

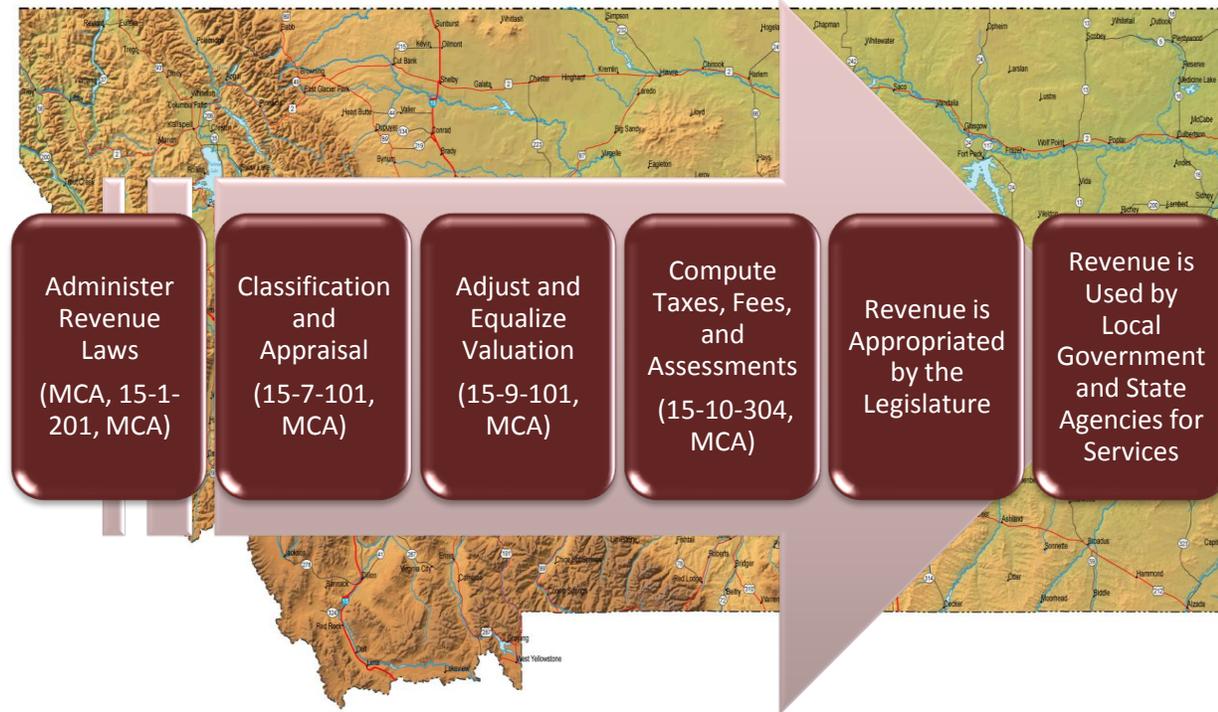
ABOUT THE AGENCY

BIENNIAL REPORT • MONTANA DEPARTMENT OF REVENUE



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Montana Department of Revenue Administers Revenue Laws

The mission statement of the Montana Department of Revenue (DOR) describes what the agency strives to accomplish.

The quality of life for all Montanans is better because we excel at public service and effective administration of the tax and liquor laws. We do this by:

- *Ensuring that revenues intended by the legislature to be raised are collected to serve Montanans,*
- *Advancing equity and integrity in taxation,*
- *Providing effective and respectful service,*
- *Protecting the public health and safety, and achieving efficiency in liquor administration, and*
- *Improving public understanding of Montana's revenue system.*

The DOR pursues this mission within the framework of our core values, which are rooted in the Montana Constitution. The values of the Department of Revenue are proven by human experience to lead an organization or community forward in a continuous positive manner.

