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Building a Better Tax Commission: Passion with Purpose

Doug Linehan, Executive Director

Disclaimer

The views and opinions provided in this presentation are solely those of Doug Linehan and do not necessarily reflect the official policy or position of the Oklahoma Tax Commission or the State of Oklahoma.

Agenda

- OTC... Context
- Parental Choice Tax Credit (PCTC) – Status Update
- Taxpayer Contact Center Transformation
- Other Updates – “OTC Journey”

Who is Doug Linehan?

- Graduate of **Oklahoma State University** 1990
  - CPA
- **Deloitte** (Oklahoma City and Deloitte National Office) 1991 - 1999
- **ConAgra Foods** (Omaha) 1999 - 2017
  - Director, Financial Reporting
  - Vice President, Asst. Controller
  - Vice President, Finance
  - Senior Vice President, Chief Accounting Officer
  - Senior Vice President, Consumer Finance (Business Unit CFO)
- **Moly-Cop** (Omaha) 2018
  - Chief Accounting Officer
- **Paycom Software** (Oklahoma City) 2019 - 2021
  - Leader of Accounting and Tax Operations Groups
- **Oklahoma Tax Commission** (Oklahoma City) 2022 - Present
  - Executive Director

Historical Perspective of Our Journey

- Although almost 100 years old, from an operational effectiveness perspective we are in our infancy.
- We are building an infrastructure to serve taxpayers, tax preparers and our employees more effectively and efficiently.
    - Making investments in our people, processes and technology, and attempting to do so in a fiscally responsible manner.
- We have made significant progress in the last four years but still have a ways to go.
- We are laser-focused on the next steps of our journey – we are determined

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Parental Choice Tax Credit Program
January 2026

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Parental Choice Tax Credit (PCTC) Program

What is the PCTC program?

- Allows taxpayers to obtain a refundable income tax credit of up to $7,500 for private school tuition/fees
  - Credit amount limited to lesser of maximum allowable credit or tuition/fee amount
  - Taxpayers apply for refundable income tax credit (and are paid) in advance of applicable school year
  - Private school must be accredited and located in Oklahoma in order to participate
  - Initial year funds available capped at $150 million by statute (cap at $250 million for current and all future years)

- Allowable income tax credits…

Total Parent* AGI**	Maximum Amount
$0 – $75,000	$7,500
$75,001 – $150,000	$7,000
$150,001 – $225,000	$6,500
$225,001 – $250,000	$6,000
Greater than $250,000	$5,000

* or legal guardian

** from second preceding tax year

Parental Choice Tax Credit (PCTC) Program

What is the PCTC program (cont'd.)?

- Lower income taxpayers are prioritized over higher income taxpayers
  - Priority period lasts 60 days
  - Parents or legal guardians with $150,000 AGI and below
  - Second preference is given to taxpayers who qualify and have received the credit in a prior year
- Recipients of government assistance (i.e., SNAP, TANF, Oklahoma Medicaid) automatically have ability to receive up to $7,500
- Taxpayer applying for credit may be different than parent (e.g., grandparent, aunt, uncle, etc.)
- Credit (in the form of a check) payable to taxpayer but mailed to schools
- OTC reconciliation (audit) process on "back end" to ensure child attended school and anticipated tuition/fee expenses were incurred

PCTC Program (cont'd.)

Challenges in Year 1

- Time (between signed into law and go-live)
  - OTC partnered with an outside vendor which provided "taxpayer/school facing" resources (both technology and people) while OTC provided "back of house" resources
- Volume… Over 30,000 applications were received within 90 minutes of application period opening on December 6, 2023
- Tax Credit vs. Voucher
  - Advanced tax credit
  - School credit vs. Taxpayer credit
- Original Legislation
  - Lack of communication between applicable parties
    - Tax year vs. School year
    - Taxability of credit
    - Offset against other amounts owed to state of Oklahoma

PCTC Program (cont'd.)

Year Two Changes

- OTC decided to take on "taxpayer/school facing" responsibilities for year two and going forward
- Transitioned from tax year-based to school year-based (required a "transition semester")
- Year two costs for taxpayer facing activities will be slightly less than what we were paying our previous provider
  - Year three costs (and going forward) will be cut in half
    - No further system development necessary (unless legislative changes)
- Significantly enhanced taxpayer and school education/communication
- **Changes resulted in a significantly better taxpayer, parent, school, OTC employee experience**

School Year 25/26 PCTC Program Snapshot

As of August 25, 2025

	Count	$ in millions			
AGI	Approved	Total Approved	% of Total Approved	Avg. Approved Tax Credit	Maximum Allowable Credit
$0 - $75,000*	10,871	$77.8	31.5%	$7,154	$7,500
$75,001 - $150,000	10,648	$71.8	29.1%	$6,741	$7,000
$150,001 - $225,000	6,398	$40.9	16.6%	$6,393	$6,500
$225,001 - $250,000	1,387	$8.2	3.3%	$5,915	$6,000
$250,001 and higher	9,661	$48.2	19.5%	$4,985	$5,000
Total	38,965	$246.8	100.0%	$6,334	$250,000,000

* Includes recipients of government assistance (e.g., SNAP, TANF, Oklahoma Medicaid).

