared with the adjusted gross income as reported on the Ohio returns. Discrepancies are researched by the department and taxpayers are contacted, if necessary, to verify their correct income.

Two sections of the Office of the **Ohio Attorney General** play key roles in the administration of Ohio taxes. The Taxation Section of the Attorney General litigates cases for the Tax Commissioner at the Ohio Board of Tax Appeals and the Ohio Supreme Court, as well as at other state and federal courts. The Collections Enforcement Section of the Attorney General performs collection activities on delinquent tax accounts.

The state **Office of Budget and Management (OBM)** receives all revenue collected by the department. Income tax and other refund checks, as well as electronic deposits to taxpayers' accounts, are generated by OBM based on data provided by the Department of Taxation.

The **Ohio Department of Development** certifies to the Department of Taxation certain credits available to Ohio taxpay-

ers, such as the job creation tax credit, the job retention tax credit, the research and development investment tax credit, the technology investment tax credit, and the Ohio historic preservation tax credit.

The Department of Taxation also withholds income tax refunds from parents who are delinquent in their child support. Those amounts are forwarded to the **Ohio Department of Job and Family Services** which, in turn, disburses the money to the county child support enforcement agencies.

The Department of Taxation and the **Ohio Department of Commerce** share information on businesses with liquor permits according to procedures spelled out in the Ohio Revised Code. The agencies work to ensure that holders of liquor permits remain current in their sales tax and employer withholding tax filings and payments.

