



Arizona Department of Revenue

Company Information:

Highest Ranking Official:

J. Elliott Hibbs
Director

Contact Person:

Leigh Cheatham,
Assistant Director, External
Services and Special Projects
(602) 716-6918
Lcheatham@azdor.gov

Type of work:

The Arizona Department of Revenue is responsible for administering Arizona's tax laws in the primary areas of income, transaction privilege tax (TPT), use, luxury, withholding, property, estate, fiduciary, bingo and severance.

Workforce:

1,134 employees

Testimonial of Value of Arizona State Quality Awards Program

“Applying for the AQA’s Showcase in Excellence Award has been a great way to obtain special recognition for the dedication and extraordinary efforts of Department of Revenue staff that worked on the highly successful Arizona Tax Amnesty Program. Outlining the process and creative approaches used by the team for examiners to review, confirmed in the feedback report that not only was the result great, but that the methodology was exceptional as well. This experience has been a superb morale builder and a strong encouragement for others in the Department to strive for outstanding performance and a willingness to seek constructive feedback from knowledgeable outsiders. We appreciate the Showcase in Excellence category established by AQA and strongly urge others to take advantage of it to demonstrate excellence and to obtain valuable feedback for future project development, execution and performance evaluation.”

- J. Elliott Hibbs, Director, Arizona Department of Revenue

Highlights of Organizational Process:

Quality and Performance Results:

- The main measure of success for the Arizona Tax Amnesty program was collecting over \$73 million; \$48 million over the \$25 million target. In light of the current economic times, a \$25 million target for such a program was conservative, yet realistic.
- The Department can also look to the number of taxpayers who came into compliance – 1,863 in all across various tax types – as a success indicator.

- About 74% of the revenue came from corporations filing back taxes and resolving audit appeals to the Department's satisfaction.
- Of the \$73 million amount, \$4 million is distributed to the cities and counties as revenue sharing. That left a net gain to the FY04 fiscal year's General Fund of \$69 million.
- The \$69 million bottom line Amnesty boost to the General Fund directly decreased the \$300 million deficit by that same amount.
- When we look to the area of success stories comparing the Arizona Tax Amnesty program to a few other states, the key indicator is the relative cost per amnesty program to revenue collected. The Department managed to accomplish these excellent results with direct expenses (advertising, printing, postage, telephones, and temporary employees) of approximately \$64,600. This is a phenomenal return on investment: roughly \$1,100 for each \$1 spent.
- All Arizonans benefit from these outstanding results. Taxpayers choosing Amnesty were able to resolve outstanding tax obligations and will now continue to pay taxes in the future since they are in the system. They will help fund critical future government services which benefits all citizens.

Processes:

- Taxpayers could participate in the Arizona Tax Amnesty program between September 1, 2003 and October 31, 2003. To successfully deploy the Arizona Tax Amnesty program, a core Steering Committee was formed from a cross-section of experienced employees from throughout the Department. This ten person Steering Committee was responsible for its planning, oversight, and generating results.
- The Department did not receive any special funding for Amnesty implementation, although it carried sole responsibility for creating a successful program to benefit the State as a whole. The only solution was to find efficiencies and increase vacancy savings across all divisions, funding that could no longer be spent by the divisions.
- To assist in deployment, the Steering Committee added resources by creating sub committees to address certain processes within the overlying process. An additional 132 employees served on sub committees on an as needed basis. Their support was provided during different phases of the learning and deployment processes. Each sub committee addressed certain areas of expertise such as new technology, marketing, return and payment processing, and customer service.
- The overall process was integrated throughout the Department. A little more than 10% of the total Department staff was directly involved with the process. The remaining 90% of the staff was regularly kept informed of the program's progress via e-mail updates, posters and internal news notes.