

**FY 2027 Budget Performance Review
695-Tax Commission**

Version Original
Lead Administrator: Doug Linehan

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Lead Financial Officer: Mathangi Shankar

Agency Mission

Promote tax compliance through serving taxpayers with transparency and fairness in administration of the tax code and unparalleled customer service.

Division and Program Descriptions

Note: Please define any acronyms used in program descriptions.

Headquarters/Administration

Headquarters is comprised of three commissioners who are appointed by the governor and confirmed by the senate, four administrative law judges who preside over administrative proceedings relating to state tax issues, and internal auditors who provide an independent and objective appraisal of the adequacy and effectiveness of the OTC's internal controls and assists management in identifying and mitigating risks. Administration is responsible for guiding the fair administration of Oklahoma state tax services, directing day-to-day operations with fiscal foresight and prudence, and steering agency culture and reputation.

Innovation

Responsible for evaluating the agency's operations including internal structure, aligning business processes with agency strategic goals, information technology infrastructure and developing methods for improvements. The focus is to streamline operations, enhance the customer experience and increase revenue.

Learning & Development

Responsible for enhancing the knowledge, skills, and abilities of employees in each OTC division.

Business Tax Services

Addresses the complete life cycle of a business including registration, permitting, filing and paying business taxes and business closure.

Digital Communications & Marketing

Manages the digital channels and social platforms, websites and e-communications to ensure current and engaging content, strategic alignment and brand compliance.

Income Tax Accounts

Responsible for individual and corporate income tax return and payment processing, fraud prevention, and preparing and presenting tax waivers requests.

Taxpayer Resources

Assists taxpayers through various delivery methods to include onsite services, a call center, and email communications.

Ad Valorem Programs

Provides administrative oversight of the property tax system in Oklahoma. Annually appraises all railroad, airline and public property and apportions valuations to county taxing jurisdictions. Audits county assessment levels of residential, commercial and agricultural properties, as well as county assessor administrative and technical efforts in order to maintain fair evaluation statewide. Reports valuations and audit findings to the State Board of Equalization (SBOE).

Central Processing

Responsible for printing and mailing taxpayer correspondence as well as printing any special requests for divisions. Picks up and processes all mail at the United States Postal Service (USPS). Reconciles all payments and returns processed and posted to taxpayer accounts.

Tax Policy and Research

Serves as the legislative services arm of the OTC by working with and responding to requests from the governor's office (generally through the Office of Management and Enterprise Services (OMES) and members of the Oklahoma State Senate and the Oklahoma House of Representatives. Provides OMES with estimates of future expected revenues that supply the General Revenue Fund based on statistical and mathematical models generated within the OTC and by contracting with outside entities.

Business Operations

Works with divisions to prepare and implement financial budget. Oversees physical assets and procures goods and services for the agency. Works with Human Resources to maintain payroll information and calculate payroll and benefits for OTC employees. Collects payments from walk-in taxpayers and administers other agency-related financial transactions. Responsible for the monthly apportionment of the collections of more than 76 tax types.

Human Resources

Responsible for overseeing employee relations, promoting workplace culture, policy management and agency structure. Manages the employee life-cycle from recruitment to retirement or termination including onboarding, benefits, leave management, discipline, grievances, compensation, workplace safety and personnel transactions.

Legal Services

Oversees legal services provided by attorneys employed by the agency. Evaluates complex tax issues, provides representation and advises all divisions of the agency for protests/litigation, collections, bankruptcy and general legal administration. Analyzes complex factual and legal issues mainly related to the Oklahoma Tax Code and assists in the preparation of legal opinions, memorandums of fact and law and other legal documents. Assists in the development, preparation and presentation of cases before administrative, state, federal and appellate courts.

Audit Services

Responsible for the operation and management of the tax audit programs within the OTC that cover business, excise, income, and severance tax types.

Collections

Responsible for assisting taxpayers in resolving their liabilities promptly with consideration for their ability to pay. Engages in fair and equitable enforcement measures which include administrative wage garnishments, third-party debt collections, orders of business closure, administrative court hearings, administrative fines and pay plan agreements.

Information Technology

Responsible for supervising and directing developers assigned to the Tax Applications and OneLink Tax production support groups. Manages the development and maintenance of mission critical systems that support the imaging, data capture and posting of taxpayer returns and payments through an integrated solution that includes custom developed application code, the OneLink systems, Gross Production system and third party vendor applications (Laserfiche image repository, IBML scanners, Movelt file transfer software, Fairfax data capture software and the external Gross Production reporting system hosted by Oklahoma Interactive). Responsible for ensuring the OTC complies with Internal Revenue Service (IRS) requirements surrounding Federal Taxpayer Information (FTI) and that best practices are utilized to maintain data and system security.

