# *Part I – Agency Profile*

**Agency Overview**

**EXPLANATION OF DIVISIONS IN AGENCY**

1. **General Services Division** consists of: Commissioners, Legal, Tax Appeals, Human Resources, Management Services (Accounting, Procurement, Project Management), IT (GenTax Development/Support), and Taxpayer Resources (consisting of Communications, Tax Research, and Taxpayer Services). This division provides for centralized management, internal policy development, taxpayer appeals, legal, personnel, fiscal, communication, and taxpayer outreach services.

16 percent, or 72.65 positions, have been authorized in these capacities.

General fund appropriation of $13,373,500 for this division in FY 2023.

2. **The Audit Division** operates from the administrative office in Boise and five field office locations (Lewiston, Coeur d’Alene, Twin Falls, Idaho Falls, and Pocatello). The division conducts audits on all tax types administered by the agency by authority of Idaho Code and the Multistate Tax Compact; conducts discovery and enforcement efforts directed at non-filers and oversees efforts to minimize identity theft and fraud issues.

33 percent, or 145.35 positions, have been authorized in these capacities.

 General fund appropriation of $9,407,600 for this division in FY 2023.

**3. The Compliance Division** operates from the administrative office in Boise, and both works from, and oversees, the five field office locations. The division is responsible for collecting delinquent taxes for all tax types. The division is also responsible for voluntary compliance and education of the Temporary Sellers Permit program. The employees provide front-line taxpayer services at the counters and over the phone in the five field offices.

25 percent, or 112.00 positions, have been authorized in these capacities.

 General fund appropriation of $8,183,900 for this division in FY 2023.

4. **The Revenue Operations Division** maintains the taxpayer database, processes all tax returns and payments, initiates the deposit of money received, and issues taxpayer refunds. The division registers permit holders for 17 tax types including sales, withholding, hotel/motel, motor fuels, beer, wine, cigarette and tobacco taxes; ensures that all individuals and licensed businesses have access to proper tax forms for reporting; processes revenue and refund documents submitted by taxpayers; and maintains an imaging system used to streamline the processing and storing of tax documents. In the last fiscal year, the Tax Commission processed almost $7.3 billion in receipts; most through this division.

17 percent, or 74 positions, have been authorized in these capacities.

 General fund appropriation of $5,372,700 for this division in FY 2023.

5. **The Property Tax Division** provides oversight in the administration of the property tax system. The division is responsible for annually appraising all class three operating property, examining property tax levies of all taxing districts, training and assisting county elected officials, developing an assessor's manual to facilitate uniformity of appraisals, and administering the Property Tax Reduction (Circuit Breaker) program. Property taxes generated $2.113 billion of revenue to local government units in calendar 2021.

9 percent, or 42 positions, have been authorized in these capacities.

 General fund appropriation of $4,079,400 for this division in FY 2023.

**Summary:**

Positions authorized by JFAC for FY 2023 is **446.0**

Total General Fund appropriation for FY 2023 is **$40,417,100**

**Core Functions/Idaho Code**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Core Functions/Idaho Code**  | **FY 2023****Expenditures** | **Percent****of Total** | **FY 2024****Appropriation** | **FY 2025****Request** |
| 1. **General Fund** |  |  |  |  |
| The General Fund consists of, “moneys received into the treasury and not specially appropriated to any other fund” (§67-1205). The fund sources are: 1) individual income tax, 2) corporate income tax, 3) sales tax, 4) cigarette tax, 5) beer tax, 6) wine tax, 7) liquor surcharge, 8) kilowatt hour tax, 9) mine license tax, 10) Treasurer’s interest on investments of certain idle state funds, 11) court fees and fines, 12) insurance premium tax, 13) sale of alcoholic beverage licenses, 14) unclaimed property, 15) articles of incorporation and uniform commercial code filing fees, 16) estate and transfer tax, and 17) other miscellaneous sources from various agency receipts. |
| 2. **Administration Services for Transportation** |  |  |  |  |
| The State Tax Commission retains funds from gasoline tax and special fuels tax receipts equal to the cost of collecting, administering, and enforcing the fuels tax requirements. However, the amount cannot exceed the amount authorized to be expended by the legislature (gasoline: §63-2402 and §63-2405; special fuels: §63-2416 - §63-2417). Spending from any fuels related Federal Grants are also included here. |
| 3. **Multistate Tax Compact** |  |  |  |  |
| Moneys collected as direct result of audits conducted by the Multistate Tax Commission (on behalf of the state of Idaho) shall be paid by the State Tax Commission into the Multistate Tax Compact Fund. The Multistate Tax Compact was formed to determine the tax liability of multistate taxpayers, promote uniformity or compatibility in tax systems, and facilitate taxpayer convenience and compliance in the filing of tax returns and avoid double taxation across states §63-3709). |
| 4. **Seminars and Publications Fund** |  |  |  |  |
| Fees to attend agency-provided property tax classes and related education purposes, sales of tax regulations and printed material, fees for copies, supplies, bad check charges, postage reimbursement, sales of maps, etc. Sales are primarily to the public. |
| 5. **Administration and Accounting Fund** |  |  |  |  |
| The State Tax Commission is directed to retain funds for the Commission’s cost of collecting and administering the moneys of certain trust funds. For the following trust funds the annual amount is three thousand dollars ($3,000) or twenty percent (20%, whichever is less (§63-3067A&B(d)):1. The Fish and Game Trust Fund (0051)
2. The Children’s Trust Fund (0483)
3. Idaho Guard and Reserve Family Support Fund (0349)
4. American Red Cross (0630-02)
5. Special Olympics (0630-02)
6. Veterans Support Fund (0213)
7. Idaho Food Bank (0630-02)