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Taxpayer Contact Center Transformation

January 2026

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OTC Contact Center Transformation

- Most important initiative in history of OTC
  - Why?
    - Annually, touches so many taxpayers/tax preparers
    - Historically…
      - Calls… 300,000 – 320,000
      - Emails… 75,000 – 80,000
      - Walk-ins… 25,000 – 30,000
  - Historically completely broken…
    - People
      - Wrong focus… wrong leaders
      - Under resourced
    - Processes/Structure
      - Asked employees to know "everything about everything"
      - Inadequately trained
    - Technology
      - Outdated systems
      - Effectively no meaningful visibility/management reporting
    - Culture
      - Lacking customer service focus
      - Employees burned out

In so many ways… our contact center performance is how the OTC is judged!!

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OTC Contact Center Transformation (cont'd.)

- What are we doing?
  - Identified and marching toward "what good looks like"
    - First call resolution focus
  - Leveraged third-party resources to assist us in our journey

- More specifically…
  - People
    - Budgeted headcount in fiscal 2022 (30)…. fiscal 2026 (75)
      - Primarily resourced with existing positions
    - Entirely new leadership team (knows what good looks like)
    - Driving accountability… significant turnover at the individual contributor level with people who simply did not want to be held accountable

  - Processes/Structure
    - Redesigning structure with "teams of excellence"
    - Completely new training program providing visibility into areas of employee strengths and opportunities

OTC Contact Center Transformation (cont'd.)

- More specifically…
  - Technology
    - Recently implemented AWS Interactive Voice Response (IVR) System
      - Real time metrics
      - Management reporting
      - Ability to record/listen to calls for training purposes
      - Intelligent call routing
      - Leveraging AI for call summaries
      - Real-time customer feedback ability
      - Spanish speaking experience
    - Integrating AWS IVR system with back-end GenTax operating system
  - Culture
    - Driving a customer service-focused culture
    - Enhancing our culture by giving our employees the tools and training to be successful
    - Acknowledging the absolute importance of our contact center people

OTC Contact Center Transformation (cont'd.)

- Results (Early) to Date
  - Positive Start…
    - Calls received averaging 33,000 per month
    - Current "call abandon rate"… 10%
      - What does good look like…. industry standard of 4%
      - We estimate our historical abandon rate has been approximately 60%
    - "Diverted Calls" to date… 15,200
    - Average taxpayer "hold time"… **10 minutes**… previously averaged **HOURS**
    - Feedback (end of call surveys)
      - Average agent score 4.6 (out of 5)
      - Average customer satisfaction experience score 4.7 (out of 5)
    - Time to summarize call cut by 75%
    - We still have a ways to go…but we are leveraging our learnings to optimize performance during upcoming tax season

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Other Updates – "OTC Journey"

January 2026

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Accomplishments

- Built and now executing agencywide six-week leadership training program (EMPOWER) – teaching our leaders what good leadership looks like and guiding them on their leadership journey

- Implemented operating system for centrally assessed entities (Ad Valorem annual revenue of $500 million)
  - Operating controls now in place

- Implemented operating system for Collections division
  - Increased “no-touch” collections by approximately $25 million in first year of operation
    - Assisting in reducing our reliance on outside collection agencies… from 60% of total collections to now 30%

- Successfully rolled out State’s “grocery” sales tax elimination

Accomplishments (cont'd.)

- Significant reduction in taxpayer "backlogs" across the agency
  - Examples:
    - Business Tax Credits and Refunds: backlog down 75% from high of over 17,000
    - Taxpayer Waiver (penalty and interest): reduced processing time from 30 months to less than 45 days
    - Interest Paid to Taxpayers for Delayed Refunds: down to $100,000 from $1 million in prior years

- Awarded **"Top Workplaces in Oklahoma"** and **"USA Today Top Workplaces" … for BOTH 2024 and 2025!**

- Annual employee turnover rate down from 30% to less than half

- Strong employee engagement scores continue

Employee Engagement Survey Results

Note: Green %'s represent favorability (or equal) to prior year. Red %'s represent unfavorability to prior year.

	2021 OTC	2022 OTC	2023 OTC	2024 OTC
Employee Participation Rate %	70%	87%	91%	84%
Categories	OTC % of Favorable Responses	OTC % of Favorable Responses	OTC % of Favorable Responses	OTC % of Favorable Responses
Job Motivation	82%	84%	89%	90%
Communication	54%	71%	79%	82%
Feeling Valued	57%	70%	75%	78%
Physical Working Conditions	77%	84%	87%	87%
Advancement Opportunities	48%	53%	65%	65%
Job Resources	64%	69%	78%	79%
Recognition	58%	65%	71%	75%
Supervisor	74%	79%	79%	84%
Compensation	45%	35%	68%	54%
Learning and Development	58%	64%	72%	76%

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Employee Engagement Survey Results