FY'26 Budgeted Department Funding By Source

Dept. #	Department Name	Appropriations	Federal	Revolving	Local ¹	Other ²	Total
0100001	Headquarters	\$3,012,505	\$0	\$335,736	\$0	\$0	\$3,348,241
0100002	Administration	\$3,375,957	\$0	\$793,720	\$0	\$0	\$4,169,677
0100003	Innovation	\$2,114,916	\$0	\$445,293	\$0	\$0	\$2,560,209

0100004	Learning & Development	\$1,201,811	\$0	\$120,934	\$0	\$0	\$1,322,745
0200001	Business Tax Services	\$5,517,413	\$0	\$484,217	\$0	\$0	\$6,001,630
0200003	Digital Communications & Marketing	\$832,072	\$0	\$131,802	\$0	\$0	\$963,874
0200004	Income Tax Accounts	\$0	\$0	\$7,916,214	\$0	\$0	\$7,916,214
0200005	Taxpayer Resources	\$0	\$0	\$7,435,247	\$0	\$0	\$7,435,247
0300001	Ad Valorem	\$2,899,711	\$0	\$600,235	\$0	\$61,223,556	\$64,723,502
0500002	Central Processing	\$3,689,081	\$0	\$2,088,778	\$0	\$0	\$5,777,859
0600001	Tax Policy	\$1,391,612	\$0	\$252,345	\$0	\$0	\$1,643,957
0800001	Business Operations	\$3,655,450	\$0	\$349,807	\$0	\$0	\$4,005,257
0800002	Human Resources	\$2,029,481	\$0	\$308,014	\$0	\$0	\$2,337,495
1100001	Legal	\$78,944	\$0	\$6,298,020	\$0	\$0	\$6,376,964
1200001	Audit Services	\$0	\$0	\$6,515,753	\$0	\$13,662,053	\$20,177,806
1200003	Collections	\$0	\$0	\$20,816,382	\$0	\$0	\$20,816,382
1500001	Film Rebate	\$0	\$0	\$0	\$0	\$38,000,000	\$38,000,000
8800008	Information Technology	\$4,375,464	\$0	\$23,843,747	\$0	\$0	\$28,219,211
Total		\$34,174,417	\$0	\$78,736,244	\$0	\$112,885,609	\$225,796,270

1. Please describe source of Local funding not included in other categories:

2. Please describe source(s) and % of total of "Other" funding if applicable for each department: funding for Rebates and Tax Warrant fees

Balances of Appropriated Funds from Prior Fiscal Years						
3-digit Class Fund #	Class Fund Name	GA Bill # and Section #	Fiscal Year of Original Appropriation	Original Appropriation Amount (\$)	Total Expended Amount as of 8/31/2025 (\$)	Balance as of 8/31/2025 (\$)
194	General Revenue Fund	HB 1004, Sec. 41	FY24	\$37,174,417	\$37,159,159	\$15,258
195	General Revenue Fund	SB 1125, Sec. 67	FY25	\$35,174,417	\$32,079,805	\$3,094,612
						\$0
						\$0
						\$0
Total remaining prior year appropriation balance:						\$3,109,870

Report appropriations that have existing balances from all prior fiscal years at the 3-digit class fund number (i.e. 194, 195). Do not report carryover class funds separately.

Include appropriations located in disbursing funds. Report PREP, but not ARPA/SRF, appropriations.

What changes did the agency make between FY'25 and FY'26?	
<p>1.) Are there any services no longer provided because of budget cuts? No</p> <p>2.) What services are provided at a higher cost to the user? None</p> <p>3.) What services are still provided but with a slower response rate? N/A</p> <p>4.) Did the agency provide any pay raises that were not legislatively/statutorily required? The OTC continues to review and analyze its employee compensation against the backdrop of the State of Oklahoma's compensation philosophy which provides that roles have a target salary of 90% of the market median. As part of this review and analysis, the OTC has made adjustments over the last several years where a role's salary is significantly lower than 90% of the market median. The OTC has a rigorous process in place to ensure any adjustments are fully supported by current market data and are approved by the OTC Chief HR Officer, Chief Financial Officer and Executive Director. In addition, the Executive Director reviews such adjustments with the OTC's Commissioners. Please note, since FY 2024 (and including FY 2027 appropriated budget request), the OTC has reduced its requested appropriated dollars by over 16%.</p>	

Appropriation Increase Review				
Appropriation Increase Purpose	Appropriation Increases (Additional to Agency Base Appropriation)		Expenditures	
	FY 2024	FY 2025	Total Amount Received FY 2024-2025	Total Expenditure of Increase as of 6/30/2025 If funds have not been spent, please explain why.
N/A			\$0 \$0 \$0 \$0 \$0 \$0 \$0	
Total:	\$0	\$0	\$0	\$0

List appropriation increases that the agency has received in the prior two years. List amounts received in each year. Include PREP, but not ARPA/SRF, appropriations.