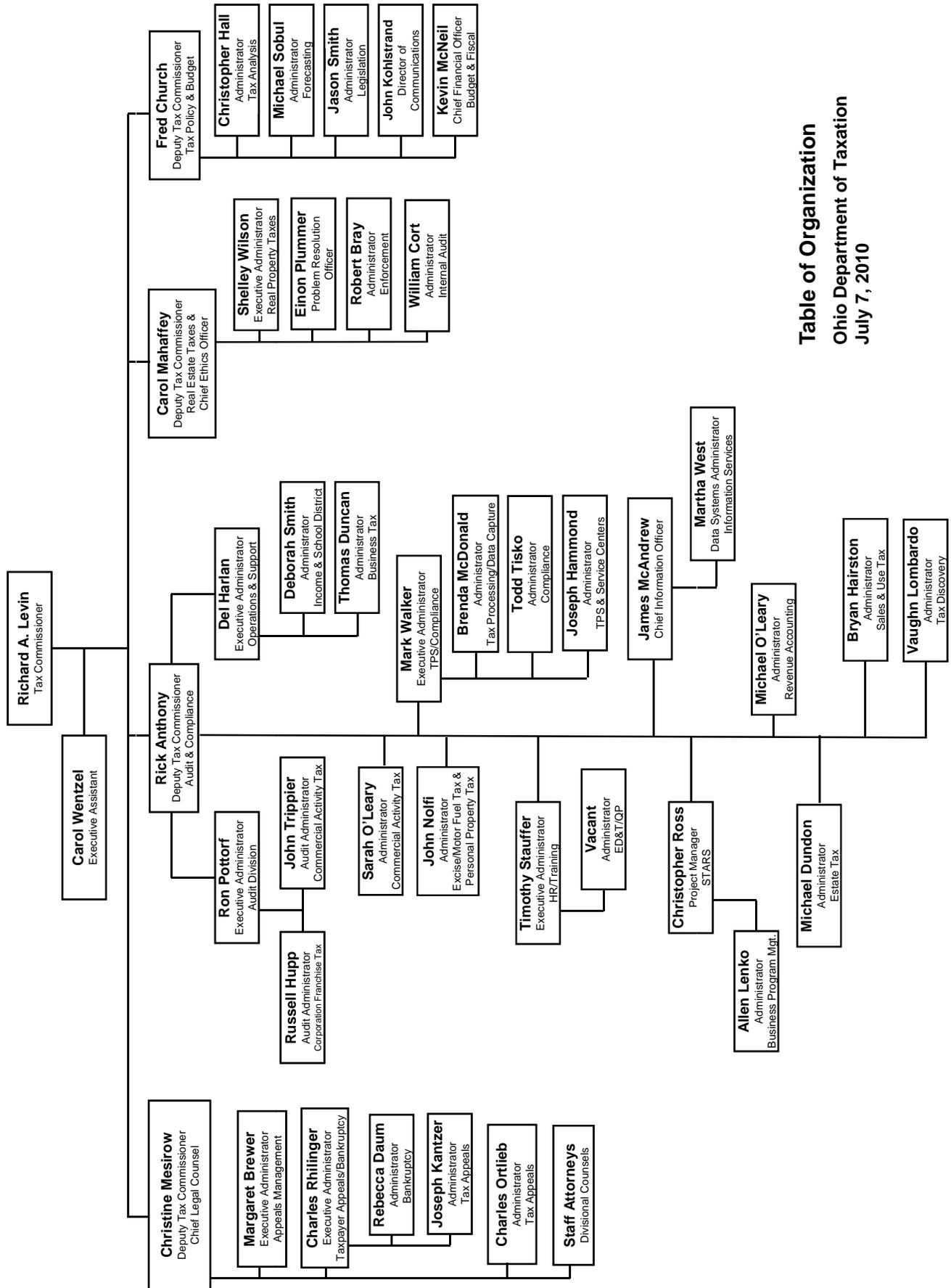
## Administrative Tables

The tables that follow illustrate various aspects of the Department of Taxation's structure and mission, including its organization, expenditures and staffing. The tables also document the growth of electronic filing and the number of assessments recorded through the department's compliance programs. A final table provides totals of cash collected through these compliance programs in the most current fiscal year.



### Ohio's Tax Commissioners, 1939 to present

<b>Tax Commissioner</b>	<b>Began service</b>	<b>Ended service</b>	<b>Appointed by</b>
William S. Evatt	June 3, 1939	Dec. 31, 1944	John W. Bricker
C. Emory Glander	Jan. 1, 1945	Jan. 31, 1951	Frank J. Lausche
John W. Peck	Feb. 1, 1951	Jan. 31, 1954	Frank J. Lausche
Stanley J. Bowers	Feb. 1, 1954	April 14, 1963	Frank J. Lausche
Louis J. Schneider	April 15, 1963	Dec. 29, 1964	James A. Rhodes
Gerald A. Donahue	Jan. 4, 1965	March 12, 1966	James A. Rhodes
Gail W. Porterfield	March 13, 1966	Jan. 10, 1971	James A. Rhodes
Robert J. Kosydar	Jan. 11, 1971	Jan. 12, 1975	John J. Gilligan
Gerald S. Collins	Jan. 13, 1975	Sept. 10, 1975	James A. Rhodes
Edgar L. Lindley	Sept. 11, 1975	Jan. 9, 1983	James A. Rhodes
Joanne Limbach	Jan. 10, 1983	Jan. 13, 1991	Richard F. Celeste
Roger W. Tracy	Jan. 14, 1991	Jan. 11, 1999	George V. Voinovich
James J. Lawrence	Jan. 11, 1999	June 30, 1999	Bob Taft
Thomas M. Zaino	July 1, 1999	Oct. 31, 2003	Bob Taft
J. Patrick McAndrew	Nov. 1, 2003	Jan. 11, 2004	Bob Taft
William W. Wilkins	Jan. 12, 2004	Jan. 7, 2007	Bob Taft
Richard A. Levin	Jan. 8, 2007		Ted Strickland

