

## Agency Purpose

The Department of Revenue's mission is to "make the state's revenue system work well for Minnesota." Its tax information, filing and paying services, and its enforcement activities help ensure that citizens have the information and means to fulfill their tax obligations.

## Core Functions

The Department of Revenue oversees Minnesota's revenue system, which is made up of 28 state taxes and property taxes collected by local governments. State taxes include individual income, sales, corporate franchise, petroleum, environmental, gambling, cigarette and tobacco, alcohol, insurance and health care provider taxes.

The Department collects approximately \$15.5 billion per year in state taxes, and oversees the uniform application of the property tax laws. Property taxes, which are administered by local governments, raise \$6 billion annually for Minnesota's communities. The Department also pays out over \$1 billion in state aid to counties, cities, towns and special taxing districts through 32 different state programs.

### The Department's six goals are:

- ⇒ **Achieve taxpayer compliance:** everyone pays the right amount of taxes, no more, no less.
- ⇒ **Citizen satisfaction:** citizens have the services and information they need to meet their obligations and to be informed about the revenue system.
- ⇒ **Customer satisfaction:** filing, paying and refund systems for taxpayers are fast, convenient, easy to use, secure and accurate.
- ⇒ **Operational excellence:** the revenue system keeps pace with changes in the economy and technology.
- ⇒ **Responsible stewardship of information:** taxpayers trust us to protect their data.
- ⇒ **Employee excellence:** employees perform meaningful and challenging work, and have opportunities to learn and grow.

In support of these goals, we carry out the following core functions:

- ◆ interpreting the law and informing taxpayers of their obligations and rights;
- ◆ providing taxpayers with the services and information they need to meet their filing and paying obligations;
- ◆ processing returns and payments, issuing refunds, and managing taxpayer accounts;
- ◆ auditing to resolve discrepancies, discourage tax evasion, and identify levels and patterns of noncompliance;
- ◆ enforcing the tax laws for those who do not comply voluntarily; and
- ◆ identifying and recommending improvements to the revenue system.

## Service, Audit and Enforcement Operations

The Department has five major business activities that focus on service, audit and enforcement operations. These are:

- ⇒ **Individual taxes** which serves 3.5 million individual income taxpayers, 162,500 businesses that withhold income tax, and 626,000 property tax refund applicants.
- ⇒ **Business taxes** which serves 256,000 sales tax permit holders and 52,000 corporate franchise taxpayers. This program also administers the S corporation, partnership, fiduciary and estate taxes; petroleum taxes; and special taxes, including alcohol, tobacco, environmental, gambling, insurance, mining and MinnesotaCare taxes.

## At A Glance

### We serve:

- ◆ 3.5 million individual taxpayers
- ◆ 162,500 withholding taxpayers
- ◆ 500,000 taxpayers that remit corporate, sales and use, fiduciary and other taxes
- ◆ 3,200 local units of government

### We respond to:

- ◆ Over 508,000 callers
- ◆ 28,500 e-mails

### We process:

- ◆ 2.5 million income tax returns
- ◆ 1.6 million business tax returns
- ◆ 4.6 million tax payments
- ◆ 2.5 million tax refunds

### We collect:

- ◆ \$15.5 billion in tax revenues and other revenue sources
- ◆ \$43.5 million from 142,000 offsets against state refunds

- ⇒ **Collections** which manages tax and non-tax debt collection on behalf of the department and other clients, including state agencies and other public entities. Services include locating and contacting debtors, billing, monitoring payment plans, locating and evaluating assets, issuing liens and levies, and seizing assets.
- ⇒ **Criminal investigations** which probes possible tax crimes and refers cases to prosecutors; trains auditors and collectors to deal with threats from menacing taxpayers and acts as a liaison with local, state, and federal law enforcement.
- ⇒ **Property Tax** which monitors local assessor performance, ensures uniform application of Minnesota's property tax laws, gathers property tax data and computes state aid payments to local governments.

### **Tax Compliance Support Operations**

The Department also has four major business activities that support tax auditing and enforcement operations. These are:

- ⇒ **Information technology** activities which include strategic planning for developing and integrating technologies and systems into business operations; computer systems development; software management; and oversight and maintenance of the agency's computer network, systems and equipment.
- ⇒ **Tax filing and payment** which processes close to nine million tax returns and payments, and issues 2.5 million refunds annually; it also issues tax identification numbers to businesses, manages taxpayer accounts and ensures the security of taxpayer records.
- ⇒ **Appeals and Legal Services and Tax Research** activities include providing legal support to the agency and resolving disputes between the department and taxpayers; and forecasting revenue sources and aid expenditures for the state budget, and developing revenue estimates for proposed tax legislation.
- ⇒ **Administrative support** which provides mail distribution and receiving services; forms design, public information, web site management and printing services; financial management; human resource management; and other administrative functions on behalf of the department. These functions support tax auditing and enforcement operations.

### **Budget**

The department's budget in 2006-2007 totals \$217 million. Department staff includes 1,189 full-time equivalent employees. Of the total budget for the biennium, \$204 million (94%) comes from General Fund tax dollars, \$8 million (4%) comes from dedicated funds and \$4.7 million (2%) comes from special revenue funds for administering the Local Option Sales Tax and Revenue Recapture Program.

#### **Contact**

Office of the Commissioner: (651) 296-3403  
[www.taxes.state.mn.us](http://www.taxes.state.mn.us)