

PROGRAM DESCRIPTION

Department of Revenue _____

HB Section(s): 4.01

Program Name - Integrated Tax System

Program is found in the following core budget(s): Integrated Tax System

1a. What strategic priority does this program address?

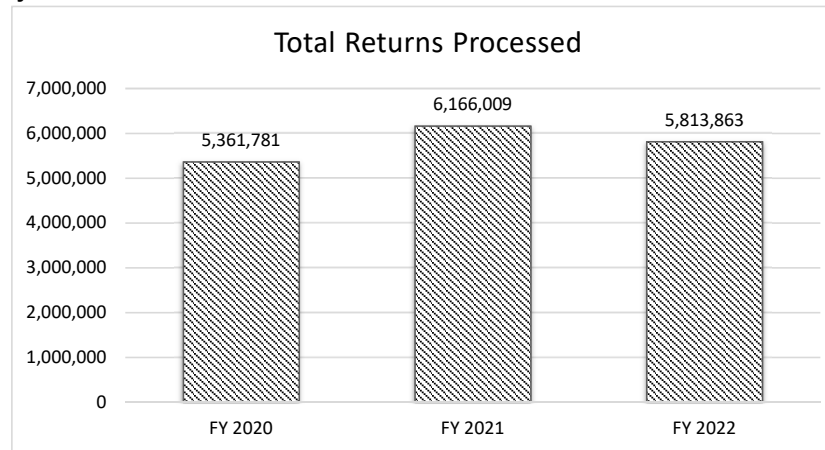
Embed Transformational Purpose; Focus on Service Culture; IT Roadmap

1b. What does this program do?

The **Integrated Tax System** enables the Missouri Department of Revenue to administer the following tax types: Tire and Battery, Sales, Use, Employer Withholding, Individual Income (including Property Tax Credits) and Corporate Income. These tax types comprise the majority of the state's collections for general revenue. In addition, the system allows businesses to register for sales and use tax collection and generates the necessary licenses and documents that businesses need to operate retail businesses in Missouri. Administrative functions include maintaining all financial and administrative activities for each taxpayer, generating notices, collections functions and creating the files needed to generate sales and use tax distributions to all local political subdivisions that have enacted a sales or use tax.

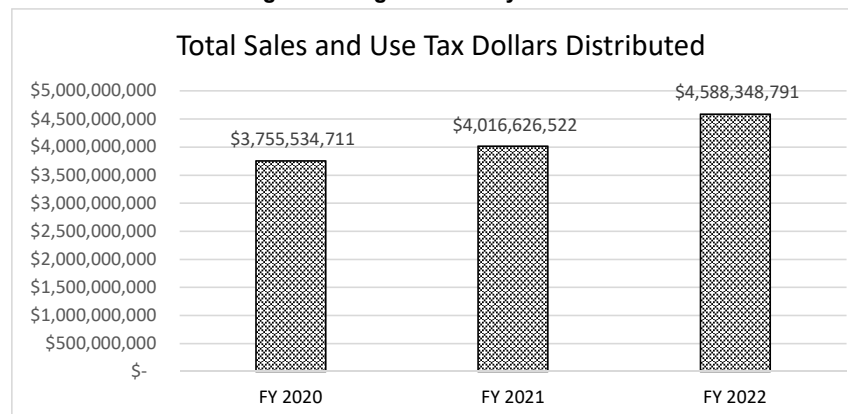
2a. Provide an activity measure(s) for the program.

i. Returns Processed in the Integrated Tax System



Note: FY20 return totals were down due to the extended individual income tax filing date. FY21 return totals were increased due to the extended individual income tax filing date.

ii. Sales / Use Tax Money Distributed to Local Jurisdictions through the Integrated Tax System

