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 collect the following tax types: Tire and Battery, Sales, Use, Employer Withholding, Individual Income (including Property Tax Credits) and Corporate Income (as of August 8, 2020). 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.
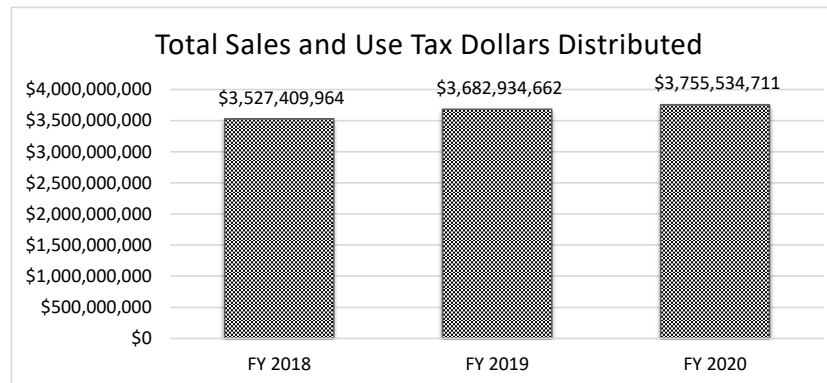
2a. Provide an activity measure(s) for the program.

i. Returns Processed in the Integrated Tax System
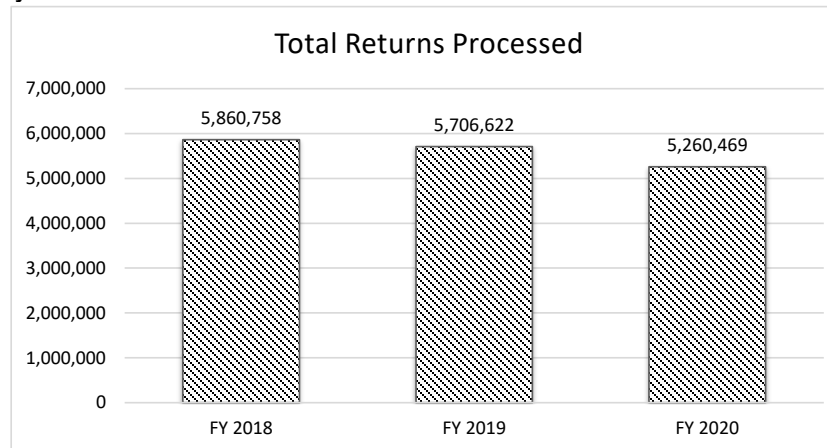
Total Returns Processed

FY 2018	FY 2019	FY 2020
5,860,758	5,706,622	5,260,469

Note: FY19 was the first year individual income tax returns and refunds were processed in the Integrated Tax System. FY18 Individual income return and refund data is provided as a benchmark, but were processed in the legacy system. FY20 return totals were down due to the extended individual income tax filing date.

