



Department of Revenue

Presentation for
**Administration and Regulation
Appropriations Subcommittee**

Mary Mosiman, Director

February 17, 2025

About the Department

Mission

To serve Iowans through the responsible collection and generation of revenue to support the public good.

Vision

Iowa will be a state that uses innovation to make it simple to comply with revenue laws and deliver fun and fair lottery experiences.

Values

Integrity first. Dedicated to teamwork. Ready to serve.

About the Department

Iowa Department of Revenue Mary Mosiman							Public Information Officer John Fuller
Alcohol & Tax Compliance Sam Hoerr	Alcohol & Tax Operations Vacant	Financial Services Steve French	Internal Services Darina Petkova	Legal Services & Appeals Alana Stamas	Local Government Services Jon Wolfe	Lottery Matt Strawn	Research & Policy Robin Anderson
Collections Bill Watson	Alcohol Operations Vacant	Accounting	Customer Experience Rachael Krier	Administrative Actions	Appraisal	External Relations Mary Neubauer	Tax Research & Program Analysis Anthony Girardi
Individual & Corporate Tax & Alcohol Licensing Spencer Morehouse		Budget	Data & Analytics Jeff Meis			Investigations Steve Waymire	
Sales & Excise Tax & Alcohol Regulation DeMario Luttrell	Tax Operations Chet Eginore	Procurement	Human Resources Alex Vongnhay	Appeals		Sales & Marketing Jon Roth	
		Lottery Internal Audit / Draw	Strategy Realization Kate Cochran	Legal Services	Equalization, Assessor Education, & Distributions	Systems Hale Strasser	
			Security & Disclosure Unit				Policy

Division
Bureau
Section

Date
January 31, 2025

FY 2026 Department of Revenue Goals

Responsible Revenue Generation

- Complete the Modernization Program to streamline workflows, increase knowledge, and improve efficiency.
- Support revenue generation from alcohol and lottery sales through a responsive, consultative selling approach.
- Improve revenue generation by optimizing the use of collections tools and back-end compliance programs.

Department Optimization

- Improve customer service rates related to interactions with lowans and Iowa employers by enhancing self-service and call center capabilities.
- Expedite appeal processing by implementing streamlined procedures and leveraging potential automation tools to reduce the average time to close a case or move it to litigation.

Modernization Rollout Schedule

Rollout	Scope	Dates
1	Business Filers: Withholding tax, Sales tax, Use tax, Hotel/Motel tax, Local Option Sales tax, Automobile Rental tax, Water Service Excise tax, E911 Fees, Fuel tax	Complete
2	Corporate Filers: Corporate Income tax (S-Corp, C-Corp, and Partnership), Franchise tax, Tax Credits, associated distributions	Complete
3	Individual Filers: Individual Income tax, Fiduciary tax, Inheritance tax, Setoffs, Non-tax debt	Complete
4	Local Government (LG), Tobacco Products Licensees, and Business Filers: Equalization, Distributions, Utility Replacement tax, Central Assessments, Statewide Property tax Cigarette and Tobacco Products tax and related licensing, Moneys and Credits tax, Motor Vehicle One-Time Registration Fee, Drug Stamp tax	Complete
5	Alcohol Beverages Licensees, Lottery Licenses, and Business Filers: Retail licenses (Class B, C, D, E, F); Brewer's, Distiller's, Broker's, Shipper's, Carrier's, and Manufacturer's license and permits (including Class A), etc; related administrative actions.	November 2025