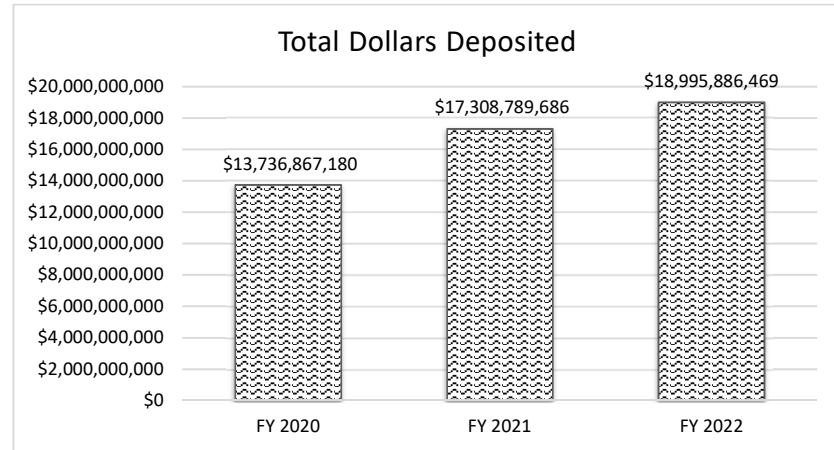
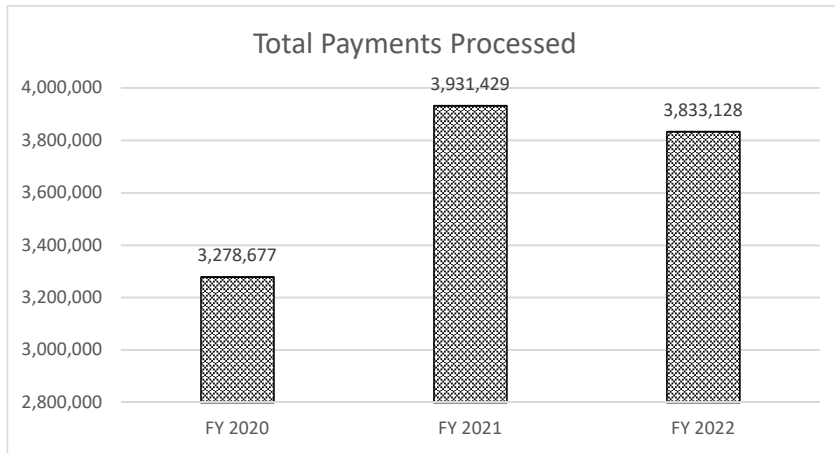


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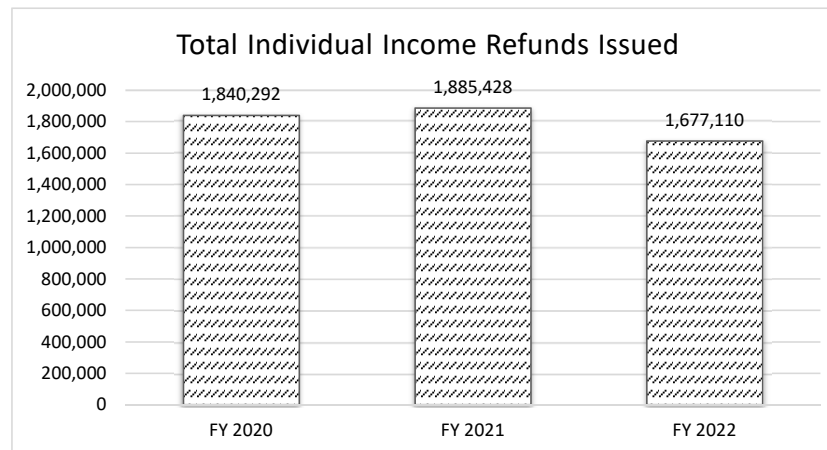
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iii. Payments and Dollars Deposited through the Integrated Tax System



Note: Totals for FY20 do not include corporate income tax payments. Additionally, because the individual income tax payment and filing due dates were shifted from April 15 to July 15, and estimated \$783,000 million got shifted to FY21.

