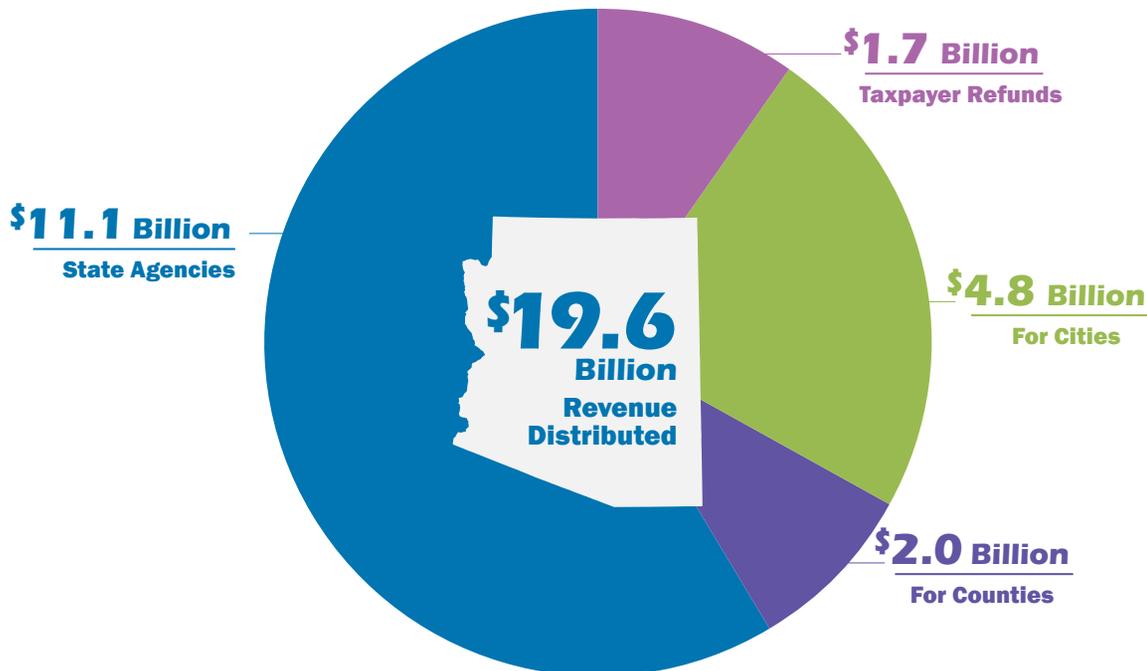
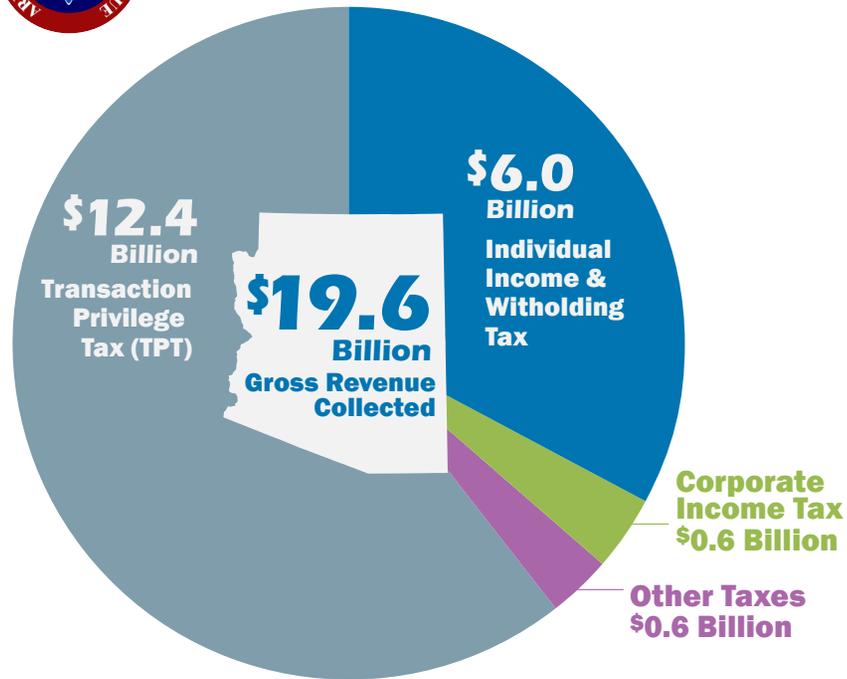


