

Agency Strategic Plan

Department of Taxation (161)

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Mission and Vision

Mission Statement

The Virginia Department of Taxation's mission is to serve the public by administering the tax laws of the Commonwealth of Virginia with integrity, efficiency, and consistency.

Vision Statement

TAX believes in putting our customers first in everything we do, setting our performance as the benchmark for business and government, and creating an agency culture based on trust, fairness, and mutual respect.

Executive Progress Report

Service Performance and Productivity

- *Summary of current service performance*

In June 2006, TAX successfully completed its Partnership Project with CGI-AMS to re-engineer TAX's core business processes. This project began in November of 1998, when TAX's Leadership Team created a vision statement containing the goals for this project. Early the next year, this led to the creation of a blueprint document that was developed to define TAX's core business processes. TAX's operations are based on established core business processes instituted to serve the customers better, and the underlying theme, "Placing the customer first in everything we do."

The Partnership Project made a profound impact on agency operations. Customers now have access to a wide range of services that were previously unavailable. Employees have access to new, easy to use tools that allow them to provide excellent customer service. TAX is processing more transactions at a faster pace than has ever been possible before. It is clear that the tools, processes, and cultural changes brought about by the Partnership Project have enabled TAX as an agency to perform at an unprecedented level.

During fiscal year 2007, 1,629,024 individual taxpayers, an increase of 12.46 percent, utilized the Joint Federal State filing program to fulfill their annual Virginia filing obligations. In addition another 11,961,425 customer interactions occurred on TAX's website, an increase of 15.65 percent. These included, but are not limited to, businesses filing their monthly or quarterly returns electronically, individuals filing their annual returns or quarterly estimated payments, individuals asking for and receiving a secure message concerning their tax obligations, individuals or businesses paying a tax assessment, or entering into a payment agreement with TAX. The Department believes that there are a growing number of customers who are computer literate and expect (and will continue to expect), that they can review, ask questions, get a better understanding of, and otherwise manage their tax obligations to the Commonwealth on-line in a highly secure environment 24 hours a day seven days a week. TAX believes that meeting these growing customer expectations at the lowest possible cost is the best approach to meeting the TAX Vision of "Placing the customer first in everything we do."

Channel processes primarily include the manual and automated processing of all returns and payments through various paper and electronic channels. It also includes imaging inbound correspondence, printing and mailing outbound correspondence, registering new businesses, designing and publishing tax forms and instructions, correcting return and payment errors, reissuing refund checks, and managing a warehouse operation. Over 10 million returns and payments were processed in calendar year 2006; 33% through an electronic channel and 67% through paper. Over 4 million letters, liens, and assessments were mailed in FY07.

Customer Service processes involve interacting with customers, maintaining accounts, and responding to customer inquiries. Registering businesses and assisting customers who have difficulty paying their tax bills are also included in this area. These processes utilize all the available channels to exchange information and provide the best service possible to TAX customers. Current service targets measure the number of phone calls handled and the turnaround time for incoming correspondence. The target for phone calls is a service of at least 87%, while the turnaround time for correspondence should be no greater than 25 business days. During FY2007 TAX received 736,823 telephone calls and 182,174 letters.

Compliance processes identify TAX customers who have become noncompliant. These are customers who are either underreporting their tax obligation or not paying their reported tax liability. This area also helps bring customers into compliance and identifies recurring issues. Current collection of compliance revenues were \$415 million in FY07. The Court Debt Unit provides collection services on request for Virginia's courts to collect delinquent court fines and fees. Collection of court fines reached a new high in FY07, totaling \$34.9 million, or about \$3.7 million more than was collected in FY05. Effective March 2006, TAX outsourced bankruptcy functions to an outside vendor. In order to improve accuracy of bank lien information, TAX procured the services of an outside vendor. TAX began participating in TOPS (Treasury Offset Program) in FY04. Collections for FY07 are \$15.3 million.

Policy Development, Revenue Forecasting, and Appeals and Rulings processes include developing and implementing tax policy for the benefit of Virginia TAX customers, employees, and stakeholders, revenue forecasting and estimating, formal appeals of audit assessments, and requests for rulings. Policy Development has implemented a new database to create and manage fiscal impact statements and legislative action summaries, and track legislation for the agency. This database has streamlined the process by eliminating paper, having an electronic approval system, and having the information in one place, easily accessible for users. Policy Development has committed to review all TAX Regulations and over the next three years to repeal all unnecessary regulations and to bring the remaining TAX regulations into compliance with tax law and policy changes. TAX is responsible for forecasting the Virginia official economic outlook, the General Fund Revenue forecast, the Commonwealth Transportation Fund forecast, as well as the DMV Special Fund forecast.

In FY07 statewide, employment was forecast to increase 1.7%, the preliminary actual increase was 1.3%. Personal income was forecast to increase 6.6% while the preliminary actual increase was 5.3%. General Fund revenues rose by only 4.9% versus the official forecast of 6.5% growth. This lower than projected growth rate caused a \$234.4 million revenue shortfall. The two largest revenue sources -- net individual income and sales and use taxes -- were short a combined \$156.5 million or two-thirds of the total revenue shortfall. The Commonwealth Transportation Fund was expected to increase 1.2% and actual collections increased 1.7%. The Department of Motor Vehicles' Special Fund collections increased by 1.3% versus the official forecast of a 0.5% decline.

As of June 30, 2007, 45.81% of sales tax and individual income tax appeals were less than 120 days old. The total assessed value of the 1821 appeals closed in Fiscal Year 2007 was \$25,794,453.

- *Summary of current productivity*

e-Government

- Over 2.3 million individual and business returns were filed on-line, eliminating the need to receive and process paper returns
- Over 1.8 billion in sales and withholding tax payments were made on-line last year, eliminating the need to process checks
- Over 19,000 new businesses registered on-line last year, eliminating a long and complex paper process
- To date, 59,915 payment plans for outstanding bills have been established through a self service telephony system, resulting in \$47.5 million in payments.

Channel Operations

- 97% of all individual refunds are issued within 12 days compared to 85% in 2000
- Over 50 million documents imaged to date, allowing instant access by all agency staff and eliminating the need to store paper documents for archive
- Warehouse space for storing paper returns reduced by 50%

Customer Relationship Management

- Individual and Business phones service levels increased by 2%
- Correspondence turnaround time reduced by 25%
- Correspondence backlog of 25,000 reduced to a total average of 15,619 at the end of June 2007. Correspondence now responded to in 20.25 business days, which is substantially less than the 25 day turnaround objective.

Compliance

- After June 30, 2004, it was determined there was sufficient revenue in the Fund to cover any future Partnership charges. No additional Partnership revenue was identified and added to the Fund after June 30, 2004.
- One district office open as call center and customer service outpost. All other district offices closed and employees home-based
- As of 2007, 6,000 liens issued per month (Based on change over to new system)

Policy

- 100% timely submissions during the 2008 regular session.
- By June 30, 2008, complete identified actions on one-third of regulations.

Initiatives, Rankings and Customer Trends

• Summary of Major Initiatives and Related Progress

Telework Programs

In 2006, Governor Tim Kaine issued an Executive Order establishing the Office of Telework Promotion and Broadband Assistance. One of the goals of this order is to require that state agencies work toward shifting at least 20 percent of their eligible employees to teleworking by 2010. Because of our past successes and known commitment to teleworking, TAX was asked to serve as the Commonwealth's "model agency."

