

year. The division also produces (in conjunction with the Revenue Accounting Division) estimates of the distributions to the three local government funds, and handles the estate tax settlements from local governments. TAD also provides informal consulting to school districts and other local governments on property tax questions and permissive sales tax questions. Tax Analysis staffers frequently make presentations to county auditors, school officials, and other local governments, discussing such topics as property tax law, school district income taxes, state revenue sharing, tax reform, and the impact of utility property tax law changes. In addition to its regular duties, TAD is involved in a number of special projects each year. The projects themselves are as diverse as analyzing the costs and potential cost savings of State Issue I (the drug treatment ballot initiative from November 2002) or preparing an amicus brief for the Tax Commissioner in the 2001 DeRolph IV school funding case.

Fiscal Year 2005 was a particularly active and productive year for the division. TAD not only prepared the numerical estimates of the Governor's tax reform package for the FY 2006-2007 executive budget, but also provided narratives that laid out the philosophical foundation for the tax reform initiative. When the budget moved into the General Assembly, the division estimated a number of alternative tax reform proposals for both the House and the Senate, and estimated the final version of the budget enacted by the General Assembly.

In FY 2005, the division continued to enhance its data assets and informational resources. It added to its database of large corporate taxpayers, providing an invaluable tool for simulating proposed changes in corporation franchise tax law. The division also refined its income tax simulation models in response to the demands of the Governor's tax reform package and the requests of legislators. TAD has also worked with other units of the Department of Taxation in providing new data that can enhance audit selection and tax compliance procedures. Finally, the division continues to work with OBM to develop more rigorous and accurate forecasting methods for General Revenue Fund tax revenues.

Tax Analysis continues to work on improving and expanding its research capability to better support the department's efforts to provide quality service not only throughout state government, but also to Ohio local governments and school districts.

Taxpayer Services/ Compliance Division

The Taxpayer Services/Compliance Division is actually comprised of three separate divisions: Taxpayer Services, Compliance, and the Taxpayer Service Centers. The Taxpayer Services Division and the Compliance Division were merged in a 1998 department reorganization. The Taxpayer Service Centers joined in 2002. This consolidation combined the cross functionality of these divisions, moving the department closer to the implementation of a global strategy to service taxpayers and conduct unified compliance initiatives.

Taxpayer Services Division

The Taxpayer Services Division (TPS) was reorganized in April 1998 into an integrated division handling multiple tax issues and tasks, replacing the single tax division concept that was previously utilized. TPS is the anchor to the many communication mediums utilized by the department to inform, educate, and learn from Ohio's taxpayers and tax practitioners. This division, with help from the Taxpayer Service Centers, fields thousands of telephone calls, e-mails, letters, and taxpayer walk-ins each month. TPS is the first point of contact for all communications related to individual income, school district income, sales and use, corporation franchise, employer withholding, employer school district withholding, and pass-through entity and trust taxes.

TPS agents are responsible for responding to questions simple and complex. All TPS agents are proficient in at least one of the taxes the division supports and most are adept at four or more. By functioning as a one-stop shop for taxpayer inquiries, TPS supports the department by striving to ensure accurate, comprehensive and consistent information is delivered to the taxpayer community.

The TPS outreach and education unit facilitates a number of taxpayer and practitioner programs each year. The unit's intent has been to assist the department in increasing voluntary compliance and cost saving self-service solutions through the promotion of effective, innovative customer service strategies. The unit has focused on fostering professional relationships to increase communication opportunities and awareness of tax laws and regulations throughout the state.

The TPS support unit updates computer data pertaining to the business community's demographics. This unit is also responsible for the various edit lists generated by the registration process and associated communications with the county auditors.

The TPS support and report unit administers, queries, and analyzes data used from the department's various contact systems to help the three divisions within Taxpayer Service/Compliance evaluate their performance, identify trends, and pinpoint opportunities for improvement.

Taxpayer Service Centers

The department maintains nine Taxpayer Service Centers located in major cities throughout Ohio (Akron, Cincinnati, Cleveland, two in Columbus, Dayton, Toledo, Youngstown and Zanesville). The staffs of these offices make up the "face" of the department. The number and locations of the service centers evolved from a commitment to provide equitable service to all Ohio taxpayers through a network of strategically situated local branches, offering convenient access to services in regional population centers.

The service centers constitute both a local resource for assistance and a local presence to implement and enforce the various compliance and service programs in an efficient and cost-effective manner. In addition, the service centers provide a convenient work location for agents of the Audit Division.

The staff of the Taxpayer Service Centers is cross-trained to provide a variety of services to taxpayers and to support the compliance efforts of the department. Taxpayers visit service centers to receive professional tax assistance when filing their required tax returns for both business taxes (e.g., sales and use, corporation franchise, excise, and employer withholding taxes) and income taxes (e.g., individual income tax and school district income tax).