Strategic Plan Update FY 2021

September 2020



FY 2020 At A Glance



Processing

Number of individual and transaction privilege tax (TPT) paper and electronic returns	5.2 million
Average days to process individual income tax refunds from electronic returns	9.0 days
Average days to process individual income tax refunds from paper returns	15.0 days
Average days to process TPT electronic returns	1.3 days
Total tax documents processed	6.1 million
Percentage of online transactions	80%

Education and Compliance

Actual vs projected total revenue collections	98%*
Dollars recovered from individual income tax fraud prevention	\$20.1 million
Number of outreach events conducted	125
Average number of phone calls answered monthly	37,600
Average customer phone call wait time	3 min 10 sec

Taxpayer Services

New users registered in AZTaxes.gov	100,280
Number of logins to AZTaxes.gov	4,392,755
Unclaimed property dollars returned to customers	\$42.5 million

* Actual collections negatively affected by COVID-19 pandemic-induced recession

FOREWORD :



I am pleased to provide the fiscal year (FY) 2021 update to the Arizona Department of Revenue 2018-2022 Strategic Plan. This plan demonstrates the ongoing transformation of this agency, its commitment to “Serving Taxpayers!”, and its vision of funding Arizona’s future through excellence in innovation, exceptional customer service, and public servant-led continuous improvement.

Governor Doug Ducey appointed me director of the Arizona Department of Revenue (ADOR) in September 2019, and I take pride in all of the department’s accomplishments over the past fiscal year. Within four months of appointment, ADOR enabled out-of-state sellers to file and pay electronically, implemented corporate e-file, and improved stakeholder collaboration.

ADOR has placed a renewed emphasis on enhancing employee culture, increasing voluntary compliance, managing data maturity, and initiating a tax system replacement.

The department is challenging itself to build a new and improved culture inside and outside the organization.

For FY 2020, the agency is reinforcing leader standard work, employee development, relationships with stakeholders, and education resulting in voluntary compliance.

The FY 2021 Strategic Plan Update highlights the goals, strategies, and performance measures critical to the department’s ongoing success. The four goals that guide ADOR in accomplishing its mission are the following:

Goal 1 - Optimize Employee Culture: Create an environment focused on well-being, goal alignment, vision, and purpose from recruitment to retirement. Enable a completely functioning remote workforce while remaining connected to staff and no disruptions in services to taxpayers.

Goal 2 - Maximize Agency Effectiveness and Efficiency: Review processes to ensure focus on what is required and realistic. Prioritize by impact and frequency with financial tools that promote a reduction in time, costs, and resources.

Goal 3 - Enhance Services and Automation: Eliminate waste by increasing the automation of key processes through real-time taxpayer data to identify trends, needs, and opportunities.

Goal 4 - Legislative Agility: Enable the agency to respond to changing priorities to better support the taxpayers of Arizona by quickly implementing legislation in a technically sound and administratively feasible manner.

In the fiscal year 2021, ADOR’s focus remains on collecting and distributing revenue to fund Arizona cities, towns, counties, and our communities. The Arizona Department of Revenue is dedicated to a customer-centric approach by continuing to enhance customer service and deliver on our ongoing commitment to Arizonans.