On other taxes, the State Tax Commission is authorized to retain an amount of money equal to the cost of collecting and administering them. The amount retained cannot exceed the amount authorized to be expended by appropriation by the Legislature. Those taxes are:1. Idaho Travel and Convention Tax (0212) (§67-4718)
2. Boise Auditorium District (0630) (§67-4917C)
3. Petroleum Clean Water Trust Fund (0130) (§41-4909)
4. Local Option Sales Tax (0630) (§63-2605)
5. 2% fee on Prepaid Wireless Services (§31-4809)
 |
| 6. **CARES Act Fund** |  |  |  |  |
| As part of the Governor’s Initiative to stabilize the economy during the COVID-19 pandemic, the Idaho State Tax Commission administered the Rebound Small Business Grants in FY 2020 to provide relief to small businesses and employees. The revenues received to administer this program was received from the federal government and awarded to the Commission via the Coronavirus Financial Advisory Committee (CFAC). The agency was aware of the funding in late April 2020 after the Legislature adjourned and the funds were recognized as non-cognizable revenue in FY 2020 and FY 2021.  |
| **Total All Funds** |  |  |  |  |

**Revenue and Expenditures**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Revenue** | **FY 2020** | **FY 2021** | **FY 2022** | **FY 2023** |
| General Fund (appropriation) | $37,669,500 | $36,664,800 | $37,874,800 |  |
| Multistate Tax Compact (appropriation) | $2,830,200 | $2,919,600 | $2,974,800 |  |
| Administration & Accounting | $197,300 | $193,700 | $189,500 |  |
| Admin Transportation + Fed | $4,170,700 | $4,805,100 | $5,060,400 |  |
| Seminars & Publications | $218,200 | $157,900 | $288,900 |  |
| CARES Act Fund | $300,406,000 | $667,300 | $0 |  |
| Rebate Fund (Statutory Transfers In) | $0 | $0 | $570,000,000 |  |
| **Total** | **$345,491,900** | **$45,408,400** | **$616,388,400** |  |
| **Expenditures by fund** | **FY 2020** | **FY 2021** | **FY 2022** | **FY 2023** |
| General Fund  | $37,280,600 | $34,743,600 | $37,178,800 |  |
| Multistate Tax Compact | $2,569,500 | $2,804,300 | $2,907,600 |  |
| Administration & Accounting | $118,400 | $171,900 | $133,400 |  |
| Admin Transportation + Fed | $4,185,400 | $4,612,500 | $4,892,900 |  |
| Seminars & Publications | $195,500 | $182,200 | $197,000 |  |
| CARES Act Fund | $56,837,700 | $52,766,900 | $300 |  |
| Rebate | $0 | $0 | $409,250,500 |  |
| **Total** | **$101,187,700** | **$95,281,400** | **$454,560,500** |  |
| **Expenditures by object** | **FY 2020** | **FY 2021** | **FY 2022** | **FY 2023** |
| Personnel Costs | $30,740,300 | $30,176,700 | $32,286,900 |  |
| Operating Expenditures | $13,264,600 | $12,235,100 | $12,725,200 |  |
| Capital Outlay | $524,200 | $176,300 | $297,600 |  |
| Trustee/Benefit Payments | $56,658,000 | $52,693,300 | $409,250,800 |  |
| **Total** | **$101,187,700** | **$95,281,400** | **$454,560,500** |  |

