

Strategic Plan FY 2024 - 2027

September 2023

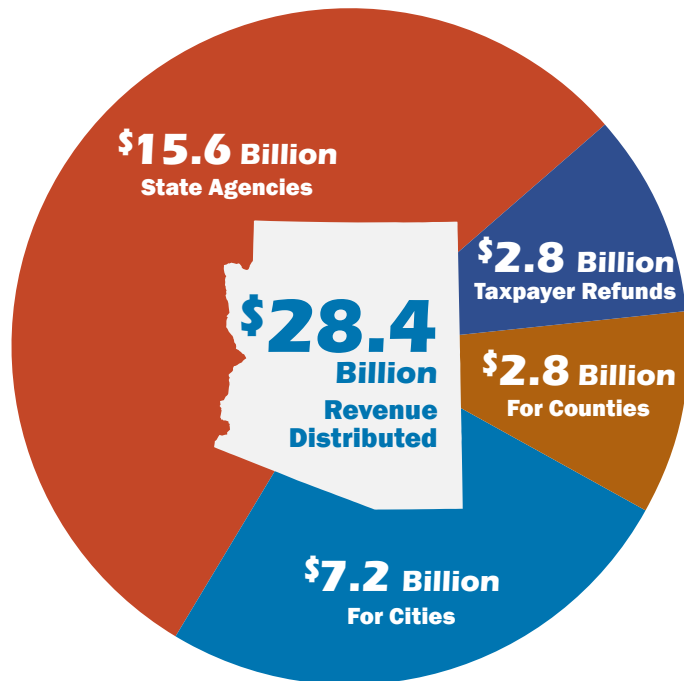
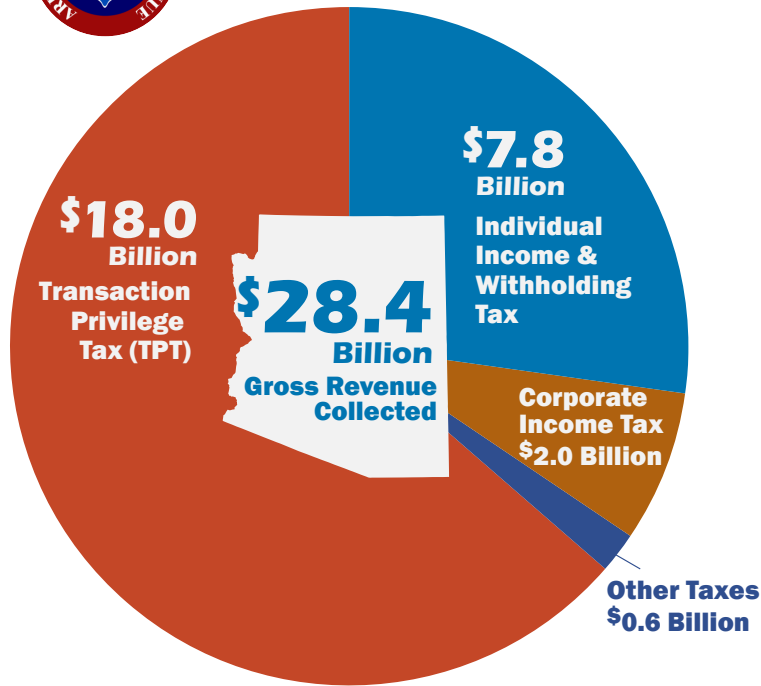


This Page Is Blank Intentionally





FY 2023 At A Glance



Agency

Actual vs projected total revenue collections 102%

Education and Compliance

Number of taxpayer educated 2,400

Number of TPT accounts receivable \$582.5 million

Average customer phone call wait time 2 min 34 sec

Processing

Percentage of e-file individual income tax returns 91%

Dollars recovered through individual income tax fraud prevention \$31 million

Taxpayer Services

Total number of taxpayers assisted via Live Chat 33,750

Total revenue collected from remote sellers and marketplace facilitator \$988 million

Unclaimed property dollars returned to customers \$61 million

Support

Annual agency engagement score 87%

Percentage of agency on-site hours 21%

FOREWORD :



I am pleased to present the Arizona Department of Revenue's fiscal year (FY) 2024 Strategic Plan, and share with you our successes and goals to serve Arizona's taxpayers and maintain our strong culture.

