2015 BUDGET SUBCOMMITTEE QUESTIONS – IOWA DEPARTMENT OF REVENUE

PROGRAM PERFORMANCE

a. Do you have defined outcomes or measurements for your program(s)? What are they and are these measures listed somewhere so the public can see them?

Yes. Please refer to our Annual Performance Report, found at https://tax.iowa.gov/sites/files/idr/FY14%20Performance%20Report.pdf. See also our page on the Results Iowa website: http://www.resultsiowa.org/revenue.html.

b. What data is available to show Iowans that your program(s) are an effective investment of taxpayer dollars? Where can Iowans find this data?

The Department's website, www.tax.iowa.gov, as well as the Results Iowa website mentioned above.

c. Can you provide the committee with performance data for your programs over the last 5 or 10 years?

The Department of Management has ten years' worth of our annual performance reports on its website: http://www.dom.state.ia.us/planning_performance/plans_reports/reports.html.

PROGRAM EFFICIENCY

a. Have you examined what other states are doing to improve performance and reduce costs?

We regularly participate in meetings and conference calls with other states through our participation in the Federation of Tax Administrators (FTA), the Multistate Tax Commission (MTC), the Streamlined Sales Tax Governing Board, and other organizations. States continuously share best practices. For example, we recently assisted the State of Nebraska in implementing a tax avoidance audit program modeled after our own.

b. Can you share with the committee what other states are doing?

Modernized tax systems, income tax refund fraud, and tax credit administration continue to be topics of much discussion at Departments of Revenue around the country.

c. Which of these ideas are you considering for implementation here in Iowa?

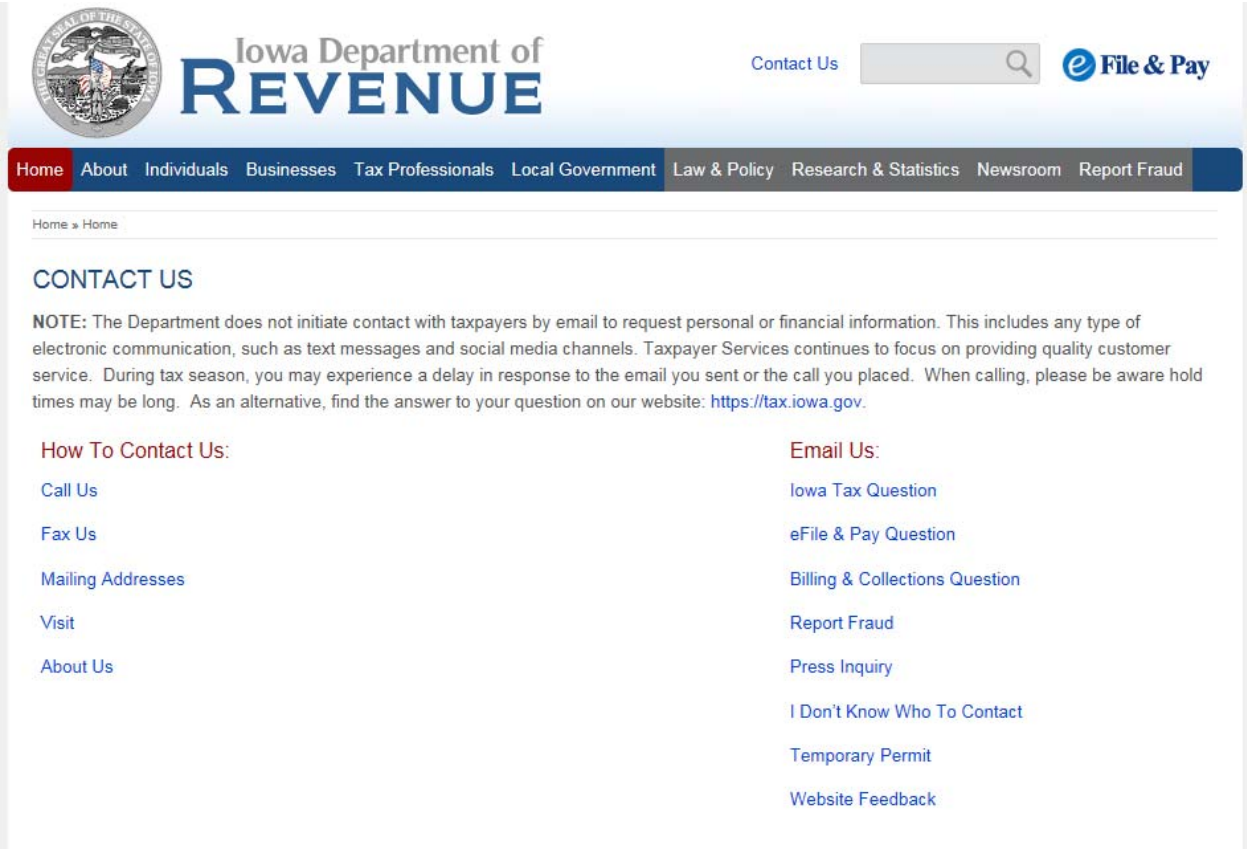
We continually evaluate and refresh our audit and fraud logic to incorporate best practices. We also continually evaluate our processes to identify areas that need modernization or other improvement.