Carlton Woodruff
Director

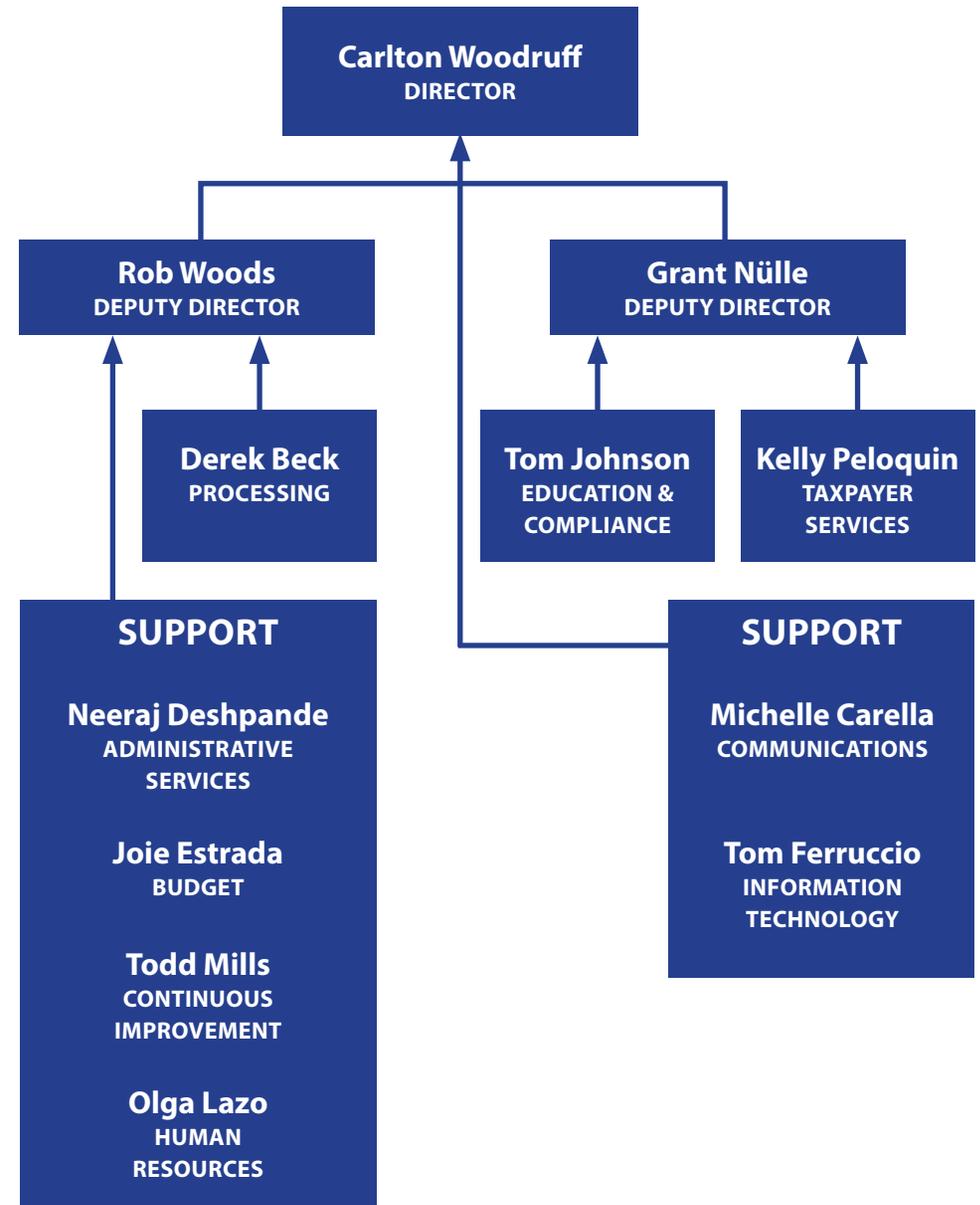


OUR ORGANIZATION :

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 make an honest assessment of our recent past and current reality, including a brutally honest evaluation of our performance. We refer to this as the “current state”. The Governor’s vision for the state and the agency’s vision together define our desired “future state”. It is by analyzing the gap between our current state and future state that we develop our plan. ADOR has adopted strategic goals to close the gap between the reality of our current challenges and future state vision.

In addition to the 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 strategies, 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 that taxpayers demand 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

\$82.4 MILLION FY 2021 ANNUAL
OPERATING BUDGET



STRATEGIC PLAN - FY 2020

Vision: Funding Arizona's future through excellence in innovation, customer service and continuous improvement.