For FY 2023, Arizona Department of Revenue (ADOR) collected a record \$28.4 billion to fund Arizona's programs and services, contributing to the state's healthy economic future. The FY 2023 total surpassed the \$27.8 billion from FY 2022, which also exceeded the FY 2021 total of \$24 billion. With an appropriation of approximately \$91 million, our agency is an excellent steward of the resources we are given to fulfill our mission.

For the second year in a row, ADOR has been named one of the Top Companies to Work for in Arizona, awarded by Best Companies AZ and the Arizona Capitol Times. This designation is a testament of our team's culture of caring and the dedication our people have to continuous improvement and always doing the right thing.

Looking forward to the coming year, for FY 2024, we have set some ambitious and pivotal strategic goals.

ADOR is defining and developing *Talent Career Mobility* options for our team members, creating processes, and identifying resources to take our team into the future and make us more robust than ever.

We retain our strategic goal to reduce the *Transaction Privilege Tax Accounts Receivable (AR) Balance*. This includes defining the percentage collectable by tax type, measuring balance cyclicity and variance, and looking at the collections cycle plan.

We will enhance internal and external stakeholder relationships, enhancing our collaboration, and ensuring we effectively engaging with the community we work with and serve.

In the near term, a key priority for the Department is timely implementing the *Senate Bill 1734 AZ Family Tax Rebate* passed by the legislature and signed by Governor Hobbs, as per statute.

We are also continuing our work to implement the *State Tax Accounting and Reconciliation System*, a multi-year technology upgrade to a new processing platform

that will give Arizona's taxpayers a more efficient and smoother experience with our agency.

ADOR is poised for another great year with our focus on providing excellent service to Arizona's taxpayers and providing a rewarding workplace for our team members.