TAX has had an aggressive remote telework program since 2001. At that time, TAX closed eight district offices and home-based almost 200 field auditors and collectors. This program has been successful not only in reducing costs, but in improving employee retention.

TAX determined that the concept of remote workers could be extended to other areas of the agency, particularly those in which seasonal peaks create a significant increase in resource demands.

Thus, in November 2006, TAX implemented a program to home-base customer service representatives and some data capture operators as a pilot to determine the feasibility of using this approach on a long-term basis. Customer Services and Data Capture functions were chosen because of their production environment, ability to monitor productivity performance, and the additional staff required during the filing season.

Using TAX as a model agency was a particularly bold move. One of the primary concerns frequently voiced by telework skeptics is data security. Showing that teleworking is a feasible and successful option at a tax agency, where data security is the highest priority, goes a long way towards relieving those concerns. Further, TAX is using remote workers in jobs typically viewed as technologically challenging. Data capture operators must be able to access online images of tax returns and enter or capture data. Customer service representatives must also be able to access online images and all other aspects of our taxpayer account systems. The ability to interface complex systems in a remote work environment is a major accomplishment. In fact, TAX was even able to expand the program to include access to the agency's telephone management system to enable remote workers to take the same phone calls in the same queues as staff stationed in the office.

TAX had four key objectives in implementing the program: 1) Determining the feasibility of utilizing teleworking to create jobs in high unemployment areas while meeting our need for additional staff during peak seasons; 2) Refining a telework option by evaluating performance, surveying participants, and soliciting feedback in scheduled meetings in order to assess how teleworkers can be used in the future; 3) Evaluating whether production-type employees can be more productive by providing a comfortable environment with a more flexible work schedule; and 4) Supporting the statewide telework objectives of reducing traffic congestion, saving fuel, and reducing the negative environmental impacts of commuting.

There were 14 participants in the program that include five veteran classified employees and nine newly hired wage employees. The pilot was limited to the Richmond area surrounding our headquarters to enable us to respond quickly to potential technical and training needs. The intent was to identify the issues associated with remote working as a precursor to expanding the program. The program has been so successful that it was elevated from pilot status to a permanent program within four months, two months short of the anticipated six-month pilot period.

The remote telework program is now expanding, as part of Governor Tim Kaine's initiatives to bring new jobs to areas with high unemployment and to increase the number of people working from home in Virginia. The Department of Taxation has created more than 50 new telework jobs for the Danville/Martinsville region to be in place for this upcoming 2008 filing season.

The Department of Taxation has also implemented a one-day telework program which has also been very successful. When surveyed, 71% of participants said the one thing they like most about teleworking is the flexibility. The ability to offer a flexible work schedule has greatly improved the work-life balance of our participants. One great advantage about this program is that managers have the ability to track hours worked by teleworkers and their productivity while working. As a result, our teleworkers have the ability to work a flexible schedule based on the hours TAX's processing systems are available. Typically the work schedule can range anywhere from 7am – 9pm Monday – Friday and 7am – 1pm on Saturdays. Providing the option for a flexible work schedule has greatly improved employee attendance for the full-time staff. When comparing the amount of leave used in this same time frame last year by our veteran reps, we found their

leave usage has decreased by 81%. This is a significant benefit to the agency, particularly in production environments where attendance is critical.

100% of our teleworkers reported increased job satisfaction and admitted they are less likely to seek other job opportunities because of their ability to telework. One veteran teleworker described herself as a "disgruntled" employee who had gotten to the point where she hated coming into the office and now that she is teleworking, she has a much more positive attitude and she really "loves her job."

Management surveys were also conducted for the one-day teleworkers and the results were extremely positive. 52% reported increased productivity from their employees while 32% report the same amount of productivity. 84% report no problems measuring performance and 100% report no problems contacting their teleworkers at home. 92% of managers report no security concerns and 96% report increased morale among staff which could lead to an increase in employee retention.

Employee retention is a huge benefit when it comes to our agency keeping knowledgeable, qualified, and productive employees. Furthermore, since customer service has started advertising the potential to telework in their employment ads, applications have increased by 79%. This significantly increased pool has given us the opportunity to select better-qualified candidates.

Currently 32% of our workforce teleworks one day a week and 25% of our workforce are remote workers who work at home everyday. The total percentage of employees teleworking at TAX in some capacity is 57%. The option to telework in the event of a disaster enables TAX to continue operating with little to no loss of productivity. Tax's Continuity of Operations Plan (COOP) plan has been dramatically strengthened with 57% of our workforce set up and prepared to telework in the event of a disaster.

Communications Tax Reform Bill

The new Virginia Communications Taxes were created by House Bill 568 and became effective on January 1, 2007. The Communications Taxes consist of the following taxes and fees:

- The State Communications Sales and Use Tax. This tax is set at a rate of 5%.
- State E-911 Tax on landline telephone service. This tax is set at \$0.75 per access line.
- Public Rights-of-Way Fee on cable television. This fee was set at \$0.64 per subscriber of cable television service until July 1, 2007, and then the rate was increased to \$0.67.

The taxes and fees are administered by the Department of Taxation ("TAX") and deposited into the Communications Sales and Use Tax Trust Fund. Revenues from this fund are distributed as follows:

- Transfer to TAX to pay the direct costs of administering the Communications Taxes
- Transfer to the Virginia Department of Deaf and Hard-of-Hearing ("VDDHH") to provide the telephone relay service center
- Transfer to each locality with a cable television franchise agreement the amount of the franchise fee due the locality by its cable television provider
- Transfer to each locality its proportionate share of the monthly deposits of revenue remaining after payments to TAX, VDDHH less any cable television franchise fee distributed to the locality.

The funds are disbursed by the 25th of each month, commencing March 2007. Statewide collection for the Communications Taxes from January 2007 through June 2007 was \$210,657,751. The disbursements of the funds were:

- \$ 600,000 to TAX
- \$ 4,493,612 to VDDHH
- \$205,564,139 to localities

Partnership Project

In July 1998, TAX entered into a Public Private Partnership with CGI-AMS, Inc. (formerly American Management Systems, Inc.) to reengineer our business processes and leverage appropriate technology to foster business success. This benefits-funded modernization project resulted in significant operational improvements and customer service improvements, including entirely new customer services, taxpayer compliance initiatives, new filing channels, a complete modernization of all technology platforms, as well as significant organizational improvements and operational efficiencies.

The Partnership Project completed over twenty large information technology projects, covering a wide range of business processes, including compliance, document processing, customer service, and other areas. In addition, a complex and highly visible Tax Amnesty program was added to the scope of the Partnership Project and was successfully executed. The final implementation occurred Summer of 2005, and the contract concluded in June of 2006.

The Partnership Project has made a profound impact on agency operations. Customers now have access to a wide range of services that were previously unavailable. Employees have access to new, easy to use tools that allow them to provide excellent customer service. TAX is processing more transactions at a faster pace than has ever been possible before. It is clear that the tools, processes, and cultural changes brought about by the Partnership Project have enabled TAX as an agency to perform at an unprecedented level.

