



Department of Revenue – Agency Overview

January 24, 2023

Mission/Vision/Values

Purpose

Administer and enforce the assessment and collection of taxes.

Mission

Working together to fund the future for all of Minnesota.

Vision

Everyone reports, pays, and receives the right amount: no more, no less.

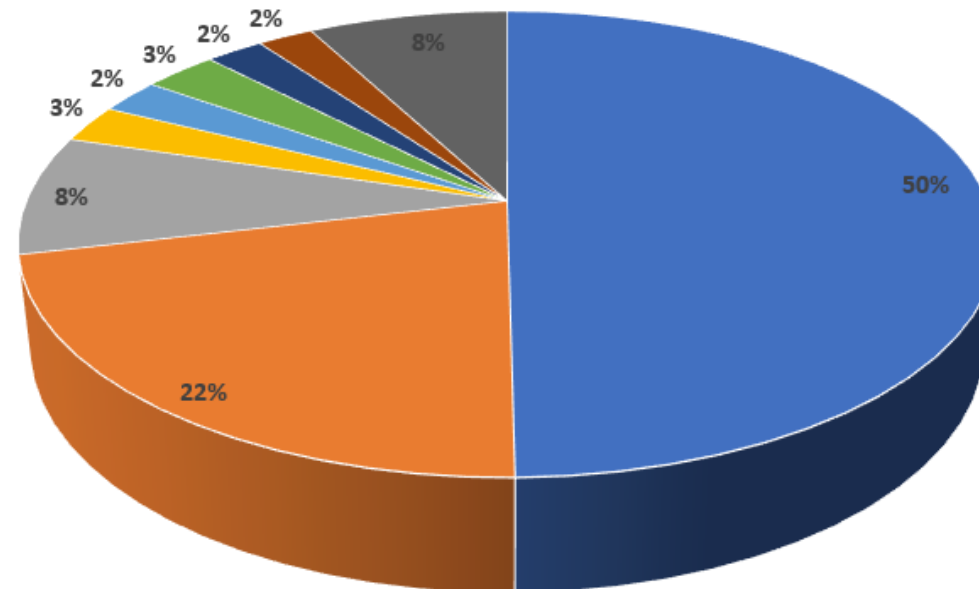
Values

Accountability, Excellence, Inclusion, Integrity, Partnership, and Service



Tax Revenue

The \$33 billion collected annually by the Department provides vital resources for services and programs around the state.



- Income Tax
- Sales Tax
- Corporate
- Gasoline and Fuels
- Motor Vehicle License Tax
- Motor Vehicle Sales Tax
- Statewide Property Tax
- Health Care Taxes
- All Other Taxes

Tax revenue funds vital programs that benefit Minnesotans

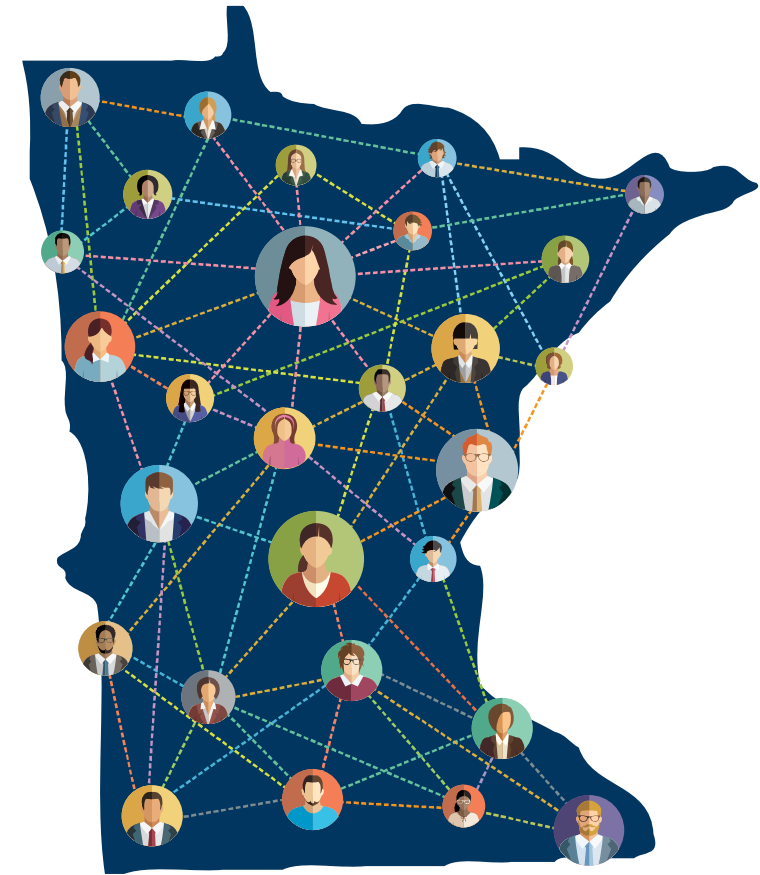
- Education
- Infrastructure
- Healthcare & Public Health
- Public Safety
- Roads/bridges/transit
- Natural Resources