Note: Green %'s represent favorability (or equal) to prior year. Red %'s represent unfavorability to prior year.	2021 OTC	2022 OTC	2023 OTC	2024 OTC
Employee Participation Rate %	70%	87%	91%	84%
Categories	OTC % of Favorable Responses	OTC % of Favorable Responses	OTC % of Favorable Responses	OTC % of Favorable Responses
Fair Treatment	65%	73%	76%	76%
Teamwork and Collaboration	64%	71%	78%	80%
Agency Perceptions	54%	69%	76%	78%
Workload	54%	67%	76%	74%
Responsiveness	47%	71%	76%	76%
Satisfaction	74%	79%	82%	85%
Engagement	77%	80%	84%	83%
Burnout (Lack of)	NA	70%	73%	89%
Inclusion	NA	65%	72%	70%
Job Performance	NA	65%	66%	68%

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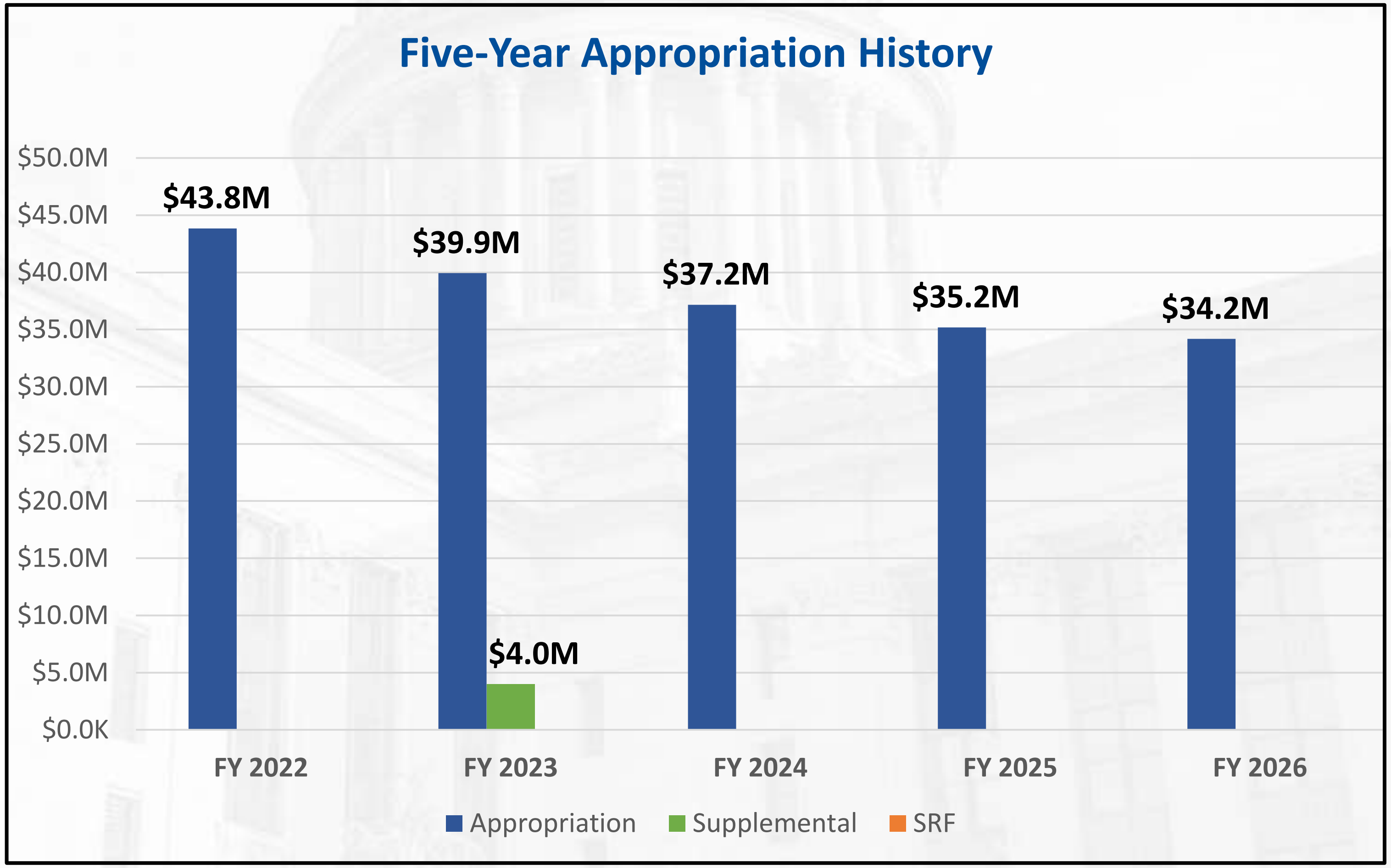
Appropriation History

Fiscal Year	Legislated Appropriation ($) *(Includes supplementals and SRF/ARPA.)*
FY 2022	$43,844,417
FY 2023	$43,924,417
FY 2024	$37,174,417
FY 2025	$35,174,417
FY 2026	$34,174,417



FY 2027 requested appropriated funds of $31.2 million… down 9% from FY 2026 and down 22% from FY 2023.

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