These core values include:

- *Respect for all persons*
- *Integrity and justice*
- *Productivity and effectiveness*
- *Teamwork and community*

The duty of the DOR is to administer the revenue laws as defined by statute, set forth in title 15 of the Montana Code, with the exception of gasoline tax. The DOR is also responsible for administering the alcohol and tobacco laws set forth in Title 16 of the Montana Code.

Montana is one of two states that require their state revenue department to appraise all property within the state. This is in contrast to other states, where it is the individual cities and counties appraising property within their boundaries. The Montana Constitution requires the state to classify, appraise, and keep record of all property within the state. Montana law assigns this constitutional responsibility to the DOR. This approach promotes equity in valuation throughout the state.

Additionally, Montana statute (15-9-101, MCA) requires the DOR to adjust and equalize the valuation of taxable property between class of property, between counties, and between taxpayers to secure a fair, just, and equitable valuation of all taxable property.

Montana Department of Revenue

After receiving the number of mills to be levied for each taxing jurisdiction, Montana statute (15-10-305, MCA) directs the DOR to compute and itemize the taxes, fees, and assessments to be levied on each property's tax bill.

These additional responsibilities place Montana's DOR in a unique position – in terms of its share of responsibility for state and local tax systems – compared to other states' revenue departments.

Montana Department of Revenue Collects Revenue

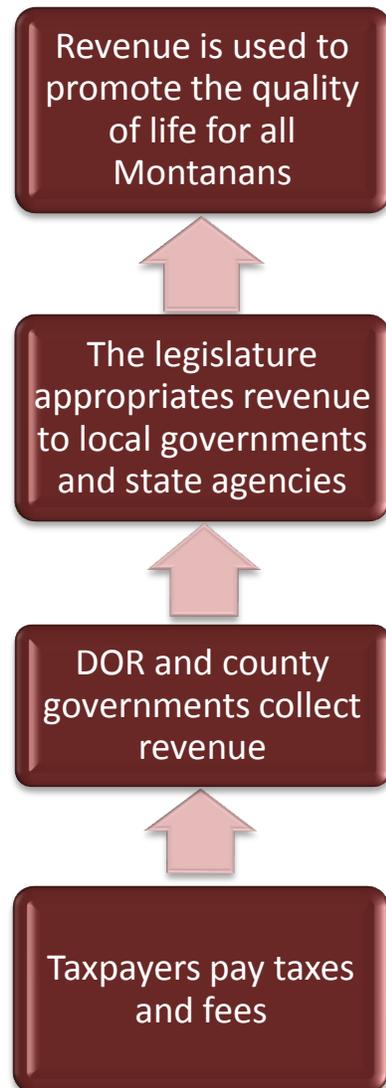
The product of the Montana Department of Revenue (DOR) is collected taxes that are deposited in both state special revenue funds and the state general fund. These taxes are then distributed by the Montana Legislature to schools, local governments and other state agencies. In FY 2010 alone, the DOR collected \$1.5 billion on behalf of schools, local governments and the state. Without the DOR, close to \$1.2 billion in property taxes would not be collected. In total, the DOR was responsible for the collection of more than \$2.7 billion in taxes for schools, local governments and the state.

As directed by law, the DOR's primary focus is to collect revenue, acting as the cashier at a restaurant or the collections department of a large firm. The revenue is then appropriated by the Montana Legislature to local governments and other state agencies where it is used to promote the quality of life for all Montanans by funding programs enhancing public health, education, law enforcement, utilities, fire safety, roads, parks, and other infrastructure.

To complete its duty to the taxpayers of Montana, the DOR must complete many tasks. The list below highlights many of the ways the DOR has worked to meet its duties to the taxpayer:

- Appraised all real and personal property in the state in a fashion that meets the Constitutional requirement of equalized property valuations
- Provided county offices so taxpayers have access to the DOR locally
- Created a customer service center so taxpayers can have their questions answered over the phone or request information
- Assisted small businesses with one-stop licensing

- Designed and printed taxpayer forms
- Accounted for all taxes collected and reported the tax information in a transparent manner
- Managed and kept secure individual taxpayer's personal information
- Returned lost money and property to rightful owners
- Processed paper and electronic tax returns in an efficient manner so Montanans received their refunds as soon as possible
- Controlled and distributed alcoholic beverages in a way that ensures public safety.