The Partnership Project was never considered as an endpoint, but instead as a launching platform. The Partnership delivered over twenty new technology systems, including the following:

- STRATA – A collection prioritization and risk assessment tool.
- Sales Tax Audit and Nexus (STAUDN), Withholding, Corporate – An application used to perform audits at the taxpayer's place of business.
- Computer Automated Collections System for Government (CACSG) – An automated collections system that provides for tracking of assessments through various collection stages.
- Customer Relationship Management (CRM) – An approach to meeting customer's needs that relies on a suite of technology systems that provides customer assistance, customer contact tracking, correspondence tracking, and case management.
- Imaging/Optical Character Recognition (OCR)/Intelligent Character Recognition (ICR) – Automated data and image capture of returns and correspondence.
- Remittance Processing – A system that provides for preparation of checks for bank deposit and data extraction for input into the enterprise system.
- Compliance Repository and Auditor's Toolkit – A data warehouse of taxpayer information and an application that allows for comparison of data to select audit candidates and manage the resulting audit activities.
- Lotus Notes – Administrative applications that support applications such as an online Agency Operating Procedures application, Collaborative Work Environment application, Configuration Change Management Tracking application, a Procurement Tracking application, and a Legislative Tracking application.
- ADVANTAGE Revenue (AR) – Back-office taxpayer accounting system that maintains taxpayer demographic and

account information.

- VATAX Online – A full suite of online services for businesses and individual income tax customers.
- The iReg for Business application allows new businesses to register online and allows existing businesses to add business locations and consolidate their filings.
- The iFile for Business application allows taxpayers to file sales, use, and withholding taxes over the Internet.
- The iFile for Individual application allows individual taxpayers to file over the Internet, to check their refund, and to change their name and address.

Amnesty Program

In 2003, Governor Mark Warner proposed and the Virginia General Assembly enacted Virginia Code § 58.1-1840.1 establishing the Virginia Tax Amnesty Program for the purpose of improving voluntary taxpayer compliance and increasing and accelerating collections of certain taxes owed to the Commonwealth. Amnesty was expected to produce \$48.5 million in additional tax revenue. The statute took a "carrot and stick" approach to Amnesty. During a period of 60 to 75 days established by the Tax Commissioner, all eligible taxpayers could satisfy tax debts by paying the entire tax and half of the accrued interest. Eligible taxpayers could be forgiven payment on the "other half" of the accrued interest and all penalties assessed to date. At the same time, however, an additional penalty of 20% on the original principal would be imposed upon any Amnesty-eligible debts not satisfied during the limited Amnesty window.

The campaign focused on two themes: user-friendly filing and payment options for taxpayers, and extensive taxpayer education and public awareness of Amnesty's benefits.

User-friendly filing and payment options included the following:

- No Amnesty application form required from taxpayers
- "Bill-by-Bill" participation by taxpayers in Amnesty
- Interest rates on omitted taxes simplified to a single annual rate of nine percent
- Interest accruals frozen on day 1 of the Amnesty window to keep bill amounts from being "moving targets"
- Payment Plans available to make 6 monthly installments
- A new Amnesty web site featuring "QuickPay"
- Web access to an interest calculator to remove the guesswork from interest calculations on omitted taxes
- Web access to all Amnesty Rules, Guidelines, Forms, and FAQ's
- Seven local offices available for Amnesty walk-in service in last two weeks of the campaign

By any measure, the Amnesty campaign exceeded expectations. The final tally on Amnesty revenue was \$94.9 million above baseline collections, well above the target of \$48.5 million. Among the most outstanding results achieved by the project was the processing of a huge flood of tax returns and payments mailed on the final day of Amnesty in just two weeks. This rapid clean-up of Amnesty cases allowed audit and collections programs to resume normal activity two weeks after the campaign closed. Timely commencement of normal compliance programs was critical in avoiding a counterproductive post-Amnesty dip in compliance revenue. The successful conduct of the campaign together with the quick resumption of normal operations are a point of pride with TAX making the Amnesty program a truly satisfying accomplishment.

Tax Reform Act of 2004

In November 2003, Governor Warner introduced his Tax Reform Plan which was aimed doing three things, 1) make the tax code fairer, 2) meet Virginia's commitment to education and other core services, and 3) preserve the state's fiscal integrity and help secure its triple-A bond rating. Of the 16 specific components proposed by Governor Warner, 11 were adopted into law:

- Raise the income tax filing threshold (minimum income at which you must file a return)
- Raise the personal exemption
- Reduce the sales tax on food
- Eliminate the marriage penalty
- Provide tax relief to military and National Guard families
- Provide tax incentives for small businesses to invest in Virginia
- Reform the age deduction (based on income)
- Increase the state sales tax
- Close some corporate loopholes (intangible holding companies)
- Require corporations using "pass through entities" to report their shareholders' earnings in Virginia
- Increase the state cigarette tax

Implementation of these components was a new initiative for TAX in FY05 with some of the initial work starting in FY04. The provisions of the Tax Reform Act contain 14 effective dates and modify provisions of 7 different taxes.

• *Summary of Virginia's Ranking*

While TAX knows of no objective rankings of tax or revenue agencies, the following awards indicate TAX is a leader in the nation:

- 2007 Virginia awarded an "A" for tax fairness by the Council on State Taxation(COST)
- 2005 Governor's Technology Award for Public-Private Partnerships
- IRS "Honorable Mention" for over 1 million e-filed returns for the 2005 Filing Season
- 2004 Telly Awards: Three awards - one silver statuette, the Tellys' highest distinction, and two bronze statuettes
- 2004 Direct Marketing Association: a silver award in the Not-for-profit/multimedia/Integrated Media category
- 2004 DC Chapter of International Association of Business Communicators: two Silver Inkwell Awards as follows: Communication plans and campaigns in the advertising or marketing category, and Communications plans and campaigns: in the fund-raising category
- 2004 First place Gold Quill Award in both Marketing Communications and the Economic, Social & Environmental Development categories; Merit award for Multi-Audience Communications, sponsored by the International Association of Business Communicators (IABC) for the Virginia Tax Amnesty public awareness media campaign
- 2004 Honorable mention winner for Excellence in E-payments, sponsored by the National Electronic Commerce Coordinating Council
- 2003 4th place award from the Center for Digital Government in the category of Best Government Applications for State General Government
- 2003 Cost Effectiveness Through Government Award, sponsored by the National Electronic Commerce Coordinating Council
- 2002 Governor's Technology Award for Public-Private Partnerships
- The Council of State Governments Eagle e-Government Award of Excellence, recognizing the VATAX Online as one of the best Executive Branch Web sites in all of state government across the nation
- Semifinalist - Innovations in Government Award from the John F. Kennedy School of Government at Harvard University
- National Association of State Chief Information Officers (NASCIO) 2001 Recognition Award for Outstanding Achievement in the Field of Information Technology
- 2001 Federation of Tax Administrators (FTA) award for Management and Organizational Initiative in State Tax Administration

- *Summary of Customer Trends and Coverage*

TAX sees its customers having basic computer knowledge and using the Internet to a greater extent. TAX believes there is a large and increasing number of taxpayers who can and will use the Internet to serve themselves 24 hours a day if the information is available to them. The customer base is increasing in age and ethnic diversity.