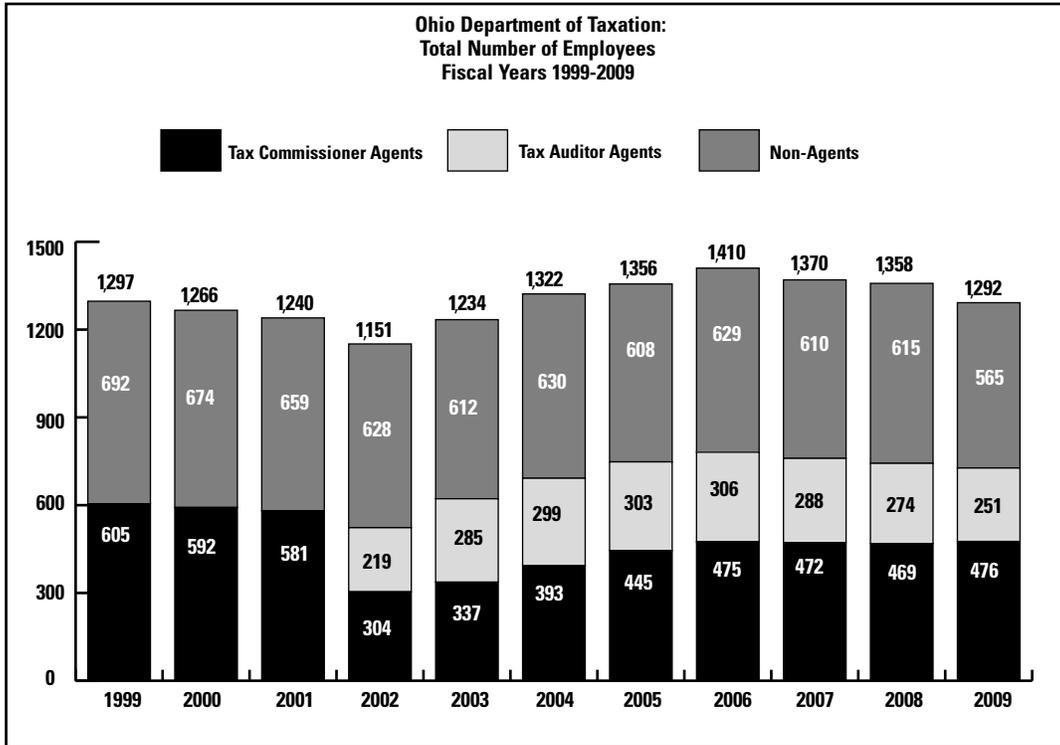


**Table of Organization**  
Ohio Department of Taxation  
July 7, 2010

**Table 1**

Ohio Department of Taxation Staff Structure & Number of Employees: Fiscal Year 2009			
Unit of Organization	Number of Employees June 30, 2009	Unit of Organization	Number of Employees June 30, 2009
<b>Administrative Divisions</b>		<b>Estate Tax</b>	<b>10</b>
Tax Commissioner	11		
Human Resources	15	<b>Excise &amp; Motor Fuel Tax</b>	<b>47</b>
Tax Analysis	9		
Employee Dev. & Training	8	<b>Facilities Management</b>	<b>26</b>
Legislation	4		
Communications	5	<b>Forms &amp; Purchasing</b>	<b>6</b>
HR/TCA Training	3		
Business Program Management	13	<b>Information Services</b>	<b>135</b>
<b>Divisions Total</b>	<b>68</b>	<b>Internal Audit</b>	<b>2</b>
<b>Audit</b>		<b>Operations</b>	<b>134</b>
Administration/Support	23		
South Central Region	52	<b>Personal Income &amp; School District Tax</b>	<b>61</b>
Northwest Region	84		
Northeast Region	71	<b>Sales &amp; Use Tax</b>	<b>42</b>
New York	6		
Chicago	7	<b>Tax Discovery</b>	<b>29</b>
Los Angeles	12		
		<b>Tax Equalization</b>	<b>24</b>
<b>Division Total</b>	<b>255</b>		
		<b>Taxpayer Service Centers</b>	
<b>Budget &amp; Fiscal</b>	<b>23</b>	Akron	12
		Cincinnati	15
<b>Business Tax</b>	<b>63</b>	Cleveland	18
		Dayton	16
<b>Chief Counsel</b>	<b>52</b>	Toledo	12
		Youngstown	17
<b>Commercial Activity Tax</b>	<b>31</b>	Zanesville	13
<b>Compliance</b>	<b>74</b>	<b>Divisions Total</b>	<b>103</b>
<b>Enforcement</b>	<b>28</b>	<b>Taxpayer Services</b>	<b>79</b>
		<b>Total Permanent Employees</b>	<b>1,292</b>

**Chart 1**



**Table 2**

**Expenditures of the Ohio Department of Taxation By Division:  
Fiscal Year 2009**

Division	Personal Service	Maintenance	Equipment	Total
Administrative	\$10,786,422	\$5,089,199	\$104,445	\$15,980,065
Audit	22,391,911	1,808,160	623	24,200,694
Business & Corporation Franchise Tax	4,658,388	246,866	0	4,905,254
Chief Counsel	5,274,483	25,791	0	5,300,274
Commercial Activity Tax	1,852,562	15,167	0	1,867,729
Compliance	5,647,198	117,004	0	5,764,203
Enforcement	2,444,381	259,033	156,176	2,859,589
Estate Tax	853,563	12,627	0	866,190
Excise & Motor Fuel Tax	2,483,849	842,508	0	3,326,357
Information Services	18,145,803	5,456,291	853,831	24,455,926
Operations	9,609,100	2,626,996	1,458	12,237,554
Personal Income & School District Tax	4,314,736	3,289,632	0	7,604,368
Personal Property Tax	1,383,576	14,508	0	1,398,084
Sales & Use Tax	3,218,741	1,004,209	0	4,222,950
Tax Discovery	1,280,357	2,552	2,232	1,285,141
Tax Equalization	2,070,441	16,793	0	2,087,233
Taxpayer Services	13,180,922	672,445	1,577	13,854,944
<b>Total</b>	<b>\$109,596,433</b>	<b>\$21,499,781</b>	<b>\$1,120,343</b>	<b>\$132,216,556</b>