Rob Woods

Director

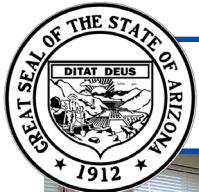
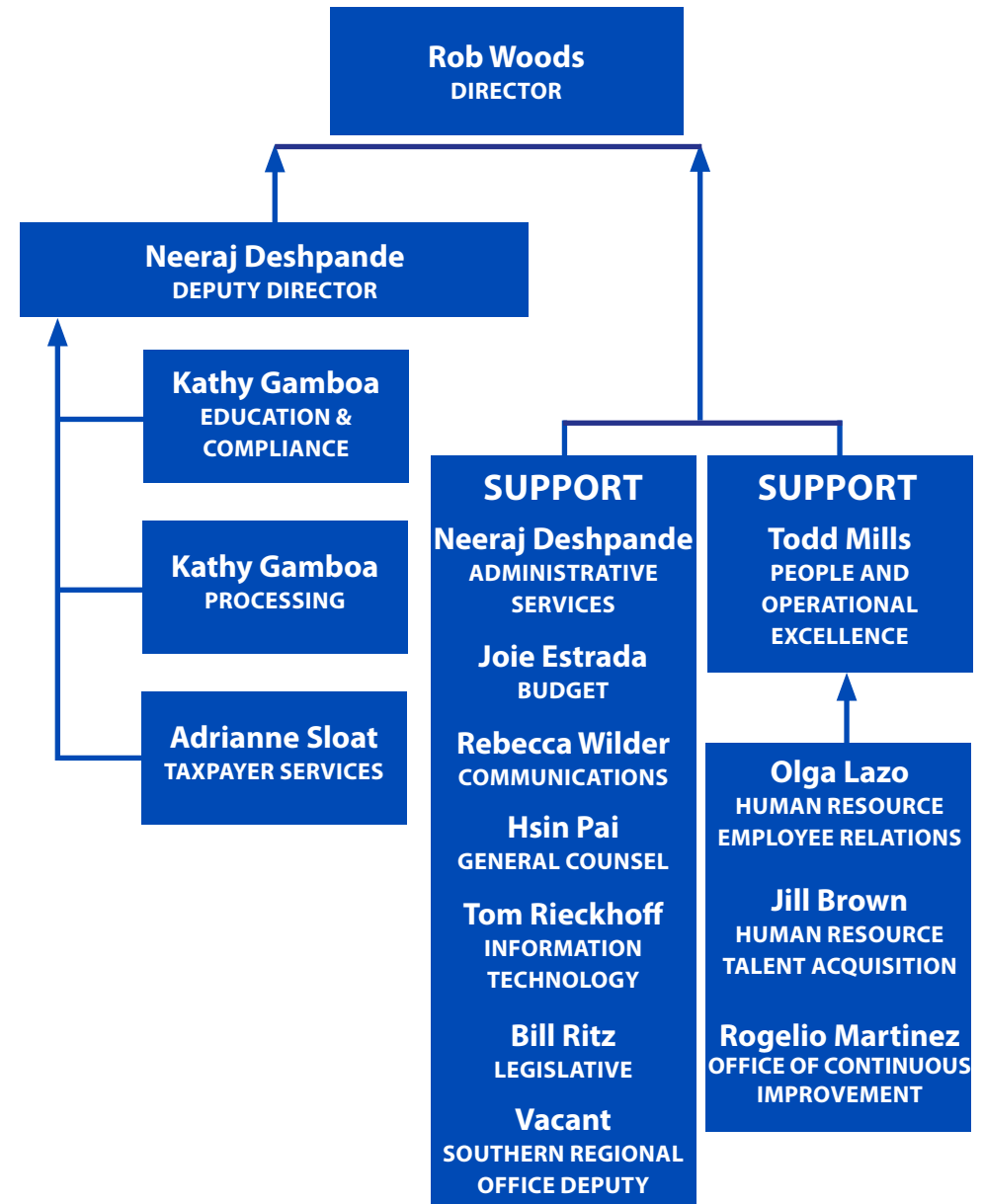


OUR ORGANIZATION :

Our strategy begins with a comprehensive look at ADOR's ecosystem as an organization — an ecosystem that includes a variety of perspectives and demands that influence our vital mission. We then honestly assess our recent past and current reality, including a brutally honest evaluation of our performance. We refer to this as the "current state." We develop our plan by analyzing the gap between our current and future states. ADOR has adopted strategic goals to close the gap between the reality of our current challenges and future state vision.

In addition to goals, ADOR has identified strategic initiatives to help overcome challenges that could keep us from closing the gap. The strategies are to be developed as specific projects to resolve the challenges. The outcomes associated with our goals, as supported by our strategic priorities and as executed through our projects, will be measured rigorously by our performance measures.

The performance measures ADOR has adopted track success through two primary lenses: the return on investment taxpayers expect as an outcome of fulfilling our mission — i.e., delivering the revenue that finances Arizona's future and customer value in the form of quality service.



OUR MISSION: Serving Taxpayers!



PURSUANT TO ARIZONA REVISED STATUTES (A.R.S.) TITLES 42 AND 43

\$91.6 MILLION FY 2024 ANNUAL OPERATING BUDGET



STRATEGIC PLAN - FY 2023

Vision: Funding Arizona's priorities through excellence in innovation, exceptional customer experience, and public servant-led continuous improvement.