**Profile of Cases Managed and/or Key Services Provided**

| **Cases Managed and/or Key Services Provided** | **FY 2020** | **FY 2021** | **FY 2022** | **FY 2023** |
| --- | --- | --- | --- | --- |
| Gross Receipts (millions)% of Revenue Received Electronically | $4,990.5571.51% | $6,128.46 74.92%  | $7,430.7676.21% |  |
| Income Tax Returns Filed Electronically | 843,766 | 883,019 | 966,189 |  |
| % of Electronically Filed Individual Income Tax returns | 86.0% | 87.0%  | 88.4% |  |
| % of Electronically Filed Business Income TaxReturns | 77.1% | 79%  | 89.17% |  |
| Transactions Processed | 2,918,811 | 3,360,941  | 4,412,360 |  |
| Sales Tax permits issued | 8,374 | 12,641  | 10,649 |  |
| Withholding accounts issued  | 9,822 | 11,391  | 15,945 |  |
| Revenues from Audits (millions) | $57.87 | $54.42  | $54.86 |  |
| Revenues from Collections (millions) | $145.16 | $181.65  | $249.07 |  |
| Collection cases closed in year | 113,018 | 118,699  | 142,294 |  |
| Number of Audits performed | 20,209 | 16,280  | 19,263 |  |
| STC Cost Per Tax Dollar Received | 0.89 of one cent | .70 of one cent  | .62 of one cent |  |
| % of current year refunds not processed within 60 day limit | 3.1% | 2.71%  | 6.7% |  |
| Number of Fraud Refunds Stopped | 360 | 320  | 1,892 |  |
| Known Fraud Refunds Not Caught | 4 | 12  | 2 |  |
| % of confirmed fraudulent refund payments stopped by agency | 98.89% | 96.25%  | 99.89% |  |
| Dollars of Fraud Refunds Stopped | $51,382,913 | $3,417,911  | $3,145,653 |  |
| Dollars of Known Fraud Refunds Not Stopped | $5,422 | $1,194  | $200 |  |
| Walk-in customers during tax drive | 1,314 | 4,300  | 3,946 |  |
| Calls from taxpayers during tax drive | 44,588 | 51,160  | 87,001 |  |
| Call center queue time during tax drive | 380 seconds | 528 seconds  | 806 seconds |  |
| Refund status inquiries on website (revised) | 347,666 | 274,943  | 322,267 |  |

**Licensing Freedom Act**

Agencies who participate in licensure must report on the number of applicants denied licensure or license renewal and the number of disciplinary actions taken against license holders.

|  | **FY 2020** | **FY 2021** | **FY 2022** | **FY 2023** |
| --- | --- | --- | --- | --- |
| **FUELS – MOTOR FUEL DISTRIBUTOR** |
| Total Number of Licenses | *176* | *188* | *12* |  |
| Number of New Applicants Denied Licensure | *0* | *0* | *0* |  |
| Number of Applicants Refused Renewal of a License | *0* | *0* | *0* |  |
| Number of Complaints Against Licensees | *0* | *0* | *0* |  |
| Number of Final Disciplinary Actions Against Licensees | *0* | *0* | *0* |  |
| **FUELS – GASEOUS FUELS DISTRIBUTOR** |
| Total Number of Licenses | *10* | *10* | *0* |  |
| Number of New Applicants Denied Licensure | *0* | *0* | *0* |  |
| Number of Applicants Refused Renewal of a License | *0* | *0* | *0* |  |
| Number of Complaints Against Licensees | *0* | *0* | *0* |  |
| Number of Final Disciplinary Actions Against Licensees | *0* | *0* | *0* |  |
| **FUELS –LIMITED DISTRIBUTOR** |
| Total Number of Licenses | *8* | *6* | *0* |  |
| Number of New Applicants Denied Licensure | *0* | *0* | *0* |  |
| Number of Applicants Refused Renewal of a License | *0* | *0* | *0* |  |
| Number of Complaints Against Licensees | *0* | *0* | *0* |  |
| Number of Final Disciplinary Actions Against Licensees | *0* | *0* | *0* |  |