iv. Refunds Issued through the Integrated Tax System



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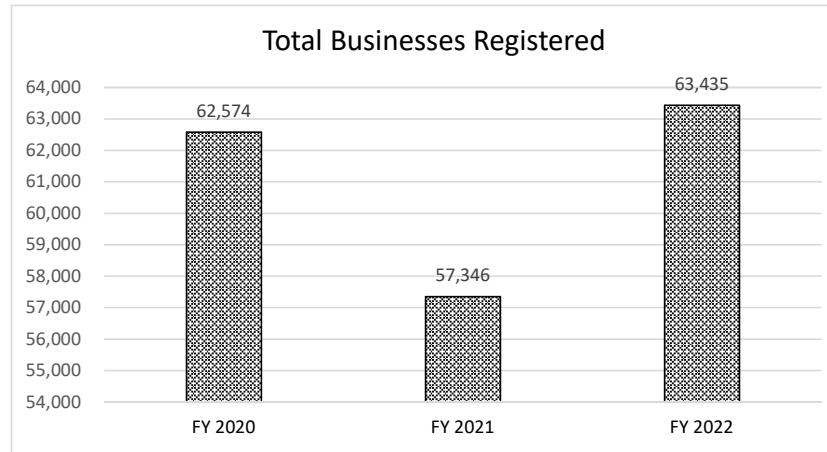
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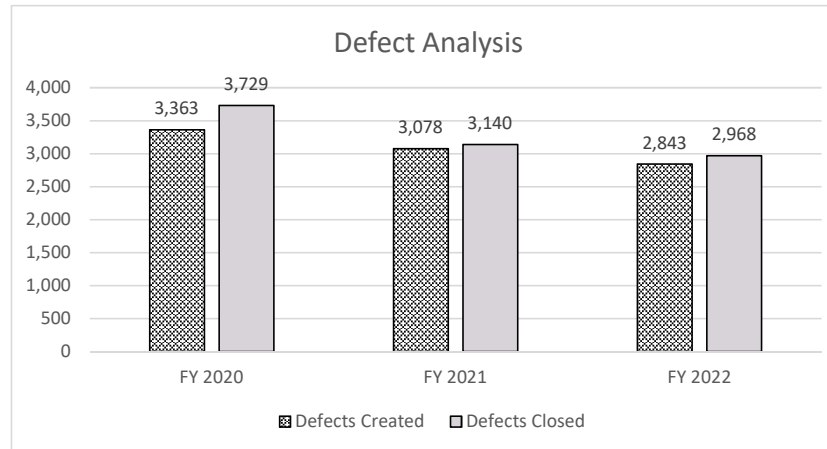
v. Businesses Registered through the Integrated Tax System



2b. Provide a measure(s) of the program's quality.

i. Defect Analysis

The Integrated Tax System is made up of hundreds of thousands of separate business rules. The Department and the vendor have spent more than 8 years creating the various functions, coding them, and ensuring the correct operational output. Throughout the implementation of the integrated system, we have encountered many defects. A defect may be as small as a comma in the incorrect place on a notice or as large as a tax rate that impacts millions of filers. Changes needed to implement new legislation and enhanced functionality are also tracked as defects. The data below reflects the amount of defects created and closed in the applicable years.



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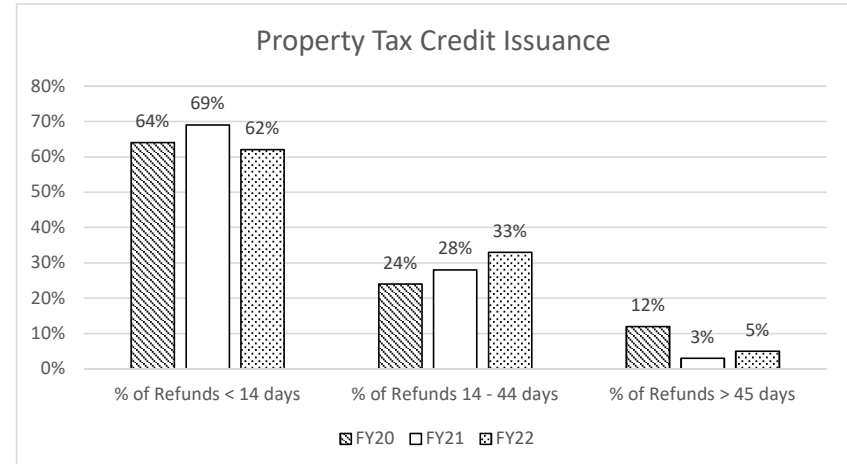
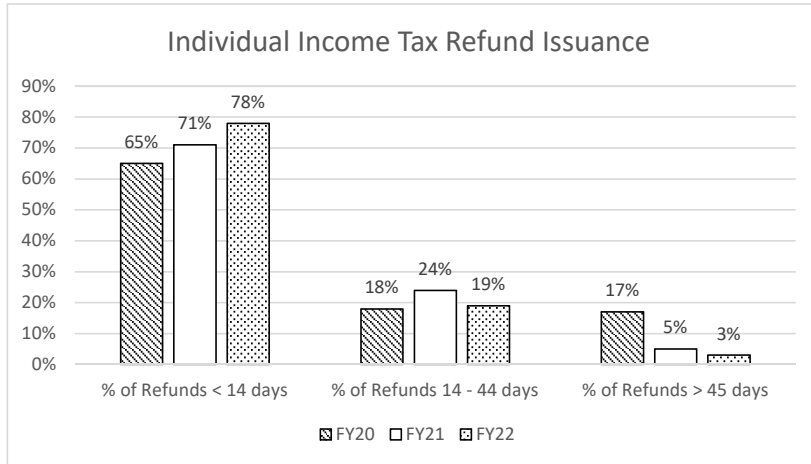
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ii. Refund Turnaround Time

One of the most important functions the Integrated Tax System plays is the timely issuance of individual income tax refunds and property tax credits. Each year the Department receives approximately 1.6 million refund claims. Approximately 12 percent of the refund claims require a manual review, which can delay the issuance. The information below reflects the volumes and percentages of refunds issued in the applicable timeframes.



