



Council Workshop

AZ Tax Central Application

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Why Build Sales Tax App?

ARIZONA

Sales taxes go uncollected, businesses slip through cracks under Arizona's business-friendly efforts

Jen Fifield, Russ Wiles and Lorraine Longhi | The Republic | azcentral.com

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Sales taxes have gone uncollected because of flaws in a new state program created to make the process more efficient, according to Arizona auditors.

The Arizona Department of Revenue failed to identify many businesses that weren't paying taxes and erased active businesses from its tracking system, according to a recent report by the Arizona Auditor General.

Some cities and counties, which were assured they no longer had to deal with sales tax collection issues, now are assigning staff again to assure their cities get the money they are owed.

The Arizona Department of Revenue fully took over auditing and collecting sales taxes for all cities, towns and counties in the state in 2017. Before that, cities collected their own sales taxes — the lifeblood of city budgets — from businesses within their borders.



Phoenix and other Arizona cities have stepped in to assist the state with sales-tax collections to ensure they get their fair share. Richard Nilzen



Recommendations

The Department should identify and implement opportunities to streamline or automate its weekly city/town TPT distribution process and finish resolving the functional limitations in its tax system that affect those distributions.

Department should further collaborate with cities and towns on TPT enforcement efforts

The Department can improve its collaboration with cities and towns by:

- Enhancing its audit planning efforts through collaboration with cities and towns.
- Collecting and analyzing data from its collections pilot project with cities and towns.
- Informing cities and towns of taxpayers' requests to compromise on a TPT debt (called offers in compromise).
- Analyzing its process to place liens—or legal holds—on taxpayer assets until a TPT debt is paid and developing staff guidance based on that analysis.



Department should improve its collaboration with cities and towns in 4 enforcement areas



Problems with online system

The failure to pay, or pay the correct amount, may not have been the businesses' fault.

Dunbar said the city has heard from several businesses that complain the Department of Revenue online portal is difficult to navigate.

Michael Muscato, owner of CrossFit ArchAngel in Glendale, said he had to try for more than a year to make sure his taxes were paid. When the online system wouldn't accept his payments for reasons that he said the state could not explain, instead of helping, the state put a levy on his bank account.

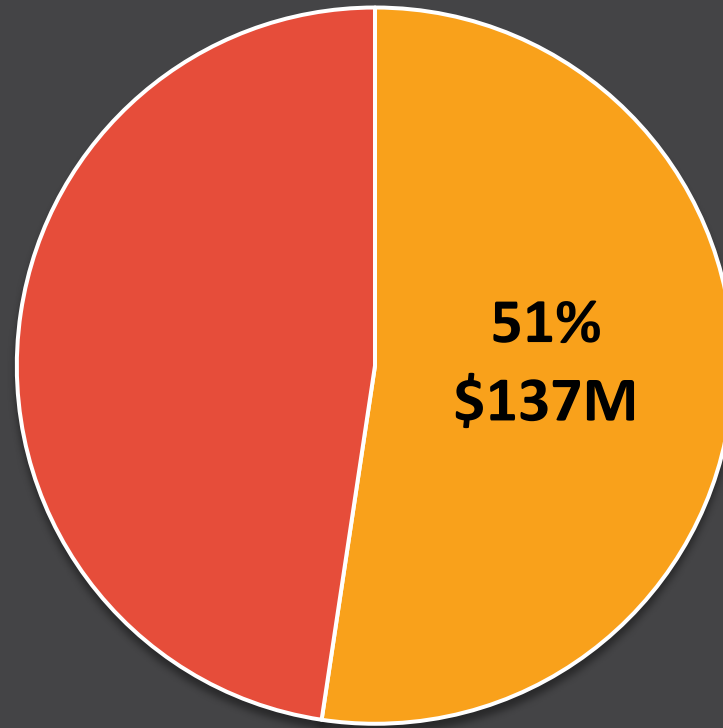
The state doesn't charge sales tax on CrossFit businesses, but Glendale does. So each time he called the state's customer service line, he was asked why he was paying.

"Each time you call," he said. "It's like going through the whole circus over again."