**Table 3**

<b>Ohio Individual Income &amp; School District Income Tax Return Filing:</b>										
<b>Tax Years 1999 - 2008</b>										
<b>State Returns</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Form IT 1040 (Paper)	2,967,340	2,645,743	2,585,136	2,430,889	2,259,825	2,118,800	1,742,348	1,523,984	1,602,623	1,399,427
Form IT 1040 EZ (Paper)	1,130,605	1,203,655	814,473	663,406	593,326	491,338	678,362	683,055	520,271	461,057
<b>Total Paper</b>	<b>4,097,945</b>	<b>3,849,398</b>	<b>3,399,609</b>	<b>3,094,295</b>	<b>2,853,151</b>	<b>2,610,138</b>	<b>2,420,710</b>	<b>2,207,039</b>	<b>2,122,894</b>	<b>1,860,484</b>
IRS e-file program	879,837	1,141,239	1,396,931	1,616,387	1,837,659	2,069,667	2,348,393	2,575,570	2,838,958	2,952,938
Telefile	421,483	468,930	621,810	534,787	435,883	375,944	292,217	227,173	142,087	98,220
I-File	-0-	-0-	-0-	118,444	213,815	303,896	346,302	405,071	413,833	492,432
eForm IT 1040									20,601	21,332
eForm IT 1040 EZ									24,078	20,771
<b>Total Electronic</b>	<b>1,301,320</b>	<b>1,610,169</b>	<b>2,018,741</b>	<b>2,269,618</b>	<b>2,487,357</b>	<b>2,749,507</b>	<b>2,986,912</b>	<b>3,207,814</b>	<b>3,439,557</b>	<b>3,585,693</b>
<b>Total State Returns</b>	<b>5,399,265</b>	<b>5,459,567</b>	<b>5,418,350</b>	<b>5,363,913</b>	<b>5,340,508</b>	<b>5,359,645</b>	<b>5,407,622</b>	<b>5,414,853</b>	<b>5,562,451</b>	<b>5,446,177</b>
Percentage filed on paper	75.9%	70.5%	62.7%	57.7%	53.4%	48.7%	44.8%	40.8%	38.2 %	34 %
Percentage filed electronically	24.1%	29.5%	37.3%	42.3%	46.6%	51.3%	55.2%	59.2%	61.8 %	66 %
<b>School District Returns</b>										
Form SD 100 (paper)	424,168	418,509	387,114	361,426	351,214	336,504	321,717	307,221	324,053	292,610
<b>Total Paper</b>	<b>424,168</b>	<b>418,509</b>	<b>387,114</b>	<b>361,426</b>	<b>351,214</b>	<b>336,504</b>	<b>321,717</b>	<b>307,221</b>	<b>324,053</b>	<b>292,610</b>
IRS e-File program	73,481	85,619	116,203	127,252	151,649	183,777	224,825	266,247	318,190	366,257
I-File						27,479	41,142	56,171	66,077	77,021
eForm SD100									5,023	4,917
<b>Total Electronic</b>						<b>211,256</b>	<b>265,967</b>	<b>322,418</b>	<b>389,290</b>	<b>448,195</b>
<b>Total School Returns</b>	<b>497,649</b>	<b>504,128</b>	<b>503,317</b>	<b>488,678</b>	<b>502,863</b>	<b>547,760</b>	<b>587,684</b>	<b>629,639</b>	<b>713,343</b>	<b>740,805</b>
Percentage filed on paper	85.2%	83.0%	76.9%	64.0%	69.8%	61.4%	54.7%	48.8%	45.4 %	39.5 %
Percentage filed electronically	14.8%	17.0%	23.1%	26.0%	30.2%	38.6%	45.3%	51.2%	54.6 %	60.5 %
<b>All Returns</b>										
<b>Grand Total</b>	<b>5,896,914</b>	<b>5,963,695</b>	<b>5,921,667</b>	<b>5,852,591</b>	<b>5,843,371</b>	<b>5,907,405</b>	<b>5,995,306</b>	<b>6,044,492</b>	<b>6,275,794</b>	<b>6,206,982</b>
<b>Grand Total Paper</b>	<b>4,522,113</b>	<b>4,267,907</b>	<b>3,786,723</b>	<b>3,455,721</b>	<b>3,204,365</b>	<b>2,946,642</b>	<b>2,742,427</b>	<b>2,514,260</b>	<b>2,446,947</b>	<b>2,153,094</b>
<b>Grand Total Electronic</b>	<b>1,374,801</b>	<b>1,695,788</b>	<b>2,134,944</b>	<b>2,396,870</b>	<b>2,639,006</b>	<b>2,960,763</b>	<b>3,252,879</b>	<b>3,530,232</b>	<b>3,828,847</b>	<b>4,033,888</b>
Percentage filed on paper	77%	72%	64%	59%	55%	49.9%	45.7%	41.6%	39 %	35 %
Percentage filed electronically	23%	28%	36%	41%	45%	50.1%	54.3%	58.4%	61 %	65 %