Who Do We Serve?

Our broad base of customers around the state

- All 87 counties
- 3.1 million individual income tax filers
- Over 800,000 property tax refund filers
- 800 licensed property tax assessors
- More than 500,000 businesses
- More than 300,000 sales tax filers



Who Do We Serve?

Governor and Legislature

- We consult and confer with the Governor regarding taxation
- We recommend to the legislature appropriate changes in law necessary to help serve Minnesota taxpayers.



Tax Committee Support

- Our research division produces revenue estimates and the Tax Incidence Study to help inform Tax Committees
- We also produce tax reports on many topics to help keep policymakers informed
 - Property Values and Agricultural Valuation and Classification
 - Adjusted Net Tax Capacity for School Districts
 - The Voss Report

Compliance through Education

- A large part of the department's role is helping customers understand their obligation and working to get – and keep – them in compliance.
- To do that, we provide education and outreach to customers through:
 - Training and Outreach events
 - Videos
 - Website content
 - Phone, emails, letters, and in-person customer contact

Communities and Taxpayers

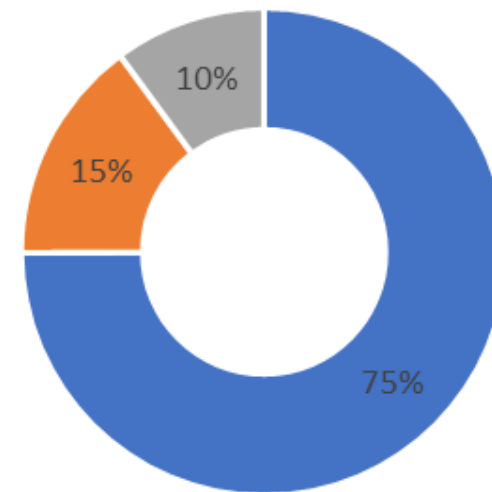
- We work to inform taxpayers of tax law developments that impact them and ensure taxpayers receive the benefit of law changes, such as:
 - Unemployment Insurance Benefit/Paycheck Protection Program loan forgiveness subtractions
 - Conformity with Federal Changes
- We also have offices within Revenue dedicated to working with and assisting taxpayers:
 - Office of Public Engagement
 - Taxpayer Rights Advocate

Revenue by the Numbers

- More than 1,400 employees
- Administers 30 different tax types
- \$188 million annual budget

Department of Revenue Budget

■ Employee Cost ■ IT ■ Other Operating Expenses



Administering Minnesota's tax code

- **Help customers understand and meet their obligations under the law**
- **Many different tax types**
 - Individual Income
 - Property
 - Sales and Use
 - Corporate
 - Mineral
 - Lawful Gambling
 - Liquor
 - Tobacco
 - Petroleum
 - and more...



Tax Administration

Revenue's Priorities

- Minimize impact to customers
- Support voluntary compliance
- Assist taxpayers and preparers
- Protect integrity of the tax system