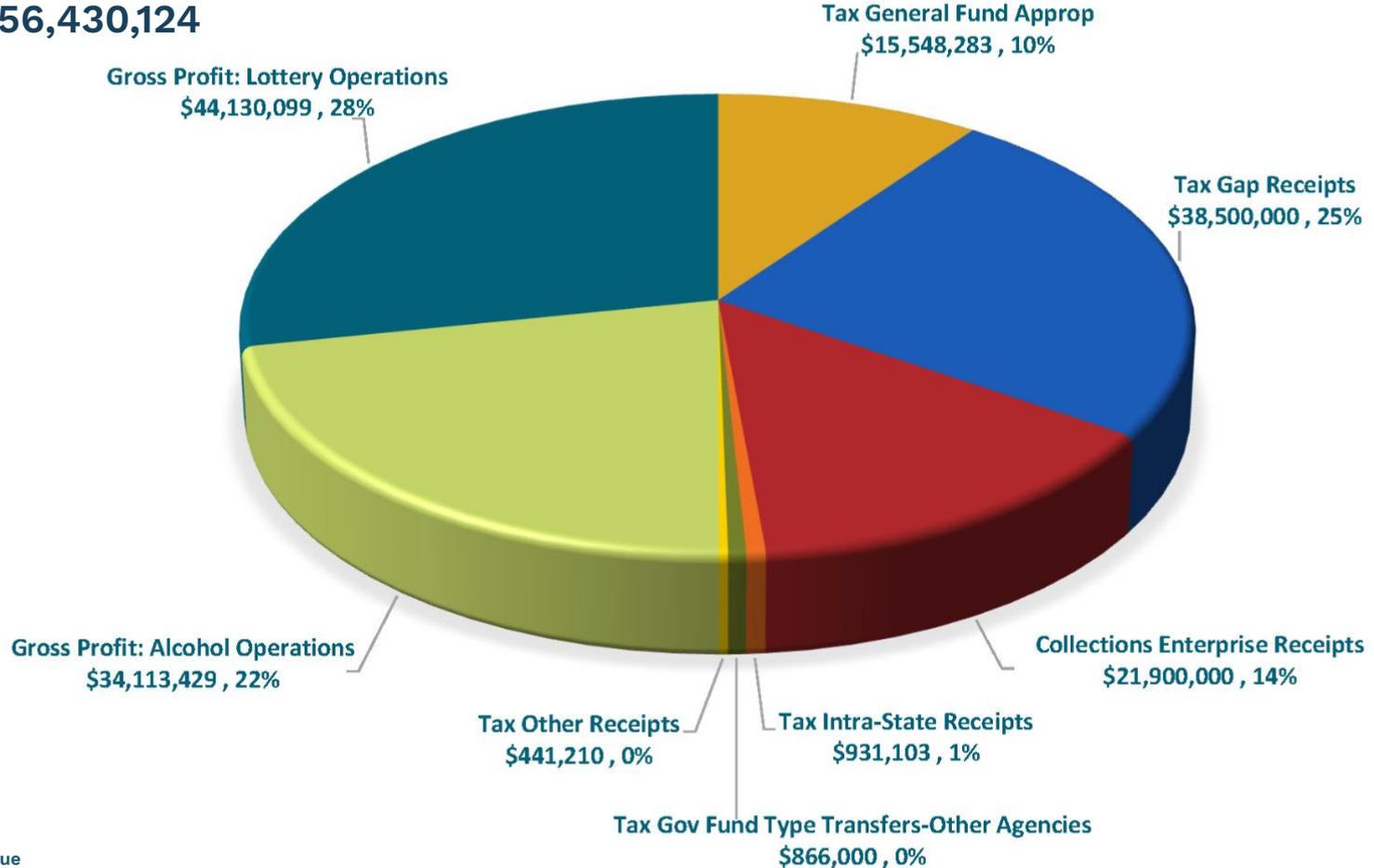


Department of Revenue

FY 2026 Revenue Sources

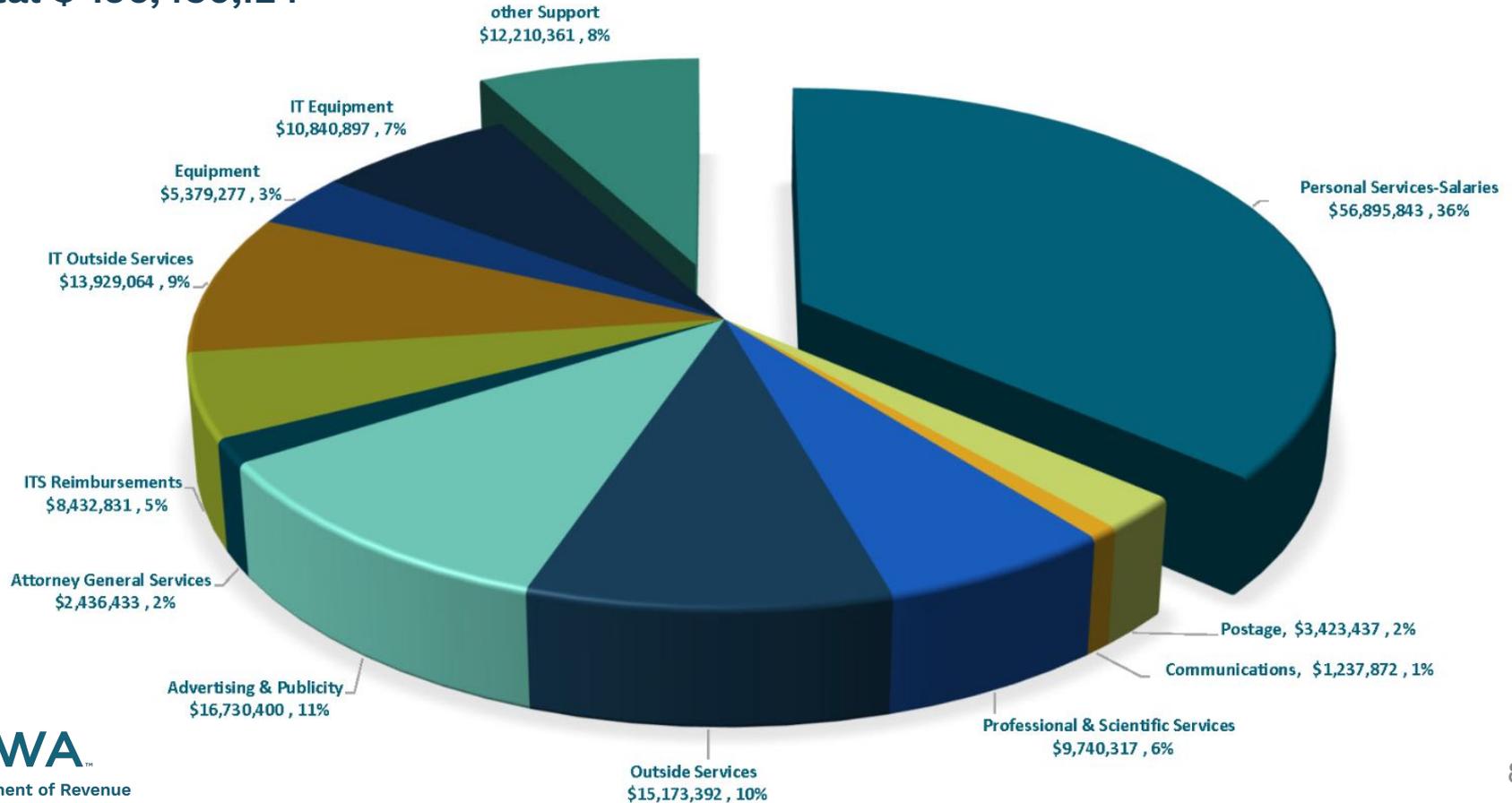
FY26 Total Revenue

Total \$ 156,430,124



FY26 Total Expenses

Total \$ 156,430,124



Alcohol Industry

Native wineries: 109

Native breweries/brew pubs: 144

Native Distilleries: 31

Spirit Manufacturers: 19

Alcohol Sales Fiscal Year Comparison

	FY23 Actuals	FY24 Actuals	FY26 BUDGET
Liquor Sales Revenue*	445,830,313	444,896,579	430,000,000
Split Case Fee	2,259,613	2,683,047	2,600,000
Bottle Deposit/Surcharge	5,193,773	5,429,982	5,250,000
Wine Tax	7,643,565	7,311,901	7,300,000
License Fees	17,332,588	15,245,021	15,200,000
Native Wine Tax - IEDA	181,436	175,514	175,000
Native Beer Tax - IEDA	208,880	217,551	215,000
Beer Tax - GF	13,197,081	12,661,074	12,600,000
	491,847,249	488,620,669	473,340,000

Alcohol Proceeds

				FY26
		FY23	FY24	BUDGETED
State General Fund Transfer - GF		119,409,565	119,485,570	109,900,000
Substance Abuse Transfer (7% sales) - General Fund (GF)		31,208,122	31,329,875	30,100,000
Iowa Economic Development Transfer		2,000,000	2,000,000	2,000,000
HHS Transfer (formerly Sunday Sales)		1,000,000	1,000,000	1,000,000
City and County Payments		4,699,215	3,411,174	3,500,000
License & Liquor Refunds		279,317	201,196	200,000
Intra-Department Transfer		1,195,024	762,000	368,000
Capital Projects		2,655,905	709,140	1,000,000
Appropriation		1,075,454	1,010,054	0
		163,522,602	159,909,009	148,068,000