Chart 2

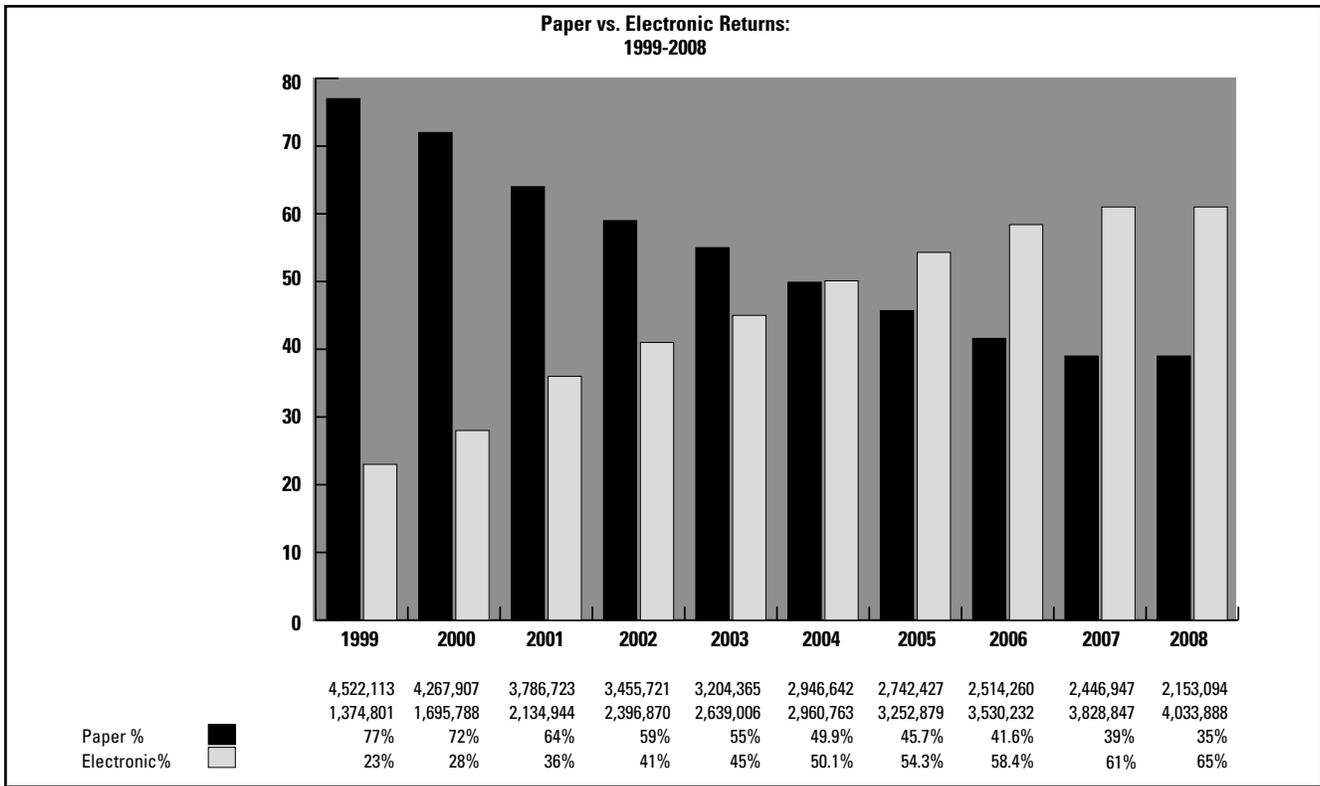


Table 4

**Personal Property Tax Assessments:  
Calendar Years 2007 - 2008**

Assessments for these taxes result from audits or delinquent returns. Because of the phase-out of the tangible personal property tax, listing percentages are lower and there is less audit activity.