Future Direction, Expectations, and Priorities

- *Summary of Future Direction and Expectations*

TAX will continue its commitment to serving the public with customer focused services that are more efficient and productive. TAX's focus will be to exploit the technology tools that have been implemented through the Partnership Project to keep offering more innovations in customer service products and match employee skill sets with customer needs.

- *Summary of Potential Impediments to Achievement*

TAX faces many challenges. Funding is always important and maintaining funding levels are critical to providing current service processes. It becomes difficult to retain funding levels with unfunded mandates and initiatives. Staffing is also a critical issue as TAX's workforce is aging with many staff able to retire in the near future. Then there are the additional challenges of leveraging a full time workforce with a large temporary workforce and the limited availability of skilled candidates for hire. Also the makeup of the staff is changing as TAX moves from a paper-based organization to a technology-driven organization. Another obstacle for TAX is its multiple locations. TAX is located in four buildings in the Richmond area which leads to lost time because of travel, communications, etc. In August 2007 TAX received three unsolicited PPEA proposals to build a building on TAX and DMV property at 2220 West Broad Street in Richmond. TAX is seriously considering these proposals and has sought capital planning funding for a new building in the 2008-2010 Biennium.

Service Area List

Service Number	Title
161 715 07	Tax Policy Research and Analysis
161 715 08	Appeals and Rulings
161 715 09	Revenue Forecasting
161 732 14	Tax Return Processing
161 732 17	Customer Services
161 732 18	Compliance Audit
161 732 19	Compliance Collections
161 734 01	Training for Local Assessors
161 734 10	Valuation and Assessment Assistance for Localities
161 799 00	Administrative and Support Services
161 799 02	Information Technology Services

Agency Background Information

Statutory Authority

Title 58.1
 Chapter 1 Taxes Administered by the Department of Taxation, Chapter 2 Department of Taxation, Chapter 3 Income Tax, Chapter 6 Retail Sales and Use Tax, Chapter 6.1 Virginia Tire Recycling Fee, Chapter 6.2 Communications Sales and Use Tax, Chapter 8 State Recordation Tax, Chapter 9 Virginia Estate Tax, Chapter 10 Cigarette Tax, Chapter 14 Virginia Watercraft Sales and Use Tax, Chapter 15 Virginia Aircraft Sales and Use Tax, Chapter 16 Forest Products Tax, Chapter 17 Miscellaneous Taxes, Chapter 18 Enforcement Collection, Refund, Remedies and Review of State Taxes, Chapter 26 Taxation of Public Service Corporations, Chapter 32 Real Property Tax, Chapter 35 Tangible Personal Property, Machinery and Tools and Merchants' Capital, Chapter 36 Tax Exempt Property, Chapter 37 License Taxes, and Chapter 39 Enforcement, Collection, Refunds, Remedies and Review of Local Taxes.

§3.1-336 Virginia NPM Statutes

Customers

Customer Group	Customers served annually	Potential customers annually
Agency Management and Employees	1,200	1,200
Attorney General's Office	1	1
Cigarette Stamping Agents	150	200
Federal/State/Local Governments	216	216
General Assembly	140	140
Governor's Office	1	1
IRS/Professional Associations	31	31
Local Assessing Officials	150	150
Localities	134	134
Motor Fuel Districts	3	3
State Agencies	124	124
Taxpayers of the Commonwealth	3,500,000	4,000,000
Tobacco Wholesalers	154	154

Anticipated Changes To Agency Customer Base

TAX anticipates our customer base to grow. The average annual growth in new taxpayers is 2%.

Partners

Partner	Description
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[None entered]

Products and Services

- *Description of the Agency's Products and/or Services:*

TAX POLICY RESEARCH AND ANALYSIS

- Write reports to the Governor and General Assembly
- Drafting of other Documents (Tax Bulletins, Regulations, Rulings, Annual Report, Annual Survey of Local Tax Rates)
- Generate fiscal Impact Statement on pending legislation
- Annual Reporting on the fiscal, economic, and policy impacts of all miscellaneous and nonprofit retail sales and use tax exemptions

APPEALS AND RULINGS

- Rulings on factual scenarios based on established policy.
- Technical assistance to taxpayers, TAX employees, and other agencies.
- Settlements of disputed liabilities through offers in compromise.
- Advisory opinions on factual scenarios for BPOL and local business taxes.
- Responses to requests for change in corporation filing status.
- Determination letters for the Tax Commissioner's signature for 1821 appeals.

TAX RETURN PROCESSING

- Tax Return Processing
- Payment Processing
- Refund Issuance
- Data Capture
- Scanning (returns, payments, and correspondence)
- Electronic Filing
- Error Resolution
- Reissue/process returned refund checks
- Forms Design and Development
- Business Registration
- Return Mail/Skip Tracking
- Forms Request
- Mail pickup and delivery
- Printing and mailing correspondence
- Forms Distribution
- Central Files
- Inventory Control

CUSTOMER SERVICES

- Answer incoming correspondence, both paper and fax, from taxpayers
- Answer incoming e-mail and secure messages from taxpayers
- Assist walk-in taxpayers at public offices
- Issue Refunds
- Issue assessments
- Make online adjustments
- Issue Direct Deposit corrections
- Grant Abatements
- Monitor Tax Credit Usage
- Answer incoming telephone calls from taxpayers

COMPLIANCE AUDIT

- auditing to ensure compliance
- assessing of outstanding taxes
- refunding overages

COMPLIANCE COLLECTIONS

·Compliance Collections provides a service by collecting delinquent taxes. This provides revenue for general and special fund appropriation needs and helps to encourage tax compliance by all taxpayers.

GENERAL ADMINISTRATION

- Prepares the financial statements for the agency
- Processes all invoices for payments
- Prepares the agency budget
- Distributes funding to external agencies: localities, motor fuel districts, contribution agencies, setoff agencies
- Performs the accounting for all transactions that take place in a taxpayers account, to include all revenue received, all refunds issued, all bills created, etc.,
- Conducts recruitment and hiring
- Provides compensation management
- Manage benefits administration
- Administer rewards and recognition programs
- Administer performance management
- Offer employee dispute resolution
- Provide workforce development and training
- Provide succession planning
- Performs scheduled audits of activities and special projects throughout TAX
- Investigates allegations made through the State Employee Fraud, Waste, and Abuse Hotline
- Serves as TAX's liaison for audits and reviews conducted by the Auditor of Public Accounts
- Reports identifying opportunities to improve agency operational efficiency, effectiveness, controls, risk management, and specific areas where revenues can be increased and costs reduced
- Reports authenticating or negating allegations of employee fraud, waste, and abuse and short and long-term recommendations to address instances with merit
- Conducts timely and non-disruptive annual independent audits
- Produces agency newsletter VISION, brochures, pamphlets, fliers, posters, fact sheets, tabletop presentations, etc.,
- Creates marketing campaigns, drafts media releases and media advisories
- Conducts media calls and press conferences
- Develops, bids and administers purchases for long-term contracts and spot purchases
- Administers eVA for the agency: initiates account setup, trains new users, reviews user purchases for compliance with purchasing policies and procedures, and provides general eVA and procurement assistance
- Administers the agency's Small Purchase Charge Card Program, approximately 80 cardholders
- Administers fleet activities for the agency: maintenance, repairs, recalls, inspections, licenses, decals, fuel cards, vehicle replacement, accident and incident reporting, annual reports to State Police, updating data on Vehicle Accounting System (VACCS), insurance issues, monitors mileage, and trains vehicle users in State Fleet policies and procedures
- Handles requests for state pool and permanently assigned vehicles

