



KEY ISSUES

The department has provided inadequate information regarding the status for REAL ID implementation. The department has until November 18, 2016 (six months from the effective date of legislation) to begin issuing REAL ID compliant credentials as established by House Bill 99 during the 2016 Legislative Session.

AGENCY IMPROVEMENT PLANS

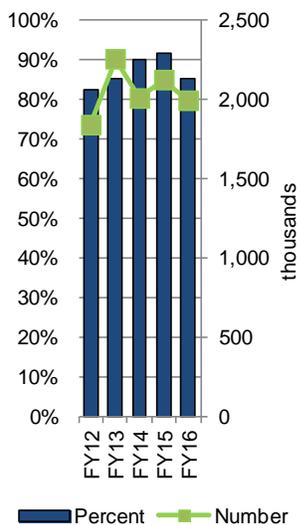
Submitted by agency? Yes
 Timeline assigned by agency? No
 Responsibility assigned by agency? Yes

TRD FY16 Funding by Division
(in millions)

Program	Budget	FTE
Tax Administration	\$31.3	504
Motor Vehicle Division	\$27.9	347
Property Tax	\$3.4	41
Compliance Enforcement	\$1.7	22
Program Support	\$21.7	182
Total	\$86.0	1096

Source: TRD FY16 Operating Budget

Electronically Filed Tax Returns



Source: TRD and LFC Files

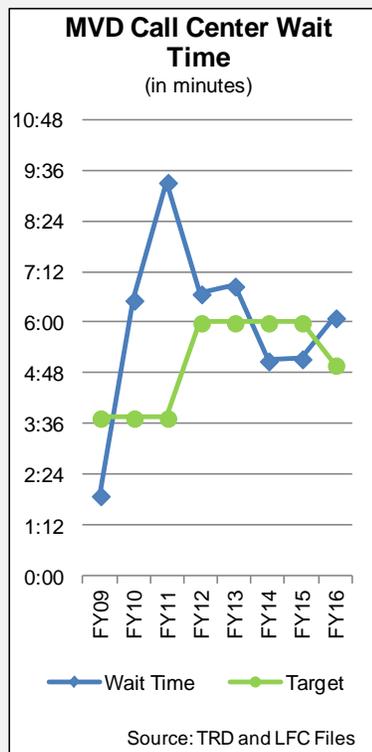
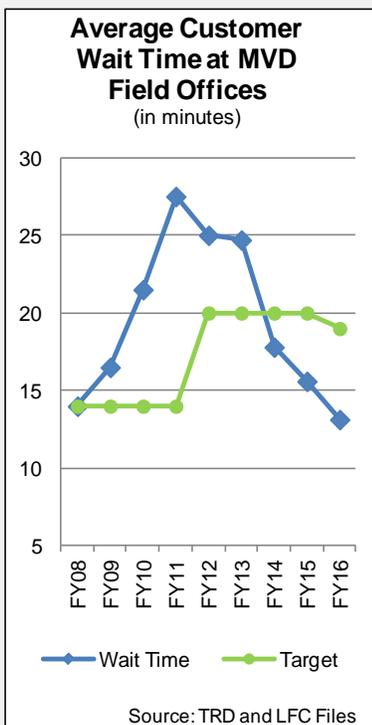
The Taxation & Revenue Department has been successful in meeting a majority of performance targets and exceeding those for tax protest cases resolved and waiting times in MVD field offices. The Property Tax Program slightly exceeded the target amount of delinquent property tax collected. The average MVD call center wait times to reach an agent were longer than the recommended target wait time. Tax Administration did not meet the target for electronically filed returns.

Tax Administration. FY16 audit assessments show \$85.7 million total in unpaid taxes. Of the total, \$21.7 million is less than 90 days old, \$28 million is in protest, and \$2.7 million has been abated or is in bankruptcy, leaving a collectible balance of \$33.3 million, of which \$14.1 million, or 43 percent, was collected. Collections of outstanding balances from FY15 were \$121.1 million, or 19 percent, of collectable outstanding balances. House Bill 299 (2013) increased the protest filing period from 30 days to 90 days. This requirement has severely hampered the timeliness to collect on assessments. Despite challenges, the department increased collections of outstanding balances over FY15.

Measure	FY14 Actual	FY15 Actual	FY16 Target	FY16 Actual	Rating
Collections of collectable outstanding balances from the end of the prior fiscal year	18%	12%	18%	19%	G
Collections of collectable audit assessments generated in the current fiscal year plus assessments generated in the last quarter of the prior fiscal year	61%	59%	60%	43%	Y
Electronically filed returns (Personal Income Tax – PIT, Combined Reporting System – CRS)	90%	92%	93%	85%	Y
Program Rating					Y

Compliance Enforcement Program. A total of eight tax compliance cases were assigned to program agents in FY16, one less than FY15. Of these, seven investigations were referred for criminal prosecution during the year.

Measure	FY14 Actual	FY15 Actual	FY16 Target	FY16 Actual	Rating
Tax investigations referred to prosecutors as a percent of total investigations assigned during the year	33%	78%	50%	88%	G
Program Rating					G



Property Tax Program. Delinquent property tax collections have increased and slightly surpassed the FY16 target amount of \$11 million, and were up from FY15 target of \$10 million. In the first quarter, focus is on accounts near or at the tenth year of delinquency. Per statute, delinquencies over ten years are no longer collectible.

Measure	FY14 Actual	FY15 Actual	FY16 Target	FY16 Actual	Rating
Delinquent property tax collected and distributed to counties, in millions	\$13.1	\$10.4	\$11.0	\$11.6	G
Program Rating					G

Motor Vehicle. Wait times in “Q-matic” equipped offices are better than the target time of 19 minutes. Moving forward, MVD plans to continue expanding online transaction opportunities to reduce foot traffic in field offices. The percent of vehicles with liability insurance met the target of 92 percent. Call center wait times missed the target of five minutes with an average wait time of just over six minutes.

Measure	FY14 Actual	FY15 Actual	FY16 Target	FY16 Actual	Rating
Registered vehicles with liability insurance	91%	91%	92%	92%	G
Average wait time in Q-matic equipped offices, in minutes	17:24	15:36	19:00	13:08	G
Average Call Center wait time to reach an agent, in minutes	4:48	5:09	5:00	6:07	R
Program Rating					G

Program Support. The number of protested tax cases resolved has exceeded targets since FY14. During FY16, the department resolved a record number of cases, exceeding the target by 597 for a total of 1,897 tax protest cases resolved; much of this was due to the tax year delay in refunds. With the added scrutiny and review of questionable returns, many of these refund hold-ups went to protest and were resolved by the end of June 30, 2016.

Measure	FY14 Actual	FY15 Actual	FY16 Target	FY16 Actual	Rating
Tax protest cases resolved	1,306	1,380	1,300	1,897	G
Program Rating					G