Type of Tax	Calendar Year 2007	Calendar Year 2008
<b>Tangible Personal Property</b>		
Single-County Corporations and Individual Unincorporated Businesses	\$9,982,320	\$8,301,998
Inter-County Corporations	153,675,062	73,681,813
<b>Total Tangible Personal Property</b>	<b>\$163,657,382</b>	<b>\$81,983,811</b>
Dealers in Intangibles	\$10,763,703	(\$320,691) <sup>1</sup>
<b>Total Personal Property and Dealers</b>	<b>\$174,421,085</b>	<b>\$81,663,120</b>

<sup>1</sup> Represents reduced assessments and refunds.

**Table 5**

Sales and Excise Tax Assessments Levied, and Unpaid Assessments Certified for Collection: Fiscal Years 2008 - 2009						
Tax Category	Assessments Levied				Unpaid Assessments Certified for Collection	
	FY 2008		FY 2009		FY 2008	FY 2009
	Amount	Number	Amount	Number		
Sales & Use	\$623,294,592	219,478	\$719,652,286	195,751	\$360,787,489	\$408,517,530
Motor Vehicle Fuel	8,979,470	102	\$23,280,546	66	10,202,127	8,504,291
Cigarette	3,674,011	6	\$883,956	5	108,713	2,865,591
Other Tobacco Products	5,648,546	261	\$4,500,566	227	2,046,111	1,909,173
Alcoholic Beverage <sup>1</sup>	279,609	58	169,274	40	68,730	2,872
Severance	295,299	70	327,172	117	143,966	143,155
Horse Racing	129,950	4			-	
Replacement Tire Fee	140,212	10	71	1	209,983	
IFTA <sup>2</sup>	258,542	144	438,558	130	239,065	319,333
Kilowatt-Hour	21,116	1	64,891	3	-	
Master Settlement Agreement <sup>3</sup>	408,610	99	68,250	89	81,250	178,064
<b>Total</b>	<b>\$643,129,957</b>	<b>220,233</b>	<b>\$749,385,570</b>	<b>196,429</b>	<b>\$373,889,384</b>	<b>\$422,440,009</b>

**Table 6**

Individual Income Tax and Corporation Franchise Tax Assessments Levied: Fiscal Years 2008 - 2009				
Tax	Fiscal Year 2008		Fiscal Year 2009	
	Amount	Number	Amount	Number
Corporation Franchise	\$152,789,443	22,628	\$221,649,951	21,672
Individual Income	194,078,830	64,148	431,808,418	189,076
<b>Total</b>	<b>\$346,868,273</b>	<b>86,776</b>	<b>\$653,458,369</b>	<b>210,748</b>

1 Beer, wine, and mixed beverages.

2 International Fuel Tax Agreement.

3 Assessments levied for noncompliance with tax provisions of the agreement between Ohio and tobacco manufacturers.

**Table 7**

<b>Cash Collections from Ohio Department of Taxation Audit and Compliance Programs, FY 2009</b>						
(figures in millions)						
<b>Tax</b>	<b>Delinquent Programs</b>	<b>Automated Billing Programs</b>	<b>Audits &amp; Assessment Collections</b>	<b>Desk Exams</b>	<b>Discovery</b>	<b>Total</b>
Sales	\$38.2	\$25.0	\$92.9	\$11.9	\$0.1	\$168.1
Corporation Franchise	6.9	13.8	28.3	28.6	N/A	77.6
Personal Income	8.0	32.2	80.3	11.1	6.5	138.1
Employer Withholding	0.3	6.4	4.9	2.4	0.3	14.3
CAT	20.1	8.8	9.4	0.3	N/A	38.6
Excise	5.2	0.8	2.4	6.8	N/A	15.2
Pass-Through Entity	N/A	N/A	2.4	6.7	5.0	14.1
School District Income Tax	1.5	5.7	17.3	0.1	N/A	24.6
<b>Total</b>	<b>\$80.2</b>	<b>\$92.7</b>	<b>\$237.9</b>	<b>\$67.9</b>	<b>\$11.9</b>	<b>\$490.6</b>