FY'27 Requested Funding By Department and Source							
Dept. #	Department Name	Appropriations	Federal	Revolving	Other ¹	Total	% Change
0100001	Headquarters	\$3,012,505	\$0	\$335,736	\$0	\$3,348,241	0.00%
0100002	Administration	\$3,375,957	\$0	\$793,720	\$0	\$4,169,677	0.00%
0100003	Innovation	\$2,114,916	\$0	\$445,293	\$0	\$2,560,209	0.00%
0100004	Learning & Development	\$1,201,811	\$0	\$120,934	\$0	\$1,322,745	0.00%
0200001	Business Tax Services	\$5,517,413	\$0	\$484,217	\$0	\$6,001,630	0.00%
0200003	Digital Communications & Marketing	\$832,072	\$0	\$131,802	\$0	\$963,874	0.00%
0200004	Income Tax Accounts	\$0	\$0	\$7,916,214	\$0	\$7,916,214	0.00%
0200005	Taxpayer Resources	\$0	\$0	\$7,435,247	\$0	\$7,435,247	0.00%
0300001	Ad Valorem	\$2,899,711	\$0	\$600,235	\$61,223,556	\$64,723,502	0.00%
0500002	Central Processing	\$3,689,081	\$0	\$2,088,778	\$0	\$5,777,859	0.00%
0600001	Tax Policy	\$1,391,612	\$0	\$252,345	\$0	\$1,643,957	0.00%
0800001	Business Operations	\$3,655,450	\$0	\$349,807	\$0	\$4,005,257	0.00%
0800002	Human Resources	\$2,029,481	\$0	\$308,014	\$0	\$2,337,495	0.00%
1100001	Legal	\$78,944	\$0	\$6,298,020	\$0	\$6,376,964	0.00%
1200001	Audit Services	\$0	\$0	\$6,515,753	\$13,662,053	\$20,177,806	0.00%
1200003	Collections	\$0	\$0	\$20,816,382	\$0	\$20,816,382	0.00%
1500001	Film Rebate	\$0	\$0	\$0	\$38,000,000	\$38,000,000	0.00%
8800008	Information Technology	\$4,375,464	\$0	\$23,843,747	\$0	\$28,219,211	0.00%
Total		\$34,174,417	\$0	\$78,736,244	\$112,885,609	\$225,796,270	0.00%

1. Please describe source(s) and % of total of "Other" funding for each department:
funding for Rebates and Tax Warrant fees

FY'27 Top Five Incremental Appropriated Funding Increase Requests				
Request by Priority	Request Description	Is this a Supplemental Request? (Yes/No)	Timeframe (One-Time or Recurring)	Appropriation Request Increase Amount (\$)
Request 1:	No new funding requests.			

Request 2:			
Request 3:			
Request 4:			
Request 5:			
Top Five Request Subtotal:			\$0
Total Increase above FY-26 Budget (including all requests)			
Difference between Top Five requests and total requests:			\$0

* Capital requests in the table above should be listed in the next table.

What are the agency's top 2-3 capital or technology (one-time) requests, if applicable?			
Description of requested increase in order of priority	Total Project Cost (\$)	Needed State Funding for Project (\$)	Submitted to LRCPC? (Yes/No)
Priority 1			
Priority 2			
Priority 3			

Does the agency has any costs associated with the Pathfinder retirement system and federal employees? If so, please describe the impact.
The agency does have a budgetary impact associated with Pathfinder but not related to federal employees.
* Include the total number of federally funded FTE in the Pathfinder system.