Process to Update Tax Filing Systems

May

August

January

Engage and Communicate with Stakeholders

Synthesize Law Changes

Tax Processing System Development and Testing
see other side for details

Tax Forms Updates and
Development

Software Provider Certification
and Testing
see other side for details

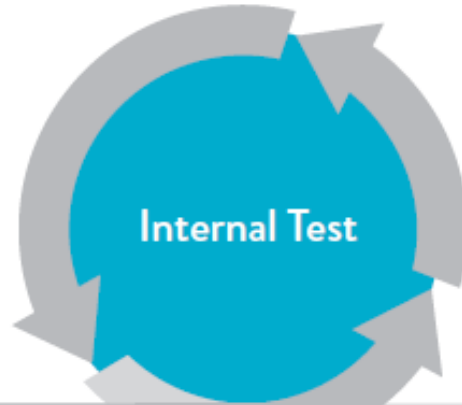
Publish
Near Final
Forms

Publish
Final
Forms

Filing
Season
Open

Tax Processing System Development and Testing

Minnesota
Department
of Revenue



August

January

Publish Near
Final Forms

Implementation

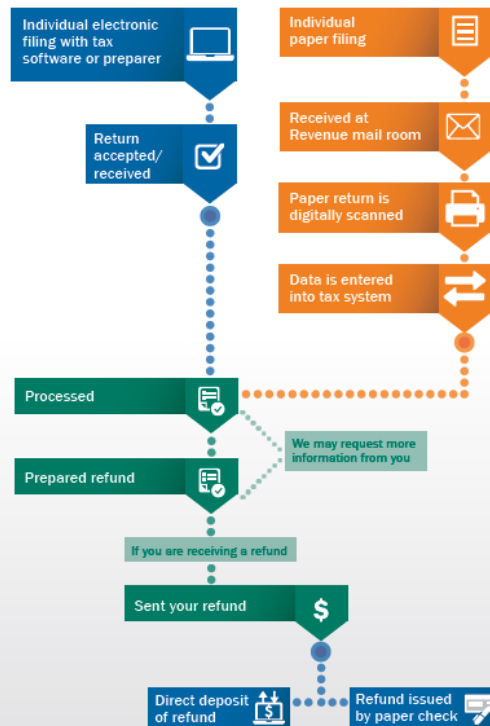
Software Providers



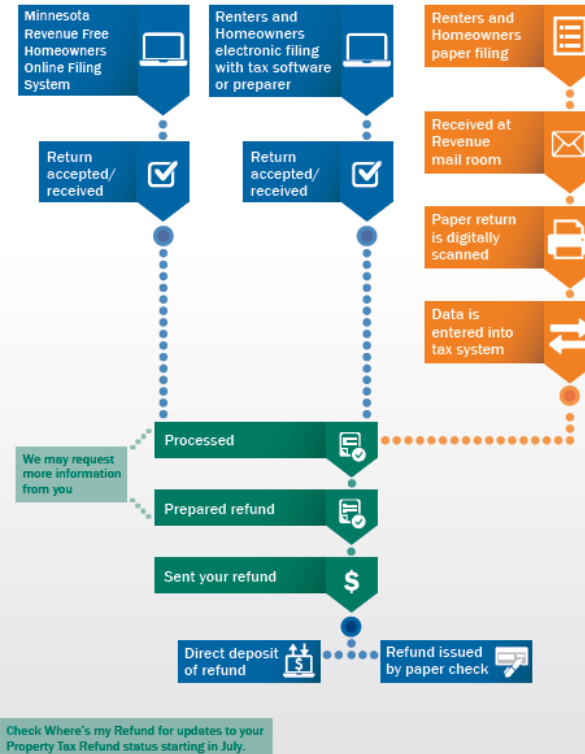
Software Provider Certification and Testing

Return Processing

Individual Income Tax Return Process



Property Tax Refund Process



Securing taxpayer information is everyone's job

- ID Theft and Refund Fraud
- Protecting Taxpayer Information
- Security and Training



Emailing **W-2** or **private individual data**?

Stop. Connect. Confirm.

Employee Roles

- Auditors
- Return processors
- Collections officers
- Taxpayer assistance representatives
- Tax aid administrators
- Researchers
- Attorneys
- Outreach and Communications





Revenue Operations

Efficiencies and Increased Costs

- Revenue continually seeks ways to most efficiently use our existing resources to manage costs
 - Physical office space reduction
 - Printing and mailing
 - Business automation through use of technology
- Revenue will continue to maximize efficiencies in FY 2024 and FY 2025
- Rising costs expected for IT and cybersecurity needs

Our Workforce Model

- Hybrid working model evolution and transformation - business needs of the agency dictate where our employees perform their duties.
 - Allows us to hire from across the state, more accurately represent Minnesota and larger candidate/talent pool
 - Continue to process approximately 6.3 million total tax returns each year
 - Over 90% of them processed in a timely manner

- Virtual Private Network
- Multi-Factor Authentication
- Encryption
- Integrated Tax System Controls



Other Agency Partners

- MNIT
- MMB
 - Reporting and forecasting
- Administration
 - Paper mail distribution
 - Facilities support
- Employment and Economic Development
 - Check printing

Contact Information

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Thank you!