| **Old Performance Measures** |
| --- |
| **Performance Measure** | **FY 2020** | **FY 2021** | **FY 2022** | **FY 2023** | **FY 2024** |
|  |
| **Implement Methods of Providing Customer Service and Education to Enhance Voluntary Compliance with Idaho Tax Laws** |
| 1. Actual number of ‘Where’s my refund?’ calls to TPS
 | actual | 6,613 | ---------- | ---------- | ---------- |  |
| *target* | *Reduce by 10%* | ---------- | ---------- | ---------- |  |
| 1. Percent of Gross Collected Revenue not submitted voluntarily and on time
 | actual | 4.07% | ---------- | ---------- | ---------- |  |
| *target* | *Less than 5.0%* | ---------- | ---------- | ---------- |  |
| **Administer Tax Law and Develop Rules and Policies that Promote Fairness, Consistency, Compliance, Security, and Public Confidence** |
| 1. Percentage of Appeals cases resolved within 2 years of filing
 | actual | 97% | ---------- | ---------- | ---------- |  |
| *target* | *90%* | ---------- | ---------- | ---------- |  |
| **Promote Efficiency** |
| 1. Percent increase in transactions per Revenue Operations employee over base year FY 2014
 | actual | 20.6% | ---------- | ---------- | ---------- |  |
| *target* | 9.4% | ---------- | ---------- | ---------- |  |
| **Demonstrate Financial Stewardship** |
| 1. Measure cost to collect $1 of revenue.
 | actual | 0.89 of one cent | ---------- | ---------- | ---------- |  |
| *target* | *.91 of one cent* | ---------- | ---------- | ---------- |  |
| **Drive Stakeholder Support** |
| 1. Develop and measure elected officials’ confidence in the Tax Commission
 | actual | 37% | ---------- | ---------- | ---------- |  |
| *target* | ---------- | ---------- | ---------- | ---------- |  |
| 1. Develop and measure taxpayer confidence in the Tax Commission
 | actual | 30% | ---------- | ---------- | ---------- |  |
| *target* | ---------- | ---------- | ---------- | ---------- |  |
| 1. Develop and measure tax-professional confidence in the Tax Commission
 | actual | 52% | ---------- | ---------- | ---------- |  |
| *target* | ---------- | ---------- | ---------- | ---------- |  |
| **Promote Efficiency** |
| 1. Number of transactions per Revenue Operations employee
 | actual | 36,034 | ---------- | ---------- | ---------- |  |
| *target* | *32,270* | ---------- | ---------- | ---------- |  |
| **Empower Great People** |
| 1. Implement a “voice of the employee” survey (Goal changed – See #1 below)
 | actual | 25% | ---------- | ---------- | ---------- |  |
| *target* | ---------- | ---------- | ---------- | ---------- |  |

***Part II – Performance Measures***

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|

| **New Performance Measures** |
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| **Performance Measure** | **FY 2020** | **FY 2021** | **FY 2022** | **FY 2023** | **FY 2024** |
| **Be a Team of Great People** |
| 1. Annual Gallup Survey of Employee Engagement
 | actual | 25% | 31% | 32% |  |  |
| *target* | ---------- | *27%* | *34%* | *37%* |  |
| **Effectively Serve our Customers** |
| 1. TAP Survey Response Score
 | actual | ---------- | 90% | 90% |  |  |
| *target* | ---------- | 70% | 85% | 85% |  |
| **Increase Agency Efficiency** |
| 1. Labor Hours Worked per Closed Audit
 | actual | 14.98 hrs. | 17.68 | 14.46 |  |  |
| *target* | ---------- | *14.50 hrs.* | *14.50 hrs.* | *14.50 hrs.* |  |
| 1. Labor Hours Worked per Collection
 | actual | 1.88 hrs. | 1.40 | 1.30 |  |  |
| *target* | ---------- | *1.80 hrs.* | *1.80 hrs.* | *1.80 hrs.* |  |

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**Performance Measure Explanatory Notes**

Old Performance Measures 1-10 in Part II will no longer be tracked after FY 20. For metrics 6-8 and 10, no target was established as FY 20 data was an initial survey to establish a baseline for future targets.

Regarding the New Performance Measures, the annual Gallup survey reflects the number of actual engaged employees. The agency is targeting an 3% increase (34% to 37%) of engaged employees in FY 23 as management has deemed it a challenging but realistic target.

Taxpayer Access Point (TAP) is a secure portal that allows taxpayers to electronically file returns, pay taxes, and review their account. The website will initiate a survey after a user has completed their business. The 85% target is based on industry standards for web-based satisfaction surveys. The survey began in December 2020.

For agency efficiency metrics, agency leadership reviewed the ability to close audits and collections based on personnel and technology tools. With some enhancements to business processes, leadership has evaluated the FY 23 target metrics to be challenging but realistic.

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