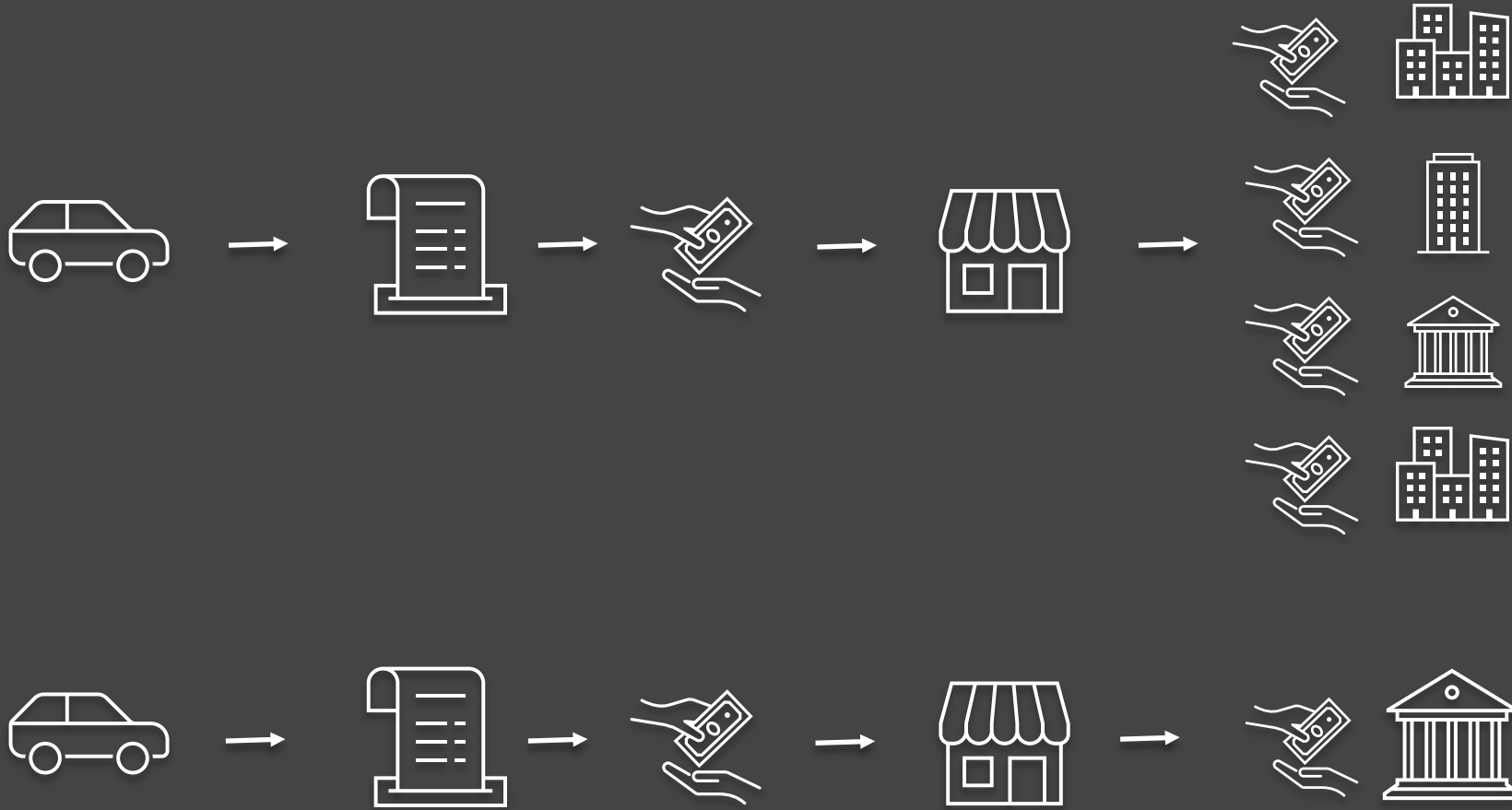
Why is **Sales Tax** Important?

General Fund Revenue





What is Sales Tax?



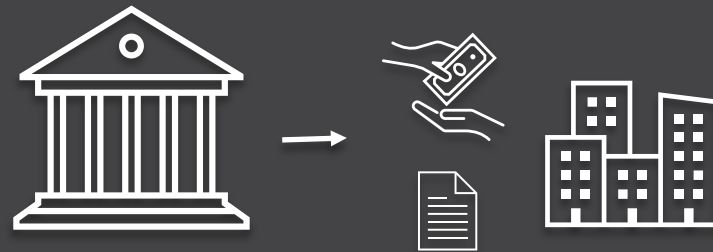


What is Sales Tax?