How would the agency be affected by receiving the same appropriation for FY '27 as was received in FY '26? (Flat / 0% change)
No impact

How would the agency handle a 2% appropriation reduction in FY '27?
N/A. The agency is requesting a reduction in appropriation as noted in the Reduction & Request Offsets tab

Is the agency seeking any fee increases for FY '27?		
Description of requested increase in order of priority	Fee Increase Request (\$)	Statutory change required? (Yes/No)
Increase 1		
Increase 2		
Increase 3		

Federal Funds							
CFDA	Federal Program Name	Agency Dept. #	FY 26 budget (\$)	FY 25 actuals (\$)	FY 24 actuals (\$)	FY 23 actuals (\$)	FY 25 budgeted FTE (#)
97.067	Homeland Security Grant Program	0100002				14,000.00	

Federal Government Impact	
1.) How much federal money received by the agency is tied to a mandate by the Federal Government?	
N/A	
2.) Are any of those funds inadequate to pay for the federal mandate?	
N/A	
3.) What would the consequences be of ending all of the federal funded programs for your agency?	
N/A	
4.) How will your agency be affected by federal budget cuts in the coming fiscal year?	
N/A	
5.) Has the agency requested any additional federal earmarks or increases?	
N/A	

FY 2026 Budgeted FTE							
Division #	Division Name	Supervisors	Non-Supervisors	\$0 - \$35 K	\$35 K - \$70 K	\$70 K - \$100K	\$100K+
0100001	Headquarters	5	15	0	7	2	11
0100002	Administration	5	0	0	0	1	4
0100003	Innovation	5	15	0	12	6	2
0100004	Learning & Development	2	10	0	7	4	1
0200001	Business Tax Services	14	50	0	60	3	1
0200003	Digital Communications & Marketing	1	7	0	6	1	1
0200004	Income Tax Accounts	14	53	0	63	3	1
0200005	Taxpayer Resources	13	57	0	64	5	1
0300001	Ad Valorem	10	20	0	24	5	1
0500002	Central Processing	9	24	0	30	2	1
0600001	Tax Policy	3	7	2	0	5	3
0800001	Business Operations	9	18	0	19	6	2
0800002	Human Resources	3	19	0	15	6	1
1100001	Legal	7	29	0	15	10	11
1200001	Audit Services	20	62	0	77	4	1
1200003	Collections	19	64	0	78	4	1
8800008	Information Technology	9	30	0	22	15	2
Total		148	480	2	499	82	45

part-time employees

FTE History by Fiscal Year							
Division #	Division Name	FY 2026 Budgeted	FY 2026 YTD	FY 2025	FY 2024	FY 2023	FY 2017
0100001	Headquarters	20.0	17.0	20.0	19.0	20.5	16.0
0100002	Administration	5.0	5.0	5.0	6.0	6.0	6.0
0100003	Innovation	20.0	18.0	17.0	14.0	7.0	0.0
0100004	Learning & Development	12.0	12.0	11.0	0.0	0.0	0.0
0200001	Business Tax Services	64.0	59.0	65.0	67.0	49.0	78.0
0200003	Digital Communications & Marketing	8.0	8.0	8.0	8.0	8.0	10.0

*Account Maintenance

0200004	Income Tax Accounts	65.0	61.0	67.0	64.0	60.0	0.0	(see Account Maintenance)
0200005	Taxpayer Resources	73.0	57.0	63.0	51.0	40.0	68.0	*Taxpayer Assistance
0300001	Ad Valorem	30.0	30.0	30.0	27.0	28.0	32.0	
0500002	Central Processing	33.0	31.0	37.0	48.0	43.0	38.0	
0600001	Tax Policy	10.0	10.0	11.0	13.0	12.0	16.0	
0800001	Business Operations	27.0	27.0	27.0	24.0	25.0	41.0	*Management Services
0800002	Human Resources	22.0	20.0	23.0	24.0	19.5	6.0	
0800003	Revenue & Apportionment (now part of 0801 BOP)	0.0	0.0	0.0	3.0	3.0	0.0	(see Management Services)
1100001	Legal	36.0	32.0	36.0	36.0	36.0	37.0	
1200001	Audit Services	82.0	78.0	85.0	85.0	117.0	289.0	*Compliance
1200003	Collections	82.0	78.0	84.0	80.0	80.0	0.0	(see Compliance)
8800008	Information Technology	39.0	31.0	39.0	39.0	48.0	55.0	
1300001	Motor Vehicle (moved to SOK)	0.0	0.0	0.0	0.0	75.0	85.0	
Total		628.0	574.0	628.0	608.0	677.0	777.0	