- Maintains agency owned facility, administers various facilities contracts
- Provide maintenance services to staff at all agency locations
- Provide relocation services, space design and construction management at all locations
- Administer all agency leases
- Provide support services for all IT systems related to wiring and cooling needs
- Administers and updates emergency and safety procedures, throughout the agency
- Provide support services to all employees, including furniture design, repair and relocation
- Provides and maintains building services
- Provides, monitors and maintains security services to all employees
- Administer TAX's physical and access security
- Monitor daily operations and guard performance

INFORMATION TECHNOLOGIES

- Manage technology support delivery – Plan and manage delivery of the technology systems at TAX that enable business operations, including the budget for technology services.
- Develop and maintain application software - develop, test, maintain and operate TAX's technology systems, including over twenty complex IT systems that comprise an Integrated Revenue Management System. Includes annual legislative modifications, as well as TAX's self-service eGovernment channels.
- Manage the technology environment configuration – manage, plan, monitor, and oversee TAX's technology infrastructure, and approve all changes to the technology infrastructure, including a Change Control group that ensures effective migration (and protection) of all production systems, upgrades, maintenance, enhancements, releases, etc. Ensure all components of the technology infrastructure (hardware, software, and environment configurations) are maintained and changes to production systems are properly controlled and tested.
- VITA Coordination and Support - Participate with VITA/NG on agency transformation, Commonwealth Technology direction, VITA procurement requirements, and general support for VITA.
- Administer and enable IT Security – Administer daily security activities such as adding, removing, and modifying users and their associated access (over 2,500 system users), reviewing audit trails, access attempts, virus threats, and potential browsing incidents, ensuring the security of TAX's data, systems and technology infrastructure by providing expert guidance to ensure security is "designed in" and exploiting best practices use of technology tools to better detect intrusion, prevent unauthorized access, and enhance security administration.
- Manage IT Disaster Recovery - Manage a comprehensive IT Recovery plan, encompassing all aspects of IT connectivity, applications and services. Ensure the full recovery of any unplanned computing services interruptions.
- Ensure Quality Control - Ensure changes to production systems are monitored and controlled to reduce risks to the agency and minimize errors. Ensure software changes are successfully migrated from test to production. Manage software version control to ensure a clear separation between test systems and production systems. Approximately 1,200 changes are implemented annually.
- Support TAX's Technology Infrastructure – Management of TAX's databases and support for UNIX.

TAX VALUE ASSISTANCE TO LOCALITIES

Advisory aid to all local assessing officials, education of boards of equalization and boards of assessors, training provided through the Basic Assessors' School and Basic Tangible Personal Property School, staff provided for the State Land Evaluation Advisory Council (SLEAC), refunds and opinions regarding the state recordation tax, rolling stock assessments of railroads and freight carline companies, statement of assessed values for local tax purposes of railroad and interstate pipeline transmission companies, original and revised property tax maps, review of appraisals submitted in support of the state land preservation credits, the statewide assessment/sales ratio study, and the coordination of the Advanced Assessors' School including the hiring of instructors, finding suitable classroom space, arranging for housing and meals, obtaining course materials, handling registration, billing and payments

REVENUE FORECASTING

- Products: Economic Outlook notebook for the Governor's Advisory Board of Economists Economic and Revenue Outlook notebook for the Governor's Advisory Council on Revenue Estimates
- Services: Prepare speeches and presentations for the Governor's office Prepare monthly revenue report for the Governor's office

● *Factors Impacting Agency Products and/or Services:*

TAX POLICY RESEARCH AND ANALYSIS:

The quantity and complexity of tax legislation, and the size and complexity of business transactions for which due diligence requires advance definitive tax guidance.

APPEALS AND RULINGS:

Number and quality of assessments issued, the Federal and state law changes, regulation and policy changes, court decisions, and changes in the manner in which companies conduct business.

TAX RETURN PROCESSING:

Seasonal factors impact services delivered by this service area. Since over 90% of individual income tax returns are processed between early February and early June, this area requires an annual recruitment process to ensure staff is in place to deal with peak return and payment volumes. Economic factors impact the quantity and quality of available staff. Leveraging technology to process tax returns and payments provides opportunities for efficiencies and service improvements.

CUSTOMER SERVICE:

Changing population numbers and demographic levels

Customer service needs increase with tax activity, whether associated with compliance activities, refund/return filing, or error resolution activity.

Changes in tax laws

COMPLIANCE AUDIT:

This service area heavily relies on TAX's computer system. Many of the staff are home-based. The staff is also expected to travel rather frequently.

COMPLIANCE COLLECTIONS:

Efficient performance of this service relies on maintaining a well trained staff and the operation of technical support services that can quickly and reliably bring accurate information to the staff.

GENERAL ADMINISTRATION:

The 24 hour deposit rule requiring all tax payments be deposited into the bank and CARS (Commonwealth Accounting and Reporting System) within 24 hours, restrictive State purchasing laws, policies and procedures, availability of goods and services, and enactment of VITA changes.

INFORMATION TECHNOLOGY:

Technology systems, including application software and hardware, must be upgraded and refreshed on an ongoing basis to ensure they operate correctly and are available for use by end users. Further, TAX must refresh hardware and upgrade software versions in a timely manner to eliminate the risk of the Commonwealth's revenue systems becoming obsolete again in the future, jeopardizing all of TAX's business operations. Most tax-related legislative changes necessitate changes to TAX's automated systems. The variety of filing and service "channels" provided by TAX often means the change must be made in several systems, each supporting a different channel. The customer demand for and use of electronic, self-help services continues to increase, requiring continued capacity expansions within existing services. Agency management and users continue to demand automated solutions to replace historically manual tasks. This results in increased operating efficiency and improved customer services, but requires an ongoing commitment to information technology services.

VALUATION AND ASSESSMENT ASSISTANCE FOR LOCALITIES:
 Limited budget sources and staffing.

• *Anticipated Changes in Products or Services:*

TAX POLICY RESEARCH AND ANALYSIS:

The types of documents are expected to continue without substantial change. The volume of documents depends on the quantity and complexity of tax legislation and business transactions. Taxpayers and tax practitioners are expected to request more guidance as the complexity and monetary risks of business transactions increase.

TAX RETURN PROCESSING:

TAX anticipates a greater reliance on electronic filing and technological advances to gain efficiencies and serve our increasing volume of customers.

GENERAL ADMINISTRATION:

There continues to be an ongoing need to train and cross-train agency employees resulting from the new taxpayer accounting system implemented in August 2005, GASB 34 impact on Financial Statements, and an increased participation of agency employees in eVA procurement. All telephone, data and electrical wiring for IT systems have transitioned to be the responsibility of TAX. Additional security hardware and software will be required to maintain the level of security needed for the multiple locations.

INFORMATION TECHNOLOGY:

Most tax-related legislative changes necessitate changes to TAX's automated systems. The variety of filing and service "channels" provided by TAX often means the change must be made in several systems, each supporting a different channel. The customer demand for and use of electronic, self-help services continues to increase, requiring the development of new electronic channels to replace traditional paper-based services as well as those services which currently involve direct interaction with agency staff. TAX plans to continue to exploit the eGovernment capabilities implemented in recent years to allow more citizens to interact with us electronically at a time that is convenient for them. Over the past few years, TAX implemented a broad range of technology-based solutions that have allowed dramatic improvements in operating efficiency as well as allowed TAX to improve service to citizens. Now that the tools are in place, TAX plans to exploit the capabilities inherent in those tools to ensure continuous improvement in operating efficiency and customer service.

