



Department of Revenue Operating Budget Request

February 2, 2023

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Maintain Current Service Levels

- Receive more than 6 million payments, issue more than 3.5 million tax refunds, and collect more than \$33 billion in tax revenue each year. We serve:
 - 3.1 million individual income tax filers
 - Over 800,000 property tax refund filers
 - 87 counties and over 800 licensed property tax assessors
 - More than 500,000 businesses
 - Over 370,000 sales tax filers

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Maintain Current Service Levels

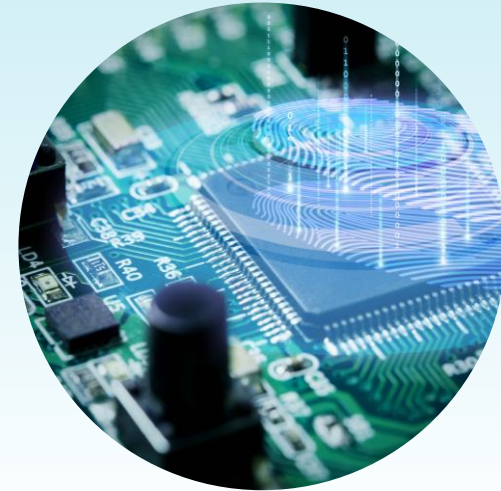
- The Governor and Lt. Governor recommend additional funding of \$15,680,000 in FY 2024 and \$25,908,000 in each subsequent year from the general fund to maintain the current level of service delivery at the Department of Revenue.
- Some cost growth is offset by assumed savings in lease payments



People



Customers



Infrastructure

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People: Maintain critical staffing levels

- Unable to maintain current staff compliment without operating adjustment
- Drop in FTEs over past two fiscal years – hiring freeze and recruiting difficulties
- Increased labor costs
 - Competition and tight labor market
 - Increasing compensation costs for new employees
 - Shift towards more knowledge workers in our workforce

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Customers: Maintain service experience with Revenue

- Customer interaction service levels and response times increasing
- Prioritization of customer facing work
- Critical work will ultimately be impacted
 - Process returns and refunds
 - Complete audits and collections activity
 - Build on education and outreach efforts

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Infrastructure: Ongoing IT support and inflationary demands

- Ongoing operations and maintenance on integrated tax management system
- Data privacy and security demands
- Critical upgrades to maintain supportable systems
- Inflationary increases
 - Mail costs – over 3 million pieces last year
 - Travel – especially for large, complicated audit work

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Cost Management and Hybrid Work

- Operating budget request assumes \$2M savings from over 30% reduction in leased space
- Leased space reductions over 120,000 square feet
- Added technology spend of \$175K to support contact center teleworkers

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