Service centers provide assistance to walk-in taxpayers, answer telephone inquiries about business and individual taxes, and process correspondence arising from numerous billing programs generated by the Compliance Division. Service center employees also participate in a number of compliance initiatives. For instance, they coordinate tax delinquency programs to secure tax returns and revenue from non-filers and they monitor vendor compliance with regard to the sales and use tax as part of the Habitual Offender Program.

Service center agents are periodically asked to conduct examinations of transactions involving the casual sale of motor vehicles, conduct office audits, and evaluate refund claims in partnership with agents in the Audit Division.

The service centers support TPS and the department by providing direct service to taxpayers, through maintaining constant communication with federal, state, and local government agencies, and by providing speakers to various groups.

Compliance Division

The Compliance Division manages the billing and assessment functions for the individual income, employer withholding, employer school district

withholding, corporation franchise, sales and use, and school district income taxes.

Bills and assessments are generated for actual or potential tax liabilities arising from an audit or a taxpayer's failure to file, pay, compute their taxes correctly, report their federal adjusted gross income consistently, or report all their income (see **Tables 1- 3** in this section). Assessments are the Tax Commissioner's final notification to a taxpayer of a tax liability or delinquency. An assessment informs the taxpayer of their legal rights if the assessment remains outstanding, and that their debt will be certified to the Ohio Attorney General's office for collection if an appeal is not filed in a timely fashion.

The Compliance Division is responsible for handling all taxpayer billing and assessment correspondence, while TPS is responsible for the telephone calls and e-mail inquiries for these programs. This division serves as the department's liaison to the Ohio Attorney General's office. All communication regarding collection of unpaid or delinquent taxes is coordinated through the assessment section.

Within the Compliance Division there is an administrative review unit that is responsible for resolving non-audit issue petitions (appeals). This enables taxpayers to resolve their assessment issues in an informal manner.

The Compliance Division helps the Department of Taxation ensure that the tax law is fairly applied by enabling the collection of delinquent taxes that help provide the revenue necessary for state programs and services.

Table 1
Personal Property Tax Assessments,* Calendar Years 2003 - 2004

Type of Tax	Amount of Assessments	
	Calendar Year 2003	Calendar Year 2004
Tangible Personal Property		
Single-County Corporations and Individual Unincorporated Businesses	\$12,097,237	\$11,158,008
Inter-County Corporations	118,941,247	88,364,622
Total Tangible Personal Property	\$131,038,484	\$99,522,630
Dealers in Intangibles	\$7,070,496	\$5,347,313
Total Personal Property and Dealers	\$138,108,980	\$104,869,943

* Resulting from audits or delinquent returns.

Table 2
Sales and Excise Tax Assessments Levied, and Unpaid
Assessments Certified for Collection, Fiscal Years 2004 - 2005

Tax Category	Assessments Levied*				Unpaid Assessments Certified for Collection**	
	Fiscal Year 2004		Fiscal Year 2005		Fiscal Year 2004	Fiscal Year 2005
	Amount	Number	Amount	Number		
Sales and Use	\$256,544,752	66,118	\$277,258,317	140,435	\$180,035,006	\$147,948,544
Motor Vehicle Fuel	6,012,144	64	11,920,314	108	2,934,655	5,700,619
Motor Fuel Use			3,038	10	1,387	710
Cigarette	151,729	29	60,167	1	324,563	
Other Tobacco Products	534,793	178	965,226	79	403,569	111,262
Alcoholic Beverages***			101,758	9		
Severance	173,004	118	12,841	10	98,810	42,105
Horse Racing						
Tire Replacement			88,514	2	4,178	45,225
IFTA****	274,230	56	432,355	170	322,871	233,086
Kilowatt Hour	248,368	2	28,267	2	61,961	276,635
Natural Gas (Mcf)						
MSA*****	41,725	33	24,250	20		34,000
Total	\$263,980,745	66,598	\$290,895,047	106,644	\$184,187,000	\$154,392,186

* Represents only assessments levied and not assessments collected.
** Data do not relate to current assessments shown in "Assessments Levied" column. It represents those assessments certified for collection after taxpayers have exhausted all avenues of appeal, and may be from a prior fiscal year.
*** Beer, wine, and mixed beverages.
**** International Fuel Tax Agreement.
***** Master Settlement Agreement (tobacco).

Table 3
Individual Income Tax and Corporation Franchise Tax
Assessments Levied
Fiscal Years 2002 - 2005

Tax Category	Fiscal Year 2002		Fiscal Year 2003		Fiscal Year 2004		Fiscal Year 2005	
	Amount	Number	Amount	Number	Amount	Number	Amount	Number
Corporation Franchise	\$52,046,091	9,439	\$57,203,517	7,755	\$57,968,371	4,363	\$496,524,746	83,419
Individual Income	\$142,824,765	154,172	\$32,785,324	20,989	74,387,712	85,759	\$155,353,096	132,765
Total	\$194,870,856	163,611	\$89,988,841	28,744	\$132,356,083	90,122	\$651,877,842	216,184