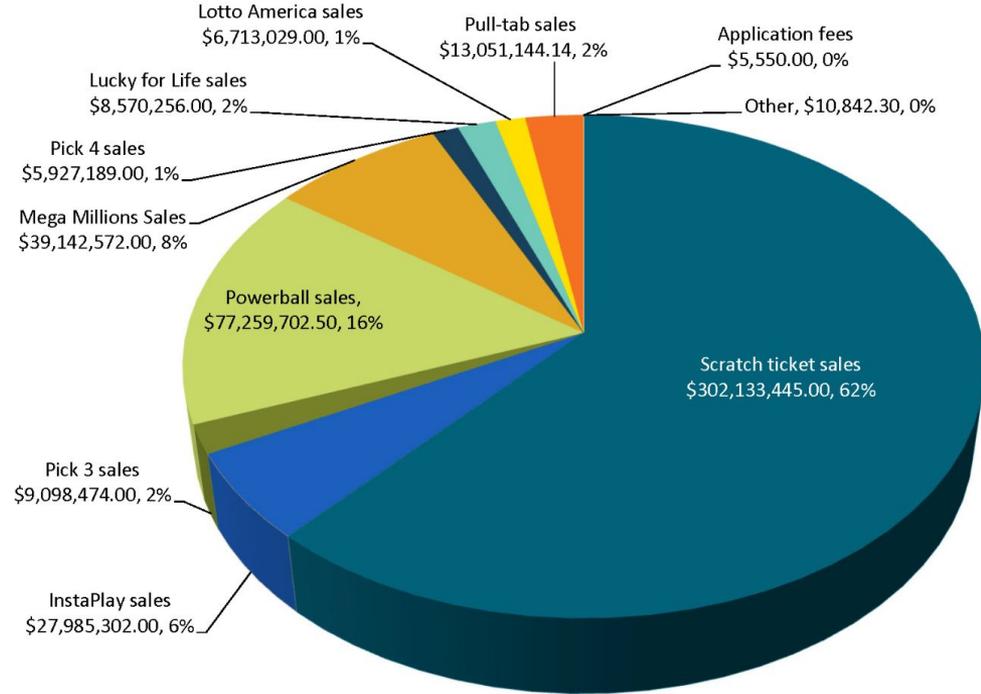
Iowa as a Control State

- In the United States, alcohol is regulated under a structure called the Three-Tier System. The three tiers of this system are: Manufacturers (makers), Wholesalers (movers), and Retailers (sellers)
- Each state has adopted its own unique version of the Three-Tier System that meets its particular needs and objectives. In general, states are considered either License or Control States.
 - **License States:** Private businesses are licensed by the State to perform the functions of the Three-Tier System
 - **Control States:** State Government performs the functions of one or more tiers of the Three-Tier System, most often the Retail and/or Wholesale tiers.
 - Iowa is one of 17 Control States.
- Since 1934, the State of Iowa has acted as the wholesaler of liquor. Today, through a highly successful public-private partnership with Ruan Transportation Company, the state warehouses over 3,000 liquor products and distributes to over 2,200 retail locations.

Fiscal Year Comparison of Lottery Sales by Product Category

Total SFY24 Operating Revenue \$489,897,505.94

	SFY23	SFY24	Budgeted SFY26
Scratch ticket sales	\$293,580,116.04	\$302,133,445.00	\$265,300,000.00
InstaPlay sales	\$31,817,614.00	\$27,985,302.00	\$23,991,500.00
Pick 3 sales	\$9,128,651.50	\$9,098,474.00	\$8,570,200.00
Powerball sales	\$65,632,084.50	\$77,259,702.50	\$59,976,000.00
Mega Millions Sales	\$43,758,227.00	\$39,142,572.00	\$26,066,500.00
Pick 4 sales	\$5,798,109.50	\$5,927,189.00	\$5,047,600.00
Lucky for Life sales	\$8,419,258.00	\$8,570,256.00	\$8,142,200.00
Lotto America sales	\$10,387,460.00	\$6,713,029.00	\$10,091,000.00
Pull-tab sales	\$13,011,622.70	\$13,051,144.14	\$10,800,000.00
Application fees	\$5,750.00	\$5,550.00	\$5,000.00
Other	\$23,299.39	\$10,842.30	\$5,000.00
Total Operating Revenue	\$481,562,192.63	\$489,897,505.94	\$417,995,000.00



