

Budget Unit Brief

FY 2017



Department of Revenue Operations

The Department of Revenue is responsible for the administration of the major sources of state and local tax revenue. The Department is structured along functional lines and divided into six divisions. The responsibilities for tax administration include the collection of various revenue sources totaling nearly \$9.0 billion. The Department is also in charge of administering various property tax-related functions performed by local government officials.

The major divisions of the Department include:

- **Internal Services Division** is responsible for general management of the Department. The Division administers the Department's budget, provides centralized accounting services within the Department, performs personnel, payroll, and training functions, and assists with strategic planning and program measurement. It also oversees the procurement process for the Department and maintains facilities management.
- **Property Tax Division** assists local governments in making property tax assessments fair and consistent by acting as the general supervisor over the administration of property tax laws. The Division focuses its work on four separate areas:
 - **Equalization:** The Division issues tax equalizations to county auditors each odd-numbered year. These orders are based on aggregate abstract valuations and median sales ratios. Assessment limitations for residential and agricultural property classes are calculated annually.
 - **Assessor Education:** This focus area of the Division administers assessor and deputy examinations and is responsible for maintaining their registries. Technical assistance and educational programs are provided to both assessor and boards of tax review. The Division also provides opportunities for continuing education for both assessors and deputy examiners in order to fulfill and maintain their education requirements.
 - **Central Assessment & Appraisal:** This Division is responsible for annually assessing telephone, railroad, pipeline and water companies, as well as administering the replacement tax for gas and electric utility companies. It provides appraisal support for tax equalization procedures and technical assistance for appraisal practices.
 - **Local Government, Credits, Exemptions & Transfer Tax:** The focus area of the Division provides general and technical assistance to local governments regarding property tax issues, including tax credits and exemptions. It also provides reimbursement for state-funded credits and exemptions.
- **Tax Management Division** has three sections:
 - The Collections Section operates the accounts receivable system for the Department, contacts taxpayers that do not pay their accounts by the expiration of the appeal period, issues bills for the Department, coordinates the Department's collection activities, and provides collection services to other state agencies.
 - The Processing Section maintains the individual and business registration system for sales, withholding, and motor fuel licensing and permits. It also processes all income, sales, and withholding tax returns, and captures tax return data to maintain a comprehensive record system.
 - The Compliance Section issues refunds, adjustments, and assessments based on the outcome of field audits conducted throughout Iowa. The audits include office examinations of returns and other related tax documents.

More Information

Department of Revenue: <http://iowa.gov/tax/index.html>

Iowa General Assembly: <https://www.legis.iowa.gov/>

LSA Staff Contact: Christin Mechler (515-281-6561) christin.mechler@legis.iowa.gov

Department of Revenue Operations

- **Research and Analysis Division** performs specific types of analysis. They are:
 - **Tax Research & Program Analysis:** This type of analysis estimates the fiscal impact of proposed state and federal tax legislation. This part of the Division prepares monthly reports that track the direction of Iowa's economy, as well as annual individual sales income tax statistical reports. Through a complete and unbiased study of tax credits, the Division also tracks, analyzes, and forecasts tax receipts and refunds, providing support to the members of the State Revenue Estimating Conference (REC) and members of the General Assembly. The Division also administers the Tax Credit Tracking and Analysis Program, and posts Department data on the Iowa Datashare website.
 - **Performance Analysis:** This Division prepares visual presentations of Department key performance indicators, also assisting other Divisions in the tracking of performance measures as well. In addition to the Department annual reports, the Division prepares various legislatively mandated reports and conducts analysis for other third-party customers.
- **Policy and Communications Division** has four sections and operates with the philosophy that a knowledgeable taxpayer voluntarily complies with the tax laws and this, in turn, increases revenue collections. The Division believes that new and expanded tax programs promote voluntary compliance through education and information services.
 - The Taxpayer Services Section consists of Taxpayer Service Specialists that assist more than one million taxpayers by telephone, e-mail, mail, Internet, or in person, and assist with business and income tax electronic filings.
 - The Audit Services Section works to resolve protests through informal settlement or through formal proceedings that include appeals to the Director, the State Board of Tax Review, and Iowa District Courts. Staff works with the Attorney General's office to review protests, obtain information on each case, and represents the Department.
 - The Tax Policy Analysis Section writes administrative rules, prepares formal rulings, compiles topical papers, responds to complex written and oral inquiries related to tax law and policy, drafts legislation, and monitors the legislative process.
 - The Communications Section researches, writes, and produces educational materials in a variety of media. Section staff provides training for taxpayers and preparers, and manage the Department's website and social media output.

Funding

For FY 2017, the Department of Revenue operations budget unit has a General Fund appropriation of approximately \$17.9 million and a staff of approximately 231.0 appropriated FTE positions.

Related Statutes

Iowa Code chapters [421](#) through [453D](#)
[701](#) Iowa Administrative Code

Revised September 13, 2016