d. Are there websites or organizations we could go to obtain more information on what other states' programs are doing to provide more efficient services?

The FTA's website, www.Taxadmin.org, is a good source of information. Each state also has its own Department of Revenue website. We researched those websites extensively in redesigning our own website.

e. Do you have an email address or a comment section on your website where Iowans can suggest improvements to your program or agency?

Yes, we have an entire page providing taxpayers with ways to contact us on various topics:



PROGRAM DUPLICATION

a. Are there any other programs that are providing the same or similar services?

<u>Tax Administration</u>. IDR has primary responsibility of administering Iowa's taxes, but the Department of Commerce has jurisdiction over the Insurance Premium Tax, the Franchise Tax, and the Moneys and Credits Tax.

<u>Tax Credits</u>. The Iowa Economic Development Authority (IEDA), the Department of Cultural Affairs (DCA), the Department of Agriculture (IDALS), and the Iowa Finance Authority (IFA) administer certain tax credits.

<u>Collections</u>. While IDR is statutorily authorized to maintain a Centralized Collections Unit (CCU) for the State, some agencies including Iowa Workforce Development (IWD) and the Department of Human Services (DHS) perform their own collection activities.

b. Is there a reason why we need more than one program providing the same or similar service?

Typically it is because there is a specialized area of expertise needed for the tax type, credit, or program. For example, DCA reviews Historic Preservation Tax Credit Applications to ensure they comply with state and federal guidelines for historic preservation and awards the tax credit, but we administer and audit the credit.

c. Have you had any discussions with the other agencies or programs to find ways to maximize the use of the taxpayer's dollars?

As mentioned, we work very closely with other tax credit issuing agencies, departments that receive transfers of tax revenue, and departments for whom we provide collections service through the CCU. We are always looking for ways to partner with other agencies to avoid "reinventing the wheel." In fact, we were one of the first departments to partner with the Office of the Chief Information Officer for the delivery of our technology operations.

d. Are there any laws or administrative rules that would limit your ability to work with the other programs or departments?

Laws and rules that inhibit information sharing between agencies would have a detrimental effect on our administration.

e. Are there any laws or administrative rules that could be changed to make your program or agency work better?

In general, we appreciate some flexibility in our enabling legislation. We then have the ability to administer programs in the most efficient and effective way as opposed to being statutorily locked in to processes that, over time, need to evolve with technology and changes in operations.

OTHER

a. Would it be a burden to your agency to ask that your presentations be delivered to the Legislative Services Agency 48 hours in advance of your appearance before the committee?

No.

b. If you are required to reduce your budget by 1%, 5%, or 10%, where would you suggest we focus our attention?

The Department continually explores opportunities to reduce costs and improve efficiency. We have been a leader in state government in utilizing LEAN and other quality improvement processes to reduce waste and re-work. The Department suggests continuing to use these process improvement techniques to help ensure effective budget management.