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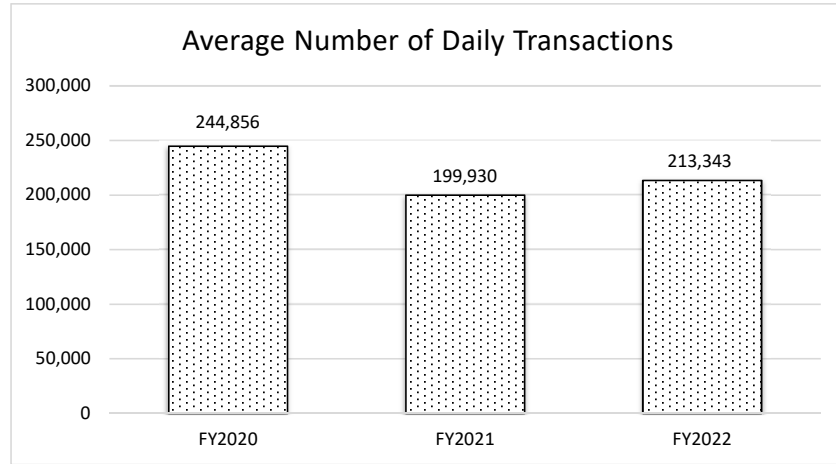
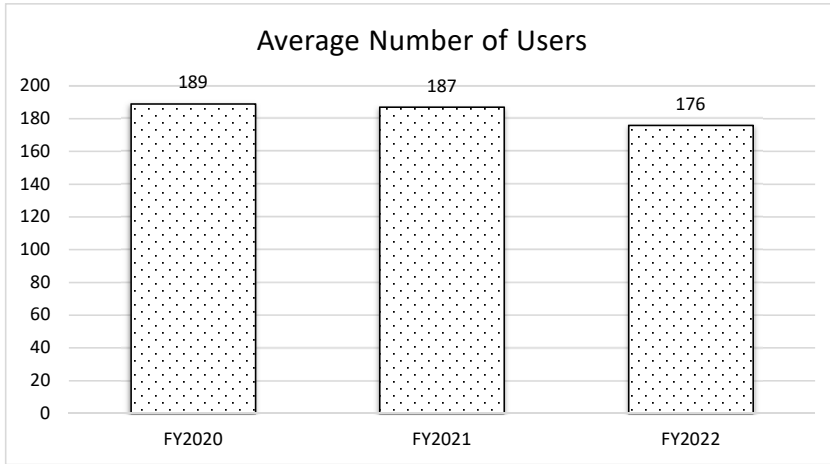
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2c. Provide a measure(s) of the program's impact.