Lottery Proceeds Fiscal Year Comparison

SFY23 Actuals	SFY24 Actuals	Budgeted SFY26	
\$2,500,000.00	\$2,500,000.00	\$2,500,000.00	Veterans Trust Fund
\$100,000.00	\$100,000.00	\$100,000.00	Department of Public Safety Survivor Benefits Fund
\$100,000.00	\$100,000.00	\$100,000.00	Department of Corrections Survivor Benefits Fund
\$2,700,000.00	\$2,700,000.00	\$2,700,000.00	
\$105,718,373.26	\$103,922,007.74	\$74,345,779.00	Reverted to General Fund
\$108,418,373.26	\$106,622,007.74	\$77,045,779.00	Total Proceeds to State Causes



Department of Revenue

Performance at a Glance

Call Center, GovConnectIowa, and More

GovConnectIowa



Home

Web Service

Tax Credit Administration

Modernized e-File (MeF)

Debt Administration

Law Enforcement

Licensing

Treasurer

Assessor

Auditor

To date, GovConnectIowa has facilitated:



325,000+ logged in users



\$9.5 billion in payments processed



\$32.6+ million in debt collected



10,600+ license applications and renewals



323+ forms available electronically



2.9+ million tax returns



4.26 minutes to file a Sales and Use return

1.98 minutes to file a Withholding return

Modernization: State of Iowa Setoff Program



Total Dollars Collected

\$31 million



Partnerships

324 Approved; 24 Processing

*Notable partnership: Great Iowa Treasure Hunt



Payment Turnaround Time

From 35 days to 7 days



Customer Response Time

From 7 days to 48 hours

The Department won the *Cross-Boundary Collaboration and Partnerships* category of NASCIO's 2024 awards for Setoff Success: Reforming State Finances.

Customer Engagement Statistics

Call Center



Average Call Time
5:30



Average Wait Time
6:02



Average Abandonment Rate
15%



Total Calls
221,239

The Kernel

(new Feb 2024)



Chats Received
40,301



Chat Responses
54,158



Confidence Rating
94%

Send a Message

(new Nov 2023)



Messages Received
22,322



Response Within 24 Hours
80%

Education & Outreach

GovDelivery Bulletins

193 Bulletins with 488,453 unique opens and 32,002 subscribers

Social Media

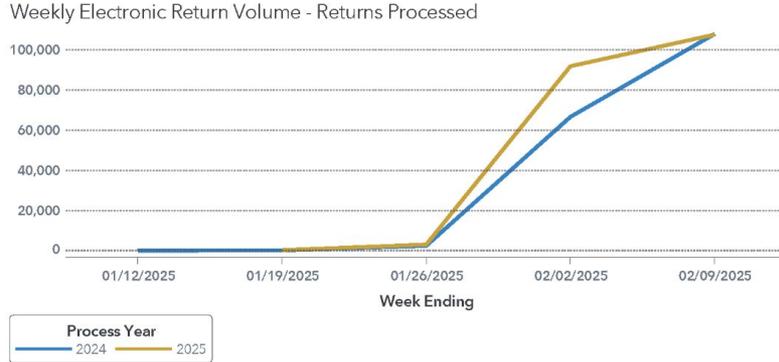
FB followers up 80%; LinkedIn connections up 68%

Speaking Engagements & Presentations

45 in-person speaking engagements; 28 virtual presentations; 8 webinars

Tax Processing and Refund Data

Individual Income Tax Return Processing as of 2/7/2025



Average Days to Process Refunds

21

Year-to-Date Processing Totals - Returns Processed

Year	2024		2025	
Type	YTD Total	Percent Change	YTD Total	Percent Change
MeF	176,830	-27.08%	202,509	14.52%
Paper	1,404	-68.26%	1,672	19.09%
Total	178,234	-27.82%	204,181	14.56%

Percent Change is Change in Volume from Previous Processing Year

E-File Percentage





Department of Revenue

Thank you!