*as of 8/31/25

Performance Measure Review						
	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	
Central Processing						
Avg. Days Process Non-Peak Refund	12	6	6	6	6	
Avg. Days Process Non-Peak, Suspended Refund	70	32	22	16	26	
Avg. Days for Peak Refund Processed	16	6	5	6	8	
Avg. Days for Peak Suspended Processed	79	51	31	22	50	
Taxpayer Services						
Internet Filing Participants	1,844,544	1,811,797	1,804,647	1,777,283	1,924,361	
Electronic Filing Participants	1,019,952	1,012,259	1,010,236	980,626	1,058,315	
Direct Deposit Participants	1,020,002	1,031,042	1,016,076	1,020,344	1,067,954	
% of Business E-Filing	92%	92%	90%	85%	80%	
Compliance						
Sales & Use Tax Field/Office Audits	1,761	1,853	1,720	2,328	1,491	
Withholding Tax Field/Office Audits	1,354	1,370	1,243	1,457	993	
Motor Vehicle						
Additional & Delinquent Fees	N/A	N/A	N/A	1,281	1,638	
Total Registrations Processed (in millions)	N/A	N/A	N/A	4.5	4	
Vehicle Title Transactions (in millions)	N/A	N/A	N/A	1.5	2	

Revolving Funds (200 Series Funds)			
	FY'23-25 Avg. Revenues	FY'23-25 Avg. Expenditures	June 2025 Balance
Fund 200 - Oklahoma Tax Commission Revolving Fund			
Provides resources for general operation of the agency	\$43,549,693	\$28,750,992	\$64,678,008
Fund 210 - OTC & OMES Joint Computer Enhancement Fund			
Joint effort between the Tax Commission and OMES for IT related acquisitions	\$19,748,196	\$19,691,639	\$8,731,770
Fund 215 - Oklahoma Tax Commission Reimbursement Fund			
Funds received by the OTC for data processing services or equipment rental and any miscellaneous funds received by the Commission	\$12,585,363	\$11,082,237	\$23,065,554
Fund 220 - License Plate Special Program			
Provides financial assistance to a state agency chosen by the applicant for a special license plate	\$35,400	\$60,513	\$0
Fund 230 - Used Tire Recycling Indemnity Fund			
Funds the provision to the Oklahoma Used Tire Recycling Act	\$13,960,339	\$13,681,952	\$1,540,855
Fund 236 - The Perform Fund			
Funds the investment rebate provision of the Perform Act administered by the Oklahoma Department of Commerce and the Tax Commission	\$60,000,000	\$0	\$180,000,000
Fund 245 - Capital Account Revolving Fund			
Maintain the value of purchased property of the Strata Tower at Oklahoma Commons	\$2,616,390	\$772,975	\$7,685,906
Fund 250 - Oklahoma Film Enhancement Fund			
Provides a rebate of a percentage of documented expenditures made in Oklahoma directly attributable to the production of a film, tv production or tv commercial	\$8,000,000	\$11,114,466	\$596,780
Fund 260 - Filmed in Oklahoma Program Revolving Fund			
Provides a rebate of a percentage of documented expenditures made in Oklahoma directly attributable to the production of a film, tv production or tv commercial	\$30,000,000	\$21,948,017	\$53,920,714
Fund 265 - Emission Reduction Tech Upstream & Midstream Incentive Revolving Fund			
Provides a rebate of a percentage of documented expenditures made in Oklahoma directly attributable to the implementation of a qualified Emission Reduction Project	\$16,666,667	\$6,729,152	\$29,812,543
Fund 266 - Emission Reduction Tech Downstream Incentive Revolving Fund			
Provides a rebate of a percentage of documented expenditures made in Oklahoma directly attributable to the implementation of a qualified Emission Reduction Project	\$6,666,667	\$0	\$20,000,000
Fund 270 - Tobacco Enforcement Unit Revolving Fund			
Funds received by the OTC resulting from compliance investigations as directed by the Tobacco Products Tax Enforcement Act of 2021	\$8,776	\$0	\$26,329
Fund 285 - Ad Valorem Reimbursement Fund			
Reimburses counties for loss of revenue due to exemptions of ad valorem taxes for new or expanded manufacturing or R&D facilities	\$132,349,977	\$119,562,328	\$38,366,777

FY 2026 Current Employee Telework Summary	
List each agency physical location (not division), then report the number of employees associated with that location in the teleworking categories indicated. Use "No specified location" to account for remote employees not associated with a site. Use actual current employees (headcount), not budgeted or actual FTE.	Full-time and Part-time Employees (#)

Agency Location / Address	City	County	Onsite (5 days onsite, rarely remote)	Hybrid (2-4 days onsite weekly)	Remote (1 day or less weekly onsite)	Total Employees
Strata Tower	Oklahoma City	Oklahoma	167	278	45	490
511 NE 31st Street	Oklahoma City	Oklahoma	4			4
300 N. Broadway	Oklahoma City	Oklahoma	15	46		61
201 W. 5th Street, Suite 400	Tulsa	Tulsa	10			10
3700 N. Classen, Suite 260	Oklahoma City	Oklahoma	4	3		7
						0
Total Agency Employees						572

*discrepancy to D283 due to timing difference