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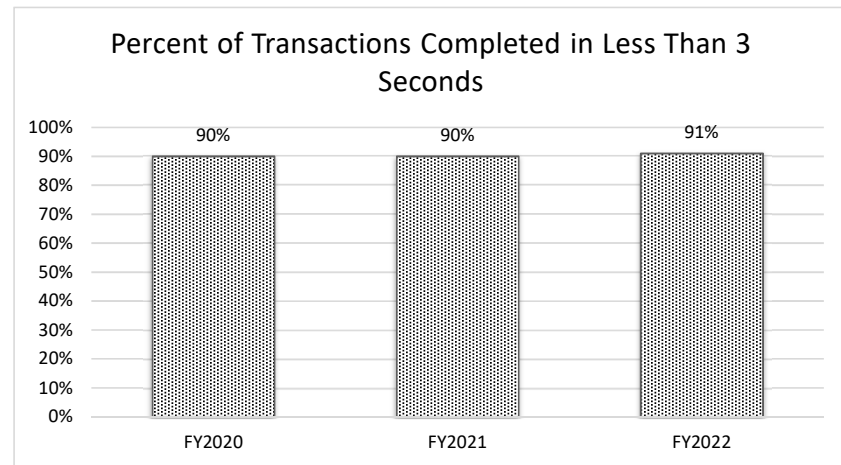
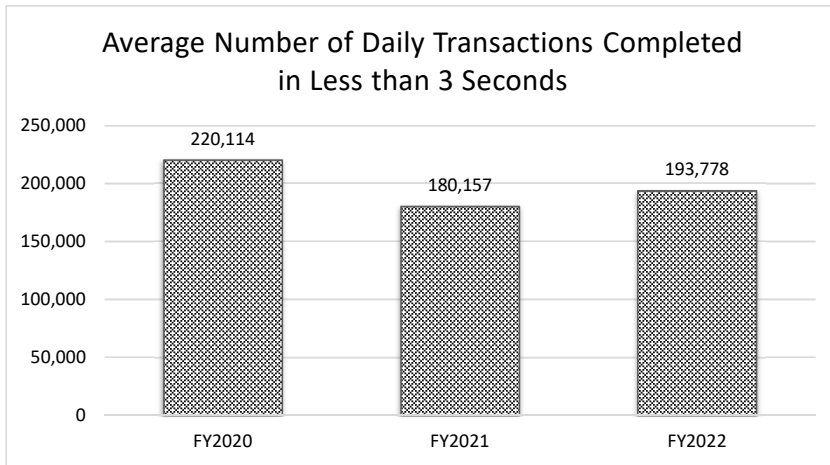
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2d. Provide a measure(s) of the program's efficiency.

There are a number of components of the Integrated Tax System that make it more efficient than our previous legacy systems. Items include:

- 1) **Reduced time to educate new employees** -- nearly 50% decrease, in certain situations.
- 2) **Ability to cross educate staff in multiple areas of the system** -- the Department's cross training efforts have continued to increase each year since the inception of the integrated system.
- 3) **Ability to target work based on skill level of the team member** -- in FY21, the Department began to use temporary staff to review sales tax exceptions. This was the first time this activity was not limited to full-time staff.
- 4) **Electronic images of tax returns, payments, and correspondence available in host system** -- this will ultimately reduce the total paper stored by the Department and reduce handoffs between work areas.
- 5) **Tax staff can easily extract data from the system** -- this lessens our dependence on IT staff and provides us a greater ability to improve processes.



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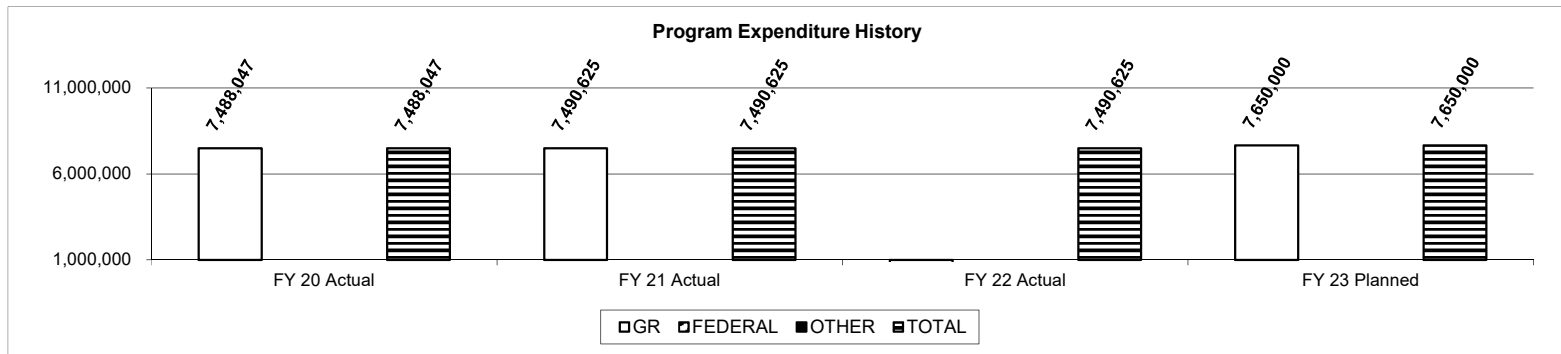
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3. Provide actual expenditures for the prior three fiscal years and planned expenditures for the current fiscal year. (Note: Amounts do not include fringe benefit costs.)



4. What are the sources of the "Other " funds?

5. What is the authorization for this program, i.e., federal or state statute, etc.? (Include the federal program number, if applicable.)

6. Are there federal matching requirements? If yes, please explain.

No

7. Is this a federally mandated program? If yes, please explain.

No