Goal	Multi-Year Strategy	Objectives	Successes
Optimize Employee Culture	Enhance Employee Centric Culture	<ul style="list-style-type: none"> Improve the process to attract, recruit, and extend timely offers to external candidates. 	Awarded Top Companies to Work for in Arizona, over 87% Engagement Survey satisfaction; 24% reduction in time to fill open positions; 25% increase in offers accepted, creation of Core Values and Continuous Improvement Awards with 87 team members formally recognized.
Maximize Agency Effectiveness and Efficiency	Increase Voluntary Compliance	<ul style="list-style-type: none"> Reduce TPT accounts receivable. 	Collected a record of \$28.4 billion to fund Arizona's programs and services, reduced call center hold time from 24 minutes to under 8 minutes, CERF project completed with the Attorney General's office to align process and reduce waste.
Enhance Services and Automation		<ul style="list-style-type: none"> Improve customer experience with the call center (<i>Breakthrough</i>). 	Improved resources for taxpayer education with over 2,400 taxpayers educated, increased vendor capacity to reduce internal check processing by 50%, and decrease processing time by 5 days.
Legislative Agility		<ul style="list-style-type: none"> Implement House Bill (HB) 2696: amends A.R.S. §41-1006 to require certain written communications from a state agency to a person, to provide direct contact information of the sender. Implement HB 2838: A.R.S. §43-1014, create new or modify existing methods for partnerships and S Corporation and amends A.R.S. §43-581 to develop a new or modify existing methods to Partnerships and S Corps taxpayers. Develop Business One Stop. Prepare for the STARS Tax System (<i>Breakthrough</i>). 	Collected \$988 million from Remote Seller and Marketplace Facilitator (HB 2757), successful implementation of phase 1 of Business One Stop.

FY 2024 Goals, Strategies, and Performance Measures

NEW PERFORMANCE INITIATIVES FOR 2024		
1	Define agency career pathing options (e.g. Dual ladder, horizontal/rotational career paths), define agency goal.	ST 1
2	Create process for career mapping and career pathing.	ST 1
3	Define percentage collectable by tax type.	ST 2
4	Measure balance cyclical and variance as of July 1, 2023 to June 30, 2024.	ST 2
5	Develop and execute collections cycle plan.	ST 2
6	Define stakeholders and develop engagement survey.	BT 4
7	Complete project initiation activities.	BT 4
8	Establish project governance oversight structure.	BT 4
9	Conduct discovery phase planning activities.	BT 4
10	Continue data management and data cleansing pre-conversion activities.	BT 4
11	Conduct change management planning.	BT 4
12	Identify business processes.	ST 4
13	Define population and scope of project.	ST 4
14	Develop processes for rebate.	ST 4
15	Implement rebate process.	ST 4
16	Develop post-rebate period claim process.	ST 4





TYPE

- BT** Breakthrough Metric
- OS** Operational / Sustainment Metric
- ST** Strategic Reporting Metric

GOAL

- 1** Employee-Centric Culture
- 2** Maximize Agency Effectiveness and Efficiency
- 3** Enhanced Customer Experience
- 4** Stakeholder Agility

STRATEGY

-  Develop talent for career mobility.
-  Reduce accounts receivable (AR) balance and inventory.
-  Complete State Tax Accounting and Reconciliation System (STARS) milestone within budget.
-  Implement Senate Bill 1734 - AZ Family Tax Rebate.

NEW PERFORMANCE MEASURE FOR 2024

- Percentage of team members engaged in career pathing and mobility opportunities
- Number of the accounts receivable balance.
- Percentage of STARS milestones completed and within budget.
- Percentage of implementing of Senate Bill 1734 - AZ Family Tax Rebate.

Strategic Objectives

ST
1

Percentage of team members engaged in career pathing and mobility opportunities (e.g., professional development and career growth)

At ADOR, we value and support our team members' goals and aspirations for ongoing career growth and advancement. When our workforce is continuously developing professionally, so too are we as an agency. And, ultimately, all taxpayers benefit! Our goal is to help team members learn about, understand, and navigate their career growth options within the agency and to provide clear steps to achieving their professional growth and advancement goals. The Department's initiatives are centered around creating clarity and transparency around career paths, and providing the tools and resources to support every team member in achieving their career goals. Everyone's interests and passions are unique and we enthusiastically encourage, support, and cheer on our team members' efforts in bringing their career aspirations to life.