Organizational Structure

Parts Form the Whole at Montana Department of Revenue

The Montana Department of Revenue (DOR) is composed of six interrelated parts that work together to produce local and state revenue, the agency's primary product. Each part contributes to the whole output of the DOR.

The **Information Technology and Processing Division** is integral to the day-to-day function of the DOR. The division is responsible for processing tax returns and payments for the 40 taxes administered by the DOR. It provides computer and network support, application development, information security, and help desk support for the revenue collecting units.

The **Citizen Services and Resource Management Division** provides consistent service to Montana citizens, businesses and nonresident taxpayers through a call center, one-stop licensing, forms design, unclaimed property management, and other taxpayer services. The division also provides internal support for accounting, purchasing, and facilities and asset management.

The **Business and Income Taxes Division** administers and ensures compliance with Montana tax law for the majority of state taxes and completes appraisals and assessments of industrial and centrally assessed property.

The **Liquor Control Division** administers the state's Alcoholic Beverage Code, which governs the control, sale, and distribution of alcoholic beverages. The division includes liquor distribution and liquor licensing, which generate liquor tax revenue.

The **Property Assessment Division** is responsible for the valuation and assessment of real and personal property throughout the state for property tax purposes, on behalf of state government as well as all local government. The division has a central office located in Helena and four regional areas. A local DOR office is located in each county seat across Montana.

The **Director's Office** supports and guides the agency's operations, and provides critical legal and research functions. It ensures that the DOR values, supports and develops its employees. This division is responsible for the fiscal analysis of legislation and research to support policy-making of the executive and legislative branches.

Finally, it makes certain that the laws in Title 15 and 16 of Montana Code Annotated are applied fairly to the citizens and taxpayers of Montana.



Each Division of Montana Department of Revenue-Supports Revenue Collection

The divisions of the Montana Department of Revenue (DOR) support revenue collection as a unitary business operation.

Direct Revenue Collection

Three divisions – Business and Income Taxes, Property Assessment and Liquor Control – are responsible for the majority of direct revenue collection in the DOR, but these divisions could not operate individually. All three divisions rely on the interaction of all the other functions of the DOR. The various parts cannot operate without each other.

Operational Support

Not a day's work could be accomplished without the vital services provided by operational support. The DOR cannot function without:

- Computers, the Gentax system, and the technology support provided by **Information Technology**.
- Pens, lights, computers, workspaces and desks provided by **Resource Management**
- Forms, instructions and other information provided by **Citizen Services**, which instruct taxpayers regarding when, where, or how to file and pay taxes.
- Work done by **Processing**, which ensures that submitted payments are opened, electronically transferred, or otherwise processed.
- Sustained efforts by **Legal Services** to address noncompliance and support collection activity, which aid the Business and Income Taxes Division, Property Assessment Division and Liquor Control Division to experience a high degree of voluntary compliance and revenue collection.

Every Function is Interdependent

If one of the DOR's interrelated services were to disappear, the result would be failure of the revenue collection process.

Without tax forms, no payments are made.

Without the call center, questions are disregarded, errors increase and taxpayers' voluntary compliance decreases.

Without processing, no payments are received or credited.

Without computers and software, no information is stored, analyzed or kept secure.

Without resource management, revenue is not properly allocated and both local and state offices deteriorate and cease operating efficiently.

Without legal services, consequences for non-compliance are not enforced, active compliance is reduced and property values become un-equalized between homeowners, small businesses and agriculture.

Without human resources, no people report to work.

Without liquor control, there is no safe distribution of controlled substances.

Without assessment and valuation, taxes would be based on speculation.

Without research, no information is provided to law makers.

Without tax audits, compliance is reduced.

Without direction, the DOR functions without purpose.