Finance

• *Financial Overview:*

The agency is the largest depositor of general fund revenue and is predominantly funded from the general fund. It uses nongeneral funds for outside collection agencies funding (percentage of collections), court debt collection funding, communication sales and use tax funding, railroad and pipeline assessment funding, and local assessor training classes.

• *Financial Breakdown:*

	FY 2009		FY 2010	
	General Fund	Nongeneral Fund	General Fund	Nongeneral Fund
Base Budget	\$87,758,062	\$9,519,328	\$88,218,562	\$9,519,328
Change To Base	\$0	\$0	\$0	\$0
Agency Total	\$87,758,062	\$9,519,328	\$88,218,562	\$9,519,328

This financial summary is computed from information entered in the service area plans.

Human Resources

• *Overview*

TAX is headquartered in Richmond, and relies on a balance of classified, wage and contract employees to deliver compliance, processing, customer contact, administrative and support services to its customers. Approximately 200 field personnel are home-based outside of the Richmond area, including 26 non-resident auditors in other states. Generally, the agency has been able to meet its staffing needs satisfactorily; however, to meet our staffing demands, the agency has begun exploring and utilizing alternatives to traditional full-time staffing, including part-time classified employment, teleworking, and using technology to shift part-time work to areas of the state where unemployment rates may be higher.

• *Human Resource Levels*

Effective Date	6/1/2007	
Total Authorized Position level	946.5	
Vacant Positions	-88.5	
Current Employment Level	858.0	
Non-Classified (Filled)	1	<i>breakout of Current Employment Level</i>
Full-Time Classified (Filled)	856	
Part-Time Classified (Filled)	1	
Faculty (Filled)	0	
Wage	295	
Contract Employees	88	
Total Human Resource Level	1,241.0	<i>= Current Employment Level + Wage and Contract Employees</i>

• *Factors Impacting HR*

The median age of the classified workforce continues to increase. At present, it is 49, with approximately 12% of our employees currently over the age of 60. 93 employees (approximately 10.8% of the workforce) are currently retirement eligible (unreduced benefits) and approximately 15% are eligible for full retirement in the next 5 years.

With an aging workforce, the agency anticipates an increase in work-family issues as well as use of short-term and long-term disability.

Many of our home-based field personnel are eligible for retirement in the near future, with most of our field audit supervisors eligible to retire now or within the next 2-3 years. Of particular concern is the ability to attract and retain Northern Virginia based Audit staff.

Implementation of new technology at TAX requires more highly skilled technical employees to maintain the systems; the

agency will need to be creative in using compensation and alternative reward and recognition strategies to attract and retain highly skilled technical staff.

- **Anticipated HR Changes**

TAX may need to replace 15% of its workforce over the next five years because of retirements; this is on top of normal turnover of approximately 4%. Many of the key positions that will become vacant in the next one to three years are positions that require extensive TAX knowledge. It is apparent to the agency that we will need to: 1) ensure effective knowledge transfer and 2) properly develop our future leaders.

Human resources levels should remain fairly constant over the next several years to deliver the expected high service levels to our customers. This may require creative compensation strategies and more flexible work arrangements (such as increased teleworking, part-time or alternative work schedules) if the job market continues to be strong and workers with the requisite skill sets are in high demand.

TAX may need to increase its reliance on wage or contract workers to fill in the staffing gaps due to temporary vacancies caused by disabilities and other Family Medical Leave Act (FMLA) issues.

Information Technology

- **Current Operational IT Investments:**

In August 2005, TAX implemented the final component of its Integrated Revenue Management System (IRMS), which significantly improved the agency's operational efficiency and provided a broad range of new and improved services for Taxpayers and for Agency Personnel. Initially the Agency focused on ensuring IRMS availability and that the applications functioned according to design. In addition, TAX focused on knowledge transfer from the Prime Vendor – CGI, to Agency application development staff, to improve TAX's ability to independently maintain IRMS. Recently TAX has shifted its focus to upgrades, maintenance, mandated enhancements, and desired enhancement to IRMS, while also coordinating with VITA for the transformation. Currently:

- TAX continues to improve its independence, and has significantly reduced its dependence on CGI for development support. In addition, Agency personnel have become comfortable with IRMS and a comprehensive, technology-based IRMS training program has been developed for new employees.
- TAX is focused on upgrading computer-off-the-shelf-software (COTS) products to update various COTS products whose vendor support has expired, or will expire in the near future. This process is required to ensure continuity of operations for TAX's mission critical applications and to ensure the agency takes advantage of increase functionality with new versions or releases.
- TAX recently completed a major restructuring of its Web-based Applications – iFile, iReg, Quickpay, NPO, and Web-pay. This deployment has already reduced the Agency's support requirements, increased taxpayer usage, and decreased development time for maintenance and enhancements.
- TAX continues to maintain the various aspects of IRMS and make requested enhancements to its base functionality. In addition, each year brings legislated updates to tax regulations, which must be incorporated into our IRMS applications to ensure proper processing of tax returns and revenues.
- VITA Transformation is also a focus of the agency. TAX is scheduled for final transformation in fiscal year 2009, but numerous activities are already underway or completed, including: Agency personnel transition, realignment of rolls and responsibilities, data center relocation, ITIL, Project Management oversight, and other VITA requirements and recommendations.

- **Factors Impacting the Current IT:**

The following factors impact Taxation's Information Technology.

- With the technology introduced at TAX through the implementation of IRMS, the agency has undergone a tremendous amount of change. TAX continues to assimilate the technology and increase its ability to maintain the systems, as well as make required, and desired, enhancements. The scope of IRMS is large, and the technology complex and tightly integrated. These factors while not limiting TAX's ability to maintain or enhance the applications, do increase the time and resources needed to affect the changes.
- The transformation to VITA and the associated changes in personnel, platform requirements, architecture requirements, project management requirement, and various transformation activities, place a demand on agency IT personnel to ensure we are adhering to VITA standards, and aligning with VITA requirements.
- TAX's Information Technology organization continues to experience an increase in demand for new functionality from internal and external stakeholders. These requests all will provide enhanced service to taxpayers or IRMS customers or increase IRMS usability. The Department's ability to meet these requests is limited by resource and time constraints.
- Annual changes to IRMS are required to support changes to tax regulations and laws made by the General Assembly. These changes are time-sensitive and require significant internal agency, cross agency and secretariat, and local government coordination.
- With the explosion of Internet based applications, TAX continues to experience increased demand for more online functionality to better serve businesses, tax preparers, and individual taxpayers. To assist meeting these needs, TAX has recently revamped its internet based business applications and its internet platform to allow a simpler development process, thereby increasing our ability to add functionality.
- The Federal Government – specifically the IRS, continues to enhance their electronic capabilities, and as a result, Taxation must align with new federal requirement for filing, security and access.
- Staffing continues to be a difficulty as the demand for highly skilled technical positions remains high. TAX is unable to fill several key positions after months of advertising.