ST
2

Number of the accounts receivable balance

Transaction privilege tax (TPT) is the state's most significant revenue-generating tax type. As such, we chose TPT accounts receivable as an agency objective because maximizing filing compliance brings more money to the state General Fund. Businesses that fall behind in their tax obligations may need to be made aware of the simple steps to pay timely. By educating business owners on better filing practices, we can help them be more successful in the long run. In some circumstances, it is as easy as paying their TPT liability a few days earlier to meet the deadline.

OS
4

Percentage of implementing the State Tax Accounting Reconciliation System

Over a five-year phase, ADOR will implement an entire platform of tools, including a robust taxpayer portal with mobile access, a tax policy simulator reducing the burden of legislative changes, and embedded analytics. As our current aging infrastructure is replaced with a new tax system, we look to enhance the Department's ability to better operate at the speed of business to improve the agency's fraud detection, deliver a better self-service experience, reduce wait times, and easily adapt to legislative changes.

BT
4

Percentage of implementing of Senate Bill 1734 - AZ Family Tax Rebate

Through the 2023 legislative session and Governor Hobb's signature, Senate Bill 1734 passed, which requires ADOR to issue tax rebates/refunds by November 15, 2023 to those individual income taxpayers who meet all the qualifications in a timely manner. For qualified taxpayers who do not receive a tax rebate, ADOR will provide an online application to submit a request for the rebate. This one-time "general welfare" rebate is worth \$100 for dependents of 17 years or older, and \$250 for dependents of under 17 years old, up to a total of three dependents.



RESOURCE ASSUMPTIONS:	FY 2024 Budget Request or Estimate**	FY 2025 ESTIMATE**	FY 2026 ESTIMATE**	FY 2027 ESTIMATE**	FY 2028 ESTIMATE**
Full-time-equivalent (FTE) Positions	925.0	925.0	925.0	925.0	925.0
General Fund	\$62,587.6	\$65,366.3	\$63,820.5	\$63,820.5	\$63,820.5
Other Appropriated Funds	\$27,003.4	\$30,503.4	\$29,003.4	\$29,003.4	\$29,003.4
Non-Appropriated Funds	\$2,014.7	\$2,014.7	\$2,014.7	\$2,014.7	\$2,014.7
Total Agency Funds	\$91,605.7	\$97,884.4	\$94,838.6	\$94,838.6	\$94,838.6

HOW TO CONTACT THE ARIZONA DEPARTMENT OF REVENUE:

Website: www.azdor.gov and www.AZTaxes.gov

Customer Care-Frequently Asked Questions

Local: (602) 255-3381

Toll-free: (800) 352-4090

Problem Resolution Officer

(602) 716-6025

ProblemResolutionOffice@azdor.gov

Unclaimed Property Unit

(602) 364-0380

UnclaimedProperty@azdor.gov

Criminal Investigation Unit

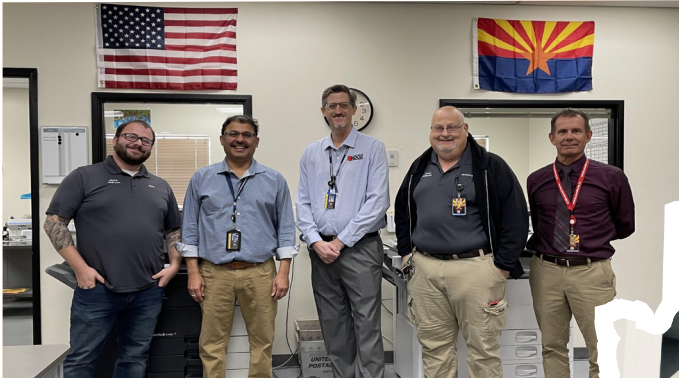
DorCriminalinv@azdor.gov

ADOR Identity Theft Call Center

Local: (602) 716-6300

Out of State: (844) 817-9691





Arizona Department of Revenue
1600 West Monroe Street
Phoenix, Arizona 85007