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

Total Sales and Use Tax Dollars Distributed

FY 2018	FY 2019	FY 2020
$3,527,409,964	$3,682,934,662	$3,755,534,711

PROGRAM DESCRIPTION

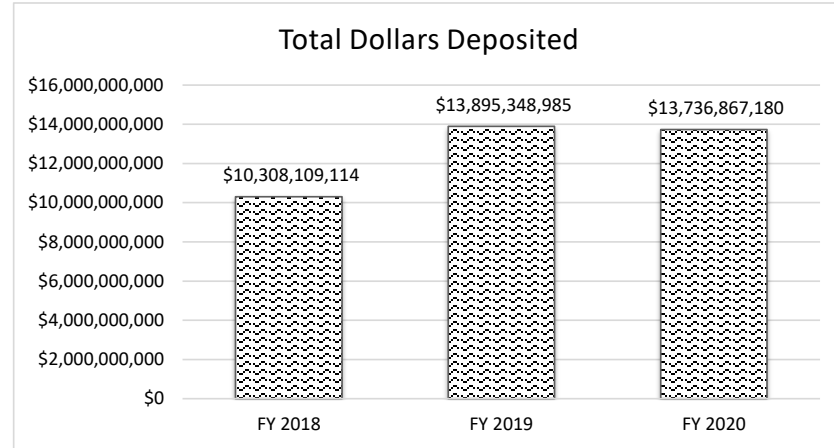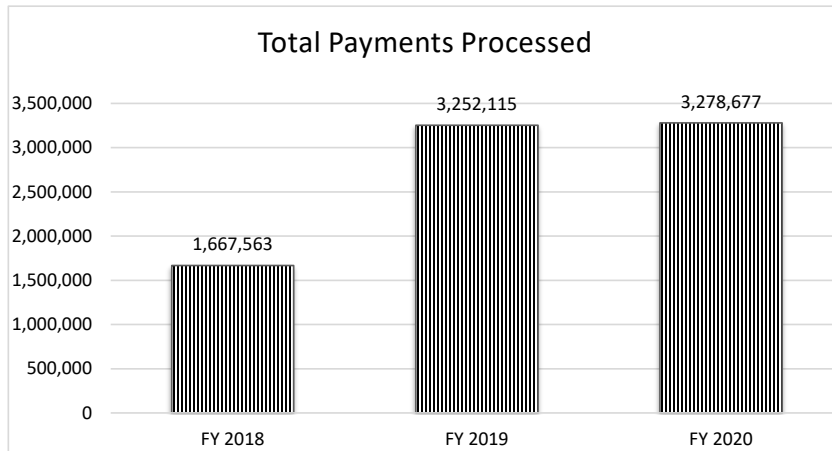**Department of Revenue**   HB Section(s):   4.01
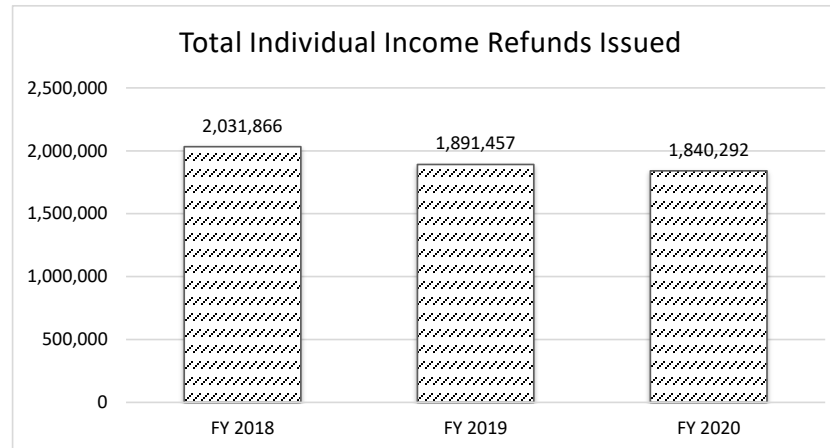**Program Name - Integrated Tax System**
Program is found in the following core budget(s): Integrated Tax System

iii. **Payments and Dollars Deposited through the Integrated Tax System**

Total Payments Processed	Total Dollars Deposited
FY 2018: 1,667,563	FY 2018: $10,308,109,114
FY 2019: 3,252,115	FY 2019: $13,895,348,985
FY 2020: 3,278,677	FY 2020: $13,736,867,180

Note: Individual income tax payments were not deposited into the Integrated Tax System until November 2018. Totals for FY18 and part of FY19 do not include individual income tax payments.

iv. **Refunds Issued through the Integrated Tax System**

Total Individual Income Refunds Issued

FY 2018	FY 2019	FY 2020
2,031,866	1,891,457	1,840,292

Note: FY19 was the first year individual income tax returns and refunds were processed in the Integrated Tax System. FY18 Individual income return and refund data is provided as a benchmark, but were processed in the legacy system.
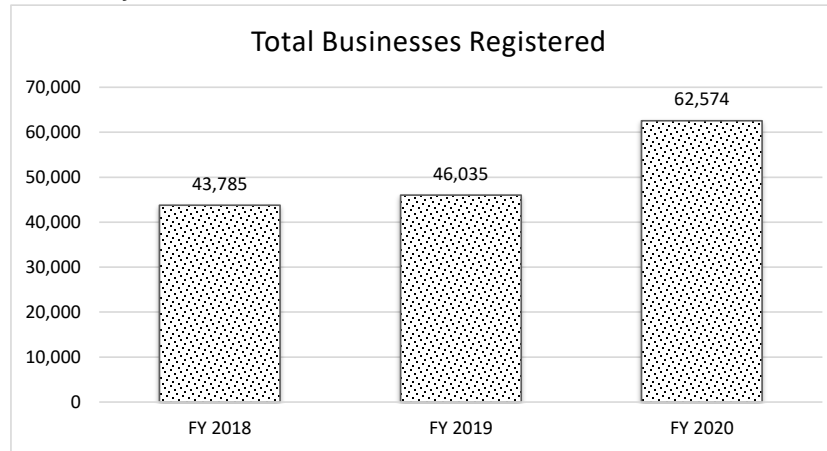
PROGRAM DESCRIPTION