- **Proposed IT Solutions:**

While TAX has recently implemented numerous changes to its technology environment and its technical capabilities, technology changes rapidly and the Agency must position itself to stay current with these changes in order to meet the increasing demands of constituents and Commonwealth personnel. With this increase in demand in the forethought, the following IT changes are anticipated:

- Agency commercial off-the-shelf products (whether customized or used out-of-the-box), will be upgraded to the most current stable versions on a continual and rotating basis. This will ensure that COTS products maintain vendor support, and that our systems avail themselves on all new, and stable, functionality offered.
- Taxation currently utilizes Lotus Notes for its emailing, calendaring, and internal administrative applications. The VITA Transformation has selected Microsoft Exchange as the Commonwealth enterprise emailing and calendaring application. To meet this mandate, TAX will transition from Lotus Notes to Exchange for email and calendaring, and will utilize its recently implemented SharePoint – Intranet, for its internal administrative applications. This transformation will require an investment in Lotus Notes to Exchange conversion tools and resources, as well as the development of numerous SharePoint applications.
- Currently TAX is located in four separate facilities within the Richmond Metropolitan Area. Co-location of agency personnel into a single facility is currently being actively pursued. The Office of Technology must begin planning for the relocation of all TAX based technology equipment. This will include movement of all workstations, servers, imaging and remittance processing equipment, desktop and enterprise-wide printers, as well as telecommunication requirements and cabling. These planning activities are required regardless of whether TAX moves to an existing structure, or a new facility is constructed, to ensure a smooth relocation, and the necessary physical infrastructure to support our technology.
- Taxation wishes to transition to a Voice Over Internet Protocol (VOIP) telecommunications infrastructure. This shift

would decrease operating expenses, and provide significant improvement in functionality for our customer contact center as well as a unique opportunity for expanded telework. This transition is also in-keeping with VITA long-term Commonwealth-wide technology infrastructure.

- Currently the Agency's audit case management system is integrated with its customer relationship management product - Siebel. This integration results in delays between auditors and the enterprise application Advantage Revenue. TAX wishes to move this function to be integrated with Advantage Revenue in order to streamline the audit process and offer improved functionality for auditors. In addition, removal of the function from Siebel, will result in improved performance for our Customer Contact Center, and greatly simplify the upgrade process for Siebel and general Siebel support.

- TAX continually strives to decrease its operating costs, and this is frequently affected through increased information technology. Currently the Agency is concentrating on reducing expenses associated with processing tax returns. Costs for return processing are significantly reduced when tax returns are received electronically instead of on paper. To help transition more taxpayers to electronic filing, several IT initiatives need to be undertaken including: supply an application for electronic filing of Corporate, Fiduciary, and Pass Thru Entity taxpayers; modify the manual data entry process to a key-from-image application; eliminate filing requirements for certain payment vouchers; modify our check deposit process from courier to electronic transmission; and retire our NCR remittance processing equipment by integrating remittance processing with image processing.

- TAX continues to improve its ability to maintain IRMS independent of the prime vendor – CGI. Over the past 2 years, the level of CGI support has steadily and significantly declined. TAX has virtually reached the point, where it will no longer require IRMS knowledge for staff augmentation, however, the current Agency resources are insufficient to meet all the requested (and in some cases required), enhancements that are received following a major implementation. To better meet the needs of IRMS users, TAX will still require development staff augmentation to ensure the proper implementation of legislated mandates, approved requested enhancements, normal maintenance, and regular upgrades.

- **Current IT Services:**

Estimated Ongoing Operations and Maintenance Costs for Existing IT Investments

	Cost - Year 1		Cost - Year 2	
	General Fund	Non-general Fund	General Fund	Non-general Fund
Projected Service Fees	\$15,280,953	\$104,834	\$15,510,168	\$106,407
Changes (+/-) to VITA Infrastructure	\$0	\$0	\$0	\$0
Estimated VITA Infrastructure	\$15,280,953	\$104,834	\$15,510,168	\$106,407
Specialized Infrastructure	\$4,319,391	\$0	\$4,319,391	\$0
Agency IT Staff	\$0	\$0	\$0	\$0
Non-agency IT Staff	\$0	\$0	\$0	\$0
Other Application Costs	\$5,477,532	\$0	\$5,477,532	\$0
Agency IT Current Services	\$25,077,876	\$104,834	\$25,307,091	\$106,407

Comments:

[Nothing entered]

- **Proposed IT Investments**

Estimated Costs for Projects and New IT Investments

	Cost - Year 1		Cost - Year 2	
	General Fund	Non-general Fund	General Fund	Non-general Fund
Major IT Projects	\$0	\$1,199,078	\$2,500,000	\$617,707
Non-major IT Projects	\$560,000	\$0	\$190,000	\$0
Agency-level IT Projects	\$0	\$0	\$0	\$0
Major Stand Alone IT Procurements	\$1,500,000	\$0	\$1,500,000	\$0
Non-major Stand Alone IT Procurements	\$673,860	\$0	\$201,062	\$0
Total Proposed IT Investments	\$2,733,860	\$1,199,078	\$4,391,062	\$617,707

- **Projected Total IT Budget**

	Cost - Year 1		Cost - Year 2	
	General Fund	Non-general Fund	General Fund	Non-general Fund
Current IT Services	\$25,077,876	\$104,834	\$25,307,091	\$106,407
Proposed IT Investments	\$2,733,860	\$1,199,078	\$4,391,062	\$617,707
Total	\$27,811,736	\$1,303,912	\$29,698,153	\$724,114

[Appendix A](#) - Agency's information technology investment detail maintained in VITA's ProSight system.

Capital

- **Current State of Capital Investments:**

The Department of Taxation is currently in four different locations in the Richmond area. This was necessitated by a falling roof issue at the 2220 West Broad Street headquarters building in the fall of 1999. The agency still occupies three floors of this former headquarters building (the 1966 addition) that is under a separate roof. The maintenance

reserve spending in the budget is to preserve this building.

In August 2007 TAX received three unsolicited PPEA proposals to build a building on TAX and DMV property at 2220 West Broad Street in Richmond. TAX is seriously considering these proposals and has sought capital planning funding for a new building in the 2008-2010 Biennium.

- **Factors Impacting Capital Investments:**
Decision on whether a new building will be constructed at 2220 West Broad Street.
- **Capital Investments Alignment:**
[Nothing entered]

Agency Goals

Goal 1

Develop, attract, and retain a capable, motivated, and diverse workforce

Goal Summary and Alignment

Improving our ability to develop and retain employees will increase employee satisfaction, increase knowledge and skills, and enhance communication. This goal alignment will enable TAX to provide excellent service to its customers.

Goal Alignment to Statewide Goals

- Be recognized as the best-managed state in the nation.

Goal 2

Maximize operational efficiency and effectiveness

Goal Summary and Alignment

Improving productivity through innovation and increased technological capabilities to ensure collaboration among business units. These technological advances will ensure the administration of the tax laws in an efficient and consistent manner.

Goal Alignment to Statewide Goals

- Be recognized as the best-managed state in the nation.

Goal 3

Ensure Customer Satisfaction

Goal Summary and Alignment

Foster positive customer interaction by providing timely responses to customer inquiries whether offered via letter, telephone, or email. Timely and consistently informing citizens and businesses of their tax obligations and enforcing compliance where necessary ensures the achievement of the TAX mission.