ADOR Money and Data



Licenses

- New Licenses
- Updated Licenses

Returns

- Tax Returns
- Deductions

Payments

- Payment Summary
- Payment Details
- Zero Filers

Funding

- Funding Summary
- Funding Details



Simplified Problems

Data Difficulties

- Non-techies had to be techie

Typical Initial Research Time
1 – 2 hours

	A	B	C	D	E	F	G
1	Business Name:	House of 4x4					
2	Owner:	John Doe					
3	Address:	123 W Main St					
4	Start Date:	1/1/2013					
5							
6	Period	Gross	Deductions	Net	Tax Due	Tax Paid	Balance
7	Jan-20	6,743.10	134.86	6,608.24	191.64	191.64	-
8	Feb-20	4,680.65	93.61	4,587.04	133.02	5.00	128.02
9	Mar-20	9,050.44	181.01	8,869.43	257.21	5.00	252.21
10	Apr-20	3,468.68	69.37	3,399.31	98.58	98.58	-
11	May-20	7,417.41	148.35	7,269.06	210.80		210.80
12	Jun-20	4,774.26	95.49	4,678.78	135.68	-	135.68
13	Jul-20	9,231.45	184.63	9,046.82	262.36	262.36	-
14	Aug-20	3,538.05	70.76	3,467.29	100.55	100.55	-
15	Sep-20	8,159.15	163.18	7,995.97	231.88	-	231.88
16	Oct-20	4,869.75	97.39	4,772.35	138.40	138.40	-
17	Nov-20	9,416.08	188.32	9,227.76	267.60		267.60
18	Dec-20	3,608.81	72.18	3,536.64	102.56	102.56	-
19	Jan-21	8,975.07	179.50	8,795.56	255.07		255.07
20	Feb-21	4,967.14	99.34	4,867.80	141.17		141.17
21	TOTAL	88,900.05	1,778.00	87,122.05	2,526.54	904.09	1,622.45

LocationStreet1	LocationCode	BusinessCode	GrossReceipts	TotalDeductions	Total
1234 N BLUE BLVD	0001	144	263149.59	0.00	13192.20
1234 N BLUE BLVD	0001	17	6529.40	0.00	189.84
					18.86
					206.83
			0.00	0.00	35.00
					9277.73
			117.00	0.00	4.57
					4.82



Auditors



Collections



Licensing



Practical Solutions

Statewide Data (92 Jurisdictions)



- 5.2 million Business Names
- 3.4 million Owners
- 7.8 million Addresses

- 25.3 million Tax Returns
- \$1.8 trillion Gross
- \$1.0 trillion Deductions

- 50.4 million Tax Payments
- \$18.1 billion Tax
- \$176.3 million Audit



Outcomes from Solution

Initial Research Time

- 2 – 5 minutes (Reduced from 1 – 2 hours)
- Proactive Notifications

Ease of Use

- Jan – Mar Auditors viewed
21,000+ Statewide Licenses
- More than all of 2019

Taxpayer Communication

- Improved accuracy when
communicating with taxpayer

Business Driven Innovation

- Finance Department drives innovation



Product Demo





Product Website

The screenshot shows a web browser at the URL glendaleaz.com/az_tax_central. The page features the Glendale Arizona logo in the top left and a navigation menu with links for 'HOW DO I...', 'LIVE', 'WORK', 'PLAY', and 'YOUR GOVERNMENT'. A search icon is located in the top right. The main banner area has a blue background with the text 'AZ Tax Central' in large white letters, followed by 'efficiency compliance reporting' in a smaller font. Below this, it says 'powered by City of Glendale'. The background image of the banner shows a person's hands holding a tablet with various data charts and graphs overlaid. Below the banner, there is a breadcrumb trail 'Home » AZ Tax Central' and a heading 'AZ Tax Central'. The main content area is divided into two columns. The left column has a heading 'AZ Tax Central Sales Tax Application' and a sub-heading 'Centralized and Simplified'. Below this is a paragraph of text explaining the benefits of the system. The right column has a heading 'Browser Based App Enables Searching Across Many Categories' and a screenshot of the application interface. The interface shows a sidebar with 'Home' and 'ADOR Search' options, and a main search area with 'Address Search' and 'Business Name Search' fields, each with a 'Menu' button.

Home » AZ Tax Central

AZ Tax Central

AZ Tax Central Sales Tax Application

Centralized and Simplified

Since the implementation of centralized collection of sales tax in June 2016, many cities and towns in Arizona have struggled to piece together and connect the data and reports provided by the Arizona Department of Revenue (ADOR). Due to the complexity and volume of the data many cities and town have been unable to easily see and quickly use the data in a single place. Glendale's **AZ Tax Central** can provide your city or town this very type of

Browser Based App Enables Searching Across Many Categories

The application interface includes a sidebar with 'Home' and 'ADOR Search' options. The main search area features 'Address Search' and 'Business Name Search' fields, each with a 'Menu' button.