
BUDGET UNIT BRIEF – FY 2024

Fiscal Services Division

July 1, 2023



Ground Floor, State Capitol Building

Des Moines, Iowa 50319

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Iowa Department of Revenue Operations

Background

The Iowa Department of Revenue (IDR) is responsible for the administration of the major sources of State and local tax revenue. The responsibilities for tax administration include the collection of revenue totaling nearly \$10.000 billion from various sources. The IDR is also in charge of administering various property tax-related functions performed by local government officials. Upon the adoption of [Senate File 514](#) (State Government Alignment Act), the Alcoholic Beverages Division (ABD) and the Iowa Lottery were moved under the IDR.

The IDR is structured along functional lines and divided into seven divisions. The major divisions of the IDR are:

- **Internal Services Division:** Responsible for general administrative functions for the IDR. The Internal Services Division manages the IDR's budget; provides centralized accounting services within the IDR; manages human resources, data analytics, security and disclosure, and communication strategy; and preserves taxpayer information. The Division also oversees procurement for the IDR and performs facilities management.
- **Legal Services and Appeals Division:** Responsible for the following functions:
 - **Legal Services:** This area of the Division provides legal advice to the IDR staff; drafts administrative rules; assists in preparation of technical guidance documents; drafts and reviews legislation; serves as counsel on tax appeals, declaratory orders, draft orders, and final decisions; reviews public record requests; reviews procurements; and drafts contract agreements.
 - **Appeals:** This area of the Division is staffed by tax appeal specialists, who receive and review protests made by taxpayers who disagree with a billing or refund denial. Tax appeal specialists issue information position statements, make settlement recommendations, or assist with contest case proceedings.
- **Local Government Services 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:** This area of the Division issues tax equalizations to county auditors each odd-numbered year. These equalizations are based on aggregate abstract valuations and median sales ratios. Assessment limitations for residential and agricultural property classes are calculated annually.
 - **Assessor Education:** This area of the Division administers assessor and deputy examinations and is responsible for maintaining assessor and deputy registries. Technical assistance and

More Information

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educational programs are provided to both assessors 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 Assessments and Appraisal:** This area of the 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, and Transfer Tax:** This 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:** Responsible for all facets of tax processing. The Division consists of three units:
 - The Collection Services Unit operates the accounts receivable system for the IDR, contacts taxpayers who do not pay their accounts by the expiration of the appeal period, issues bills for the IDR, coordinates the IDR's collection activities, and provides collection services to other State agencies.
 - The Compliance Services Unit 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.
 - The Revenue Operations Unit receives and processes all mail, tax documents, and payments; issues and maintains all business permits; assists taxpayers with filing requirements and procedures; and provides educational webinars on a variety of topics.
- **Research and Policy Division:** Performs departmental research and specific types of analysis. These types are as follows:
 - **Policy Analysts:** This part of the Division provides subject matter expertise for policymakers, stakeholders, agencies, and taxpayers; oversees public communications, including website content, tax credit forms, and guidance documents; monitors tax legislation and court rulings; analyzes tax statutes and makes recommendations to clarify laws and correct technical errors; and represents the IDR on multi-state committees.
 - **Tax Research and 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 and 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 IDR data on the Iowa data sharing website.
 - **Performance Analysis:** In this type of analysis, the Division prepares visual presentations of IDR key performance indicators and assists other Divisions in the tracking of performance measures. In addition to the IDR annual reports, the Division prepares various legislatively mandated reports and conducts analysis for other third-party customers.
- **Alcoholic Beverages Division (ABD):** Administers, enforces, and educates stakeholders on the State's alcoholic beverage control laws. The Division consists of three parts.
 - **Licensing Administration:** This part of the ABD issues licenses to businesses seeking to manufacture, distribute, and sell alcoholic beverages. It also provides education and outreach to new and existing licensees, trade associations, local governments, other State agencies, and policymakers regarding Iowa's alcohol laws and rules.

- **Regulatory Compliance:** The ABD performs routine compliance inspections, complaint-driven investigations, and periodic financial audits of alcohol-licensed businesses. It also takes corrective action through education letters, civil penalties, suspensions, and revocations to bring licensees back into compliance.
- **Fulfillment and Distribution:** The ABD is also responsible for processing and delivering alcoholic liquor orders to over 2,000 privately owned liquor retailers across the State and deposits approximately \$150.0 million annually into the State's General Fund.
- **Iowa Lottery:** The Iowa Lottery provides responsible entertainment to the public, maximizes revenues, and sells tickets in about 2,500 licensed retail locations in all 99 Iowa counties.

Funding

The IDR receives an annual General Fund appropriation.

Related Statutes and Administrative Rules

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

Iowa Administrative Code [701](#)

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