Department of Revenue   HB Section(s):   **4.01**
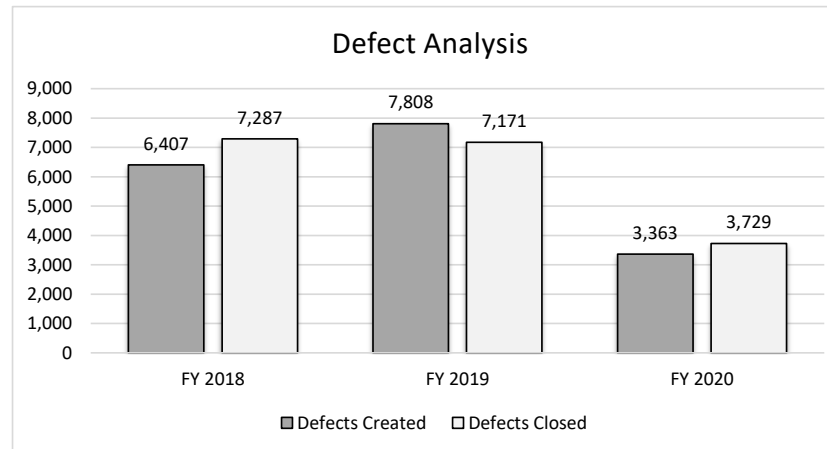**Program Name - Integrated Tax System**
Program is found in the following core budget(s): Integrated Tax System

v. Businesses Registered through the Integrated Tax System

Total Businesses Registered

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 7 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 a small as comma in the incorrect place on a notice, or as large as a tax rate that impacts millions of filers. The data below reflects the amount of defects created and closed in the applicable years.

Defect Analysis

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	

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 1.8 million refund claims. Approximately 11 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 time frames.

Individual Income Tax Refund Issuance

	% Refunds < 14 days	% Refunds < 46 days	% Refunds > 46 days
FY 2019	72%	90%	10%
FY 2020	65%	83%	17%
FY 2021 (Target)	80%	95%	5%

Property Tax Credit Issuance

	% Refunds < 14 days	% Refunds < 46 days	% Refunds > 46 days
FY 2019	56%	83%	17%
FY 2020	65%	87%	13%
FY 2021 (Target)	80%	95%	5%