Goal	Goal Performance Indicator(s)	Objectives	Target
Optimize Taxpayer Services	Taxpayer wait times	<ul style="list-style-type: none"> • Conform to income tax adjustment in House Bill 2757. • Develop a standard call quality assurance (QA) evaluation tool and process. 	<p style="text-align: center;">DONE DONE</p>
Accelerate Processing	Processing time for all tax types	<ul style="list-style-type: none"> • Complete Corporate E-file Phase 2 according to multi-year plan. 	<p style="text-align: center;">DONE</p>
Maximize Taxpayer Education and Compliance	Actual vs. Estimated state tax collections	<ul style="list-style-type: none"> • Enable remote sellers and marketplace facilitators to obtain TPT licenses, file and pay electronically. • Increase electronic filing and payments. • Improve internal and external collaboration. 	<p style="text-align: center;">DONE</p> <p style="text-align: center;">Multi-Year Project Multi-Year Project</p>
Support and Champion the Agency Mission (internal only)	Training	<ul style="list-style-type: none"> • Develop taxpayer communication improvement plan. • Employee training sustainment and enhance project. • Succession plan project. 	<p style="text-align: center;">Multi-Year Project Multi-Year Project Multi-Year Project</p>

STRATEGIC PLAN - FY 2021

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

Goal	Multi-Year Strategy	Objectives	Target
Optimize Employee Culture	Enhance Employee Centric Culture	<ul style="list-style-type: none"> Support ADOR's remote work transformation by defining and developing the leader behaviors needed to sustain a highly engaged workforce in the new work environment. Develop a robust employee development, retention, and succession plan. 	<p>June 2021</p> <p>June 2021</p>
Maximize Agency Effectiveness and Efficiency	Increase Voluntary Compliance	<ul style="list-style-type: none"> Recognize top areas of opportunity to support voluntary compliance. Enhance relationships and education surrounding voluntary compliance. 	<p>June 2021</p> <p>June 2021</p>
Enhance Services and Automation	Mature Agency Data Management	<ul style="list-style-type: none"> Implement assessment for increasing the democratization and governance of the agency's data. Create the Business Intelligence (BI) roadmap for the agency. 	<p>June 2021</p> <p>June 2021</p>
Legislative Agility		<ul style="list-style-type: none"> Increase capacity to address and sustain major executive initiatives and enacted legislation. Refine and present proposal for new tax system. 	<p>June 2021</p> <p>Multi-Year Project</p>



RESOURCE ASSUMPTIONS:	FY 2021 Budget Request or Estimate**	FY 2022 ESTIMATE**	FY 2023 ESTIMATE**	FY 2024 ESTIMATE**	FY 2025 ESTIMATE**
Full-time-equivalent (FTE) Positions	895.0	895.0	895.0	895.0	895.0
General Fund	31,799.5	32,151.5	32,151.5	32,151.5	32,151.5
Other Appropriated Funds	48,983.2	47,914.8	47,914.8	47,914.8	47,914.8
Non-Appropriated Funds	1,569.5	1,434.8	1,434.8	1,434.8	1,434.8
Total Agency Funds	82,352.2	81,501.1	81,501.1	81,501.1	81,501.1

*NOTE: * Per Laws 2017, 53rd Legislature, First Regular Session, Chapter 2158, HB 2158, Veterans' Income Tax Settlement Fund: Unexpended and unencumbered monies remaining in the fund on June 30, 2021 revert to the State General Fund. The Department of Veterans Services ceased accepting applications after December 31, 2019. ADOR has no pending claims. ** FY2021 Budget Estimates include 1.6M for the 27th Pay Period. This additional appropriation will not carry forward into FY2022 - FY2025. The Executive Budget Request does not reflect this adjustment. Office of Strategic Planning & Budgeting will make the necessary adjustments centrally.*

HOW TO CONTACT THE ARIZONA DEPARTMENT OF REVENUE:

Website: www.azdor.gov

Customer Care-Frequently Asked Questions

Local: (602) 255-3381

Toll-free: (800) 352-4090

Criminal Investigation Unit

Local: (602) 542-4023

Problem Resolution Officer

(602) 716-6025

ProblemResolutionOffice@azdor.gov

ADOR Identity Theft Call Center

Local: (602) 716-6300

Out of State: (844) 817-9691





“Department of Revenue has launched important innovations to improve efficiency and better serve Arizona businesses and taxpayers.”
— Governor Doug Ducey



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