Goal Alignment to Statewide Goals

- Be recognized as the best-managed state in the nation.

Goal 4

Achieve a culture based on TAX's core values: integrity, commitment to service, continuous improvement, trust and respect, teamwork, and personal responsibility.

Goal Summary and Alignment

Encouraging a culture based on positive values enables TAX to create and maintain a positive organizational climate and improve the quality of job performance.

Goal Alignment to Statewide Goals

- Be recognized as the best-managed state in the nation.

Goal 5

We will strengthen the culture of preparedness across state agencies, their employees and customers.

Goal Summary and Alignment

This goal ensures compliance with federal and state regulations, policies and procedures for Commonwealth preparedness, as well as guidelines promulgated by the Assistant to the Governor for Commonwealth Preparedness, in collaboration with the Governor's Cabinet, the Commonwealth Preparedness Working Group, the Department of Planning and Budget and the Council on Virginia's Future. The goal supports achievement of the Commonwealth's statewide goal of protecting the public's safety and security, ensuring a fair and effective system of justice and providing a prepared response to emergencies and disasters of all kinds.

Goal Alignment to Statewide Goals

- Protect the public's safety and security, ensuring a fair and effective system of justice and providing a prepared response to emergencies and disasters of all kinds.

Goal Objectives

- We will be prepared to act in the interest of citizens of the Commonwealth and its infrastructure during emergency situations by actively planning and training both as an agency and as individuals.

Objective Strategies

- The agency Emergency Coordination Officer will stay in continuous communication with the Office of Commonwealth Preparedness and the Virginia Department of Emergency Management.

Link to State Strategy

- nothing linked

Objective Measures

o Agency Continuity of Operations Plan (COOP) Assessment Score

Measure Class: Measure Type: Measure Frequency: Preferred Trend:

Frequency Comment: Percent of total points earned out of the maximum 158.

Measure Baseline Value: Date:

Measure Baseline Description: 2007 COOP Assessment Results (88% out of 100)

Measure Target Value: Date:

Measure Target Description: Minimum of 75% or, if at 75%, increase the average by 5% each year

Data Source and Calculation: The COOP Assessment Review is a 24 component assessment tool that helps measure the viability of a COOP Plan.

Service Area Strategic Plan

Department of Taxation (161)

3/13/2014 10:10 am

Biennium: 2008-10

Service Area 1 of 11

Tax Policy Research and Analysis (161 715 07)

Description

- This area provides research, revenue estimation and analysis of legislation and state and local tax topics from which a report is required by law, executive or legislative request.
- This area develops and implements tax policy for benefit of TAX customers, employees and stakeholders.
- This area implements tax legislation by promulgating regulations and issuing rulings, tax bulletins and other public documents addressing issues of first impression.
- This area also monitors developments in Congress and other states that may affect Virginia tax revenue.
- The analysis included in its work product provides explanations, revenue data, and other information to ensure that the reader understands the tax and budget issues involved in the subject of each document and is provided with the data and alternatives necessary to make an informed decision.

Background Information

Mission Alignment and Authority

- *Describe how this service supports the agency mission*
 - Providing legislators, lobbyists, and others involved in the legislative process with the information necessary to make an informed decision increases the likelihood that the tax laws of the Commonwealth will be consistent with other tax laws, consistent with recognized principles of sound tax policy, financially sound and capable of efficient and equitable administration.
 - The interpretations of enacted legislation enhance taxpayer compliance and the efficient and equitable administration of the Commonwealth's tax laws.
- *Describe the Statutory Authority of this Service*
 - Executive Order No. 10 (1978) and Administration and Finance Directive No. 8 (1978) direct the Secretary of Administration and Finance to issue procedures to analyze legislation beginning with the 1979 Session of the General Assembly.
 - § 58.1-202 requires the Tax Commissioner to supervise the administration of the tax laws of the Commonwealth and recommend to the Governor and the General Assembly measures to promote uniform assessments, just rates and harmony and cooperation among all officials connected with the revenue system of the Commonwealth.
 - § 58.1-203 authorizes the Tax Commissioner to issue regulations and rulings.
 - § 58.1-204 directs the Tax Commissioner to publish regulations, rulings and other interpretations of Virginia law of interest to taxpayers and practitioners.
 - § 58.1-210 requires TAX to annually publish local tax rates.
 - § 58.1-3701 requires TAX to promulgate guidelines for the use of local governments in administering the Business, Professional and Occupational License (BPOL) tax.

Customers

Agency Customer Group	Customer	Customers served annually	Potential annual customers
Agency Management and Employees	Agency Management and Employees	1,000	1,100
Federal/State/Local Governments	Federal/State/Local Governments	216	216
General Assembly	General Assembly	140	140
Governor's Office	Governor's Office	1	1
Taxpayers of the Commonwealth	Taxpayers of the Commonwealth	3,500,000	4,000,000

Anticipated Changes To Agency Customer Base

Tax policy documents affect virtually all adult citizens of Virginia and most businesses and nonprofit organizations. Thus, population growth and business expansions will increase the customer base. The interest of citizens, lobbyists, legislators and government officials in TAX's work product varies depending on which legislators have introduced tax-related bills, and the amount of publicity and controversy generated by the legislation.

Partners

Partner Description

[None entered]

Products and Services

- *Factors Impacting the Products and/or Services:*
 - The quantity and complexity of tax legislation, and the size and complexity of business transactions for which due diligence requires advance definitive tax guidance.
- *Anticipated Changes to the Products and/or Services*
 - The types of documents are expected to continue without substantial change. The volume of documents depends on the quantity and complexity of tax legislation and business transactions. Taxpayers and tax practitioners are expected to request more guidance as the complexity and monetary risks of business transactions increase.
- *Listing of Products and/or Services*
 - Write reports to the Governor and General Assembly
 - Drafting of other documents (Tax Bulletins, Regulations, Rulings, Guidance Documents, Annual Report, Annual Survey of Local Tax Rates)
 - Generate fiscal Impact Statement on pending legislation
 - Annual Reporting on the fiscal, economic, and policy impacts of all miscellaneous and nonprofit retail sales and use tax exemptions

Base				
Service Area Total	\$1,397,999	\$0	\$1,397,999	\$0
Base Budget	\$1,397,999	\$0	\$1,397,999	\$0
Change To Base	\$0	\$0	\$0	\$0
Service Area Total	\$1,397,999	\$0	\$1,397,999	\$0
Base Budget	\$1,397,999	\$0	\$1,397,999	\$0
Change To Base	\$0	\$0	\$0	\$0
Service Area Total	\$1,397,999	\$0	\$1,397,999	\$0
Base Budget	\$1,397,999	\$0	\$1,397,999	\$0
Change To Base	\$0	\$0	\$0	\$0
Service Area Total	\$1,397,999	\$0	\$1,397,999	\$0

Human Resources

- *Human Resources Overview*
[Nothing entered]

- *Human Resource Levels*

Effective Date	
Total Authorized Position level	0
Vacant Positions	0
Current Employment Level	0.0
Non-Classified (Filled)	} breakout of Current Employment Level
Full-Time Classified (Filled)	
Part-Time Classified (Filled)	
Faculty (Filled)	
Wage	
Contract Employees