PROGRAM DESCRIPTION

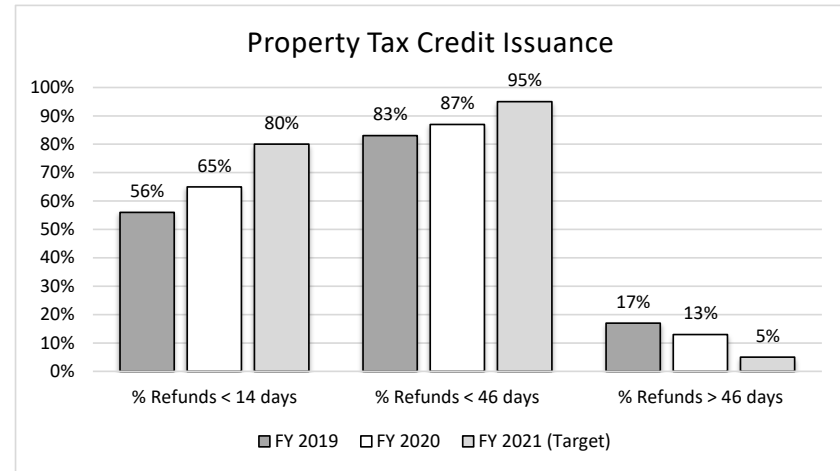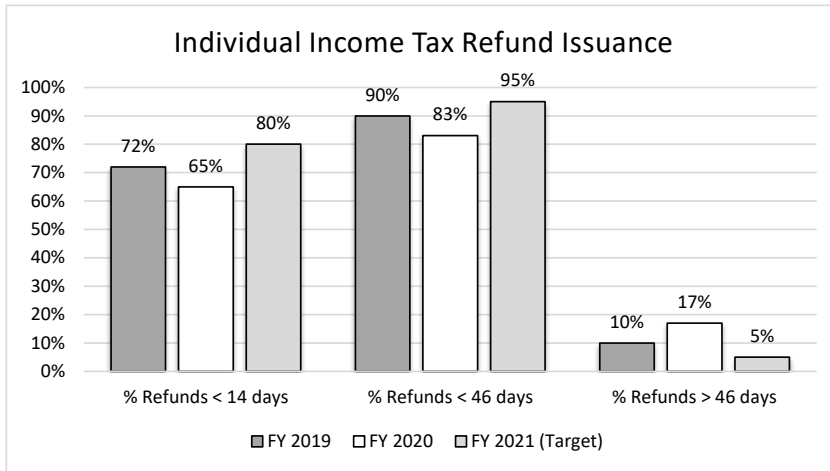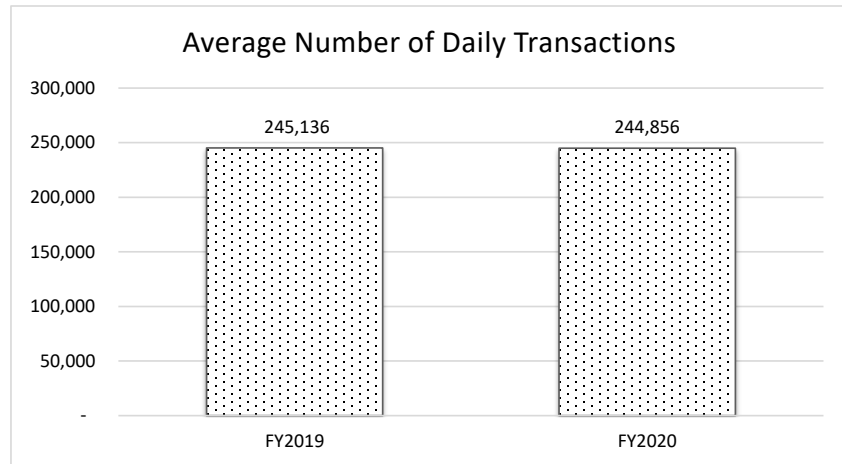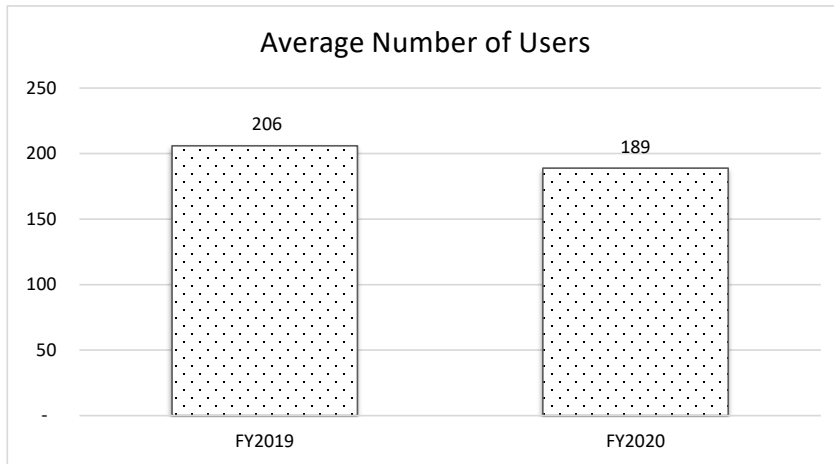**Department of Revenue**   **HB Section(s):**   **4.01**
Program Name - Integrated Tax System
Program is found in the following core budget(s): Integrated Tax System

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

Average Number of Users	Average Number of Daily Transactions
FY2019: 206, FY2020: 189	FY2019: 245,136, FY2020: 244,856

PROGRAM DESCRIPTION

Department of Revenue   **HB Section(s):**   **4.01**
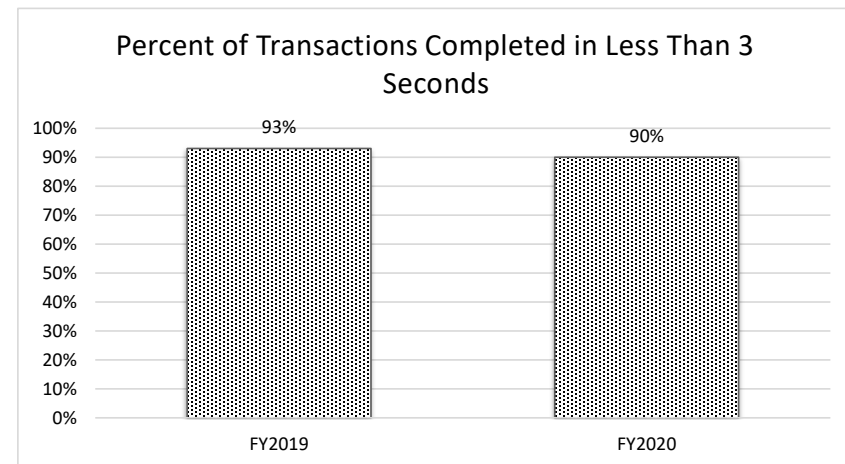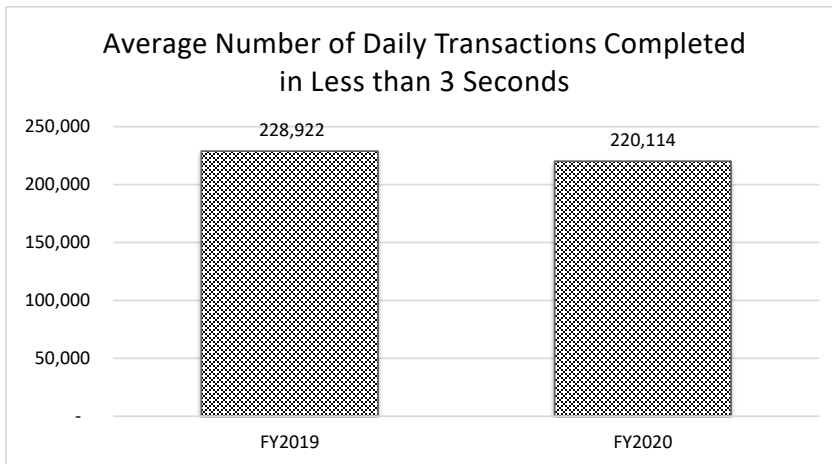
Program Name - Integrated Tax System

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

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 increased by 32% in FY20.

3) Ability to target work based on skill level of the team member -- in FY20, the Department used temporary staff to review more than 40,000 income 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 reduces 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 our processes.

Average Number of Daily Transactions Completed in Less than 3 Seconds

FY2019: 228,922
FY2020: 220,114

Percent of Transactions Completed in Less Than 3 Seconds

FY2019: 93%
FY2020: 90%

PROGRAM DESCRIPTION

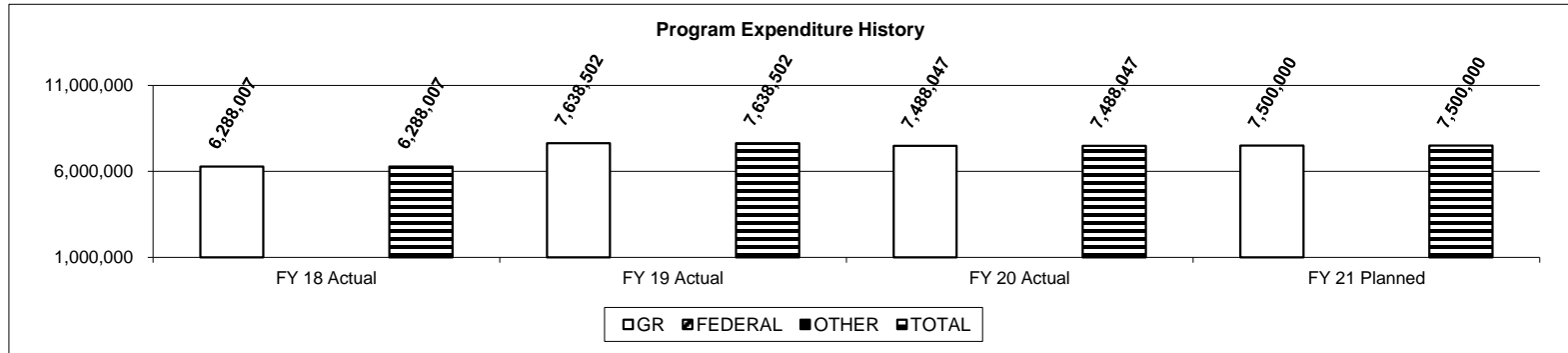Department of Revenue   HB Section(s):   4.01

Program Name - Integrated Tax System

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

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.*)

Program Expenditure History

	FY 18 Actual	FY 19 Actual	FY 20 Actual	FY 21 Planned
GR	6,288,007	7,638,502	7,488,047	7,500,000
TOTAL	6,288,007	7,638,502	7,488,047	7,500,000

Legend: ☐GR ☑FEDERAL ■OTHER ☐TOTAL

Y-axis values: 1,000,000 / 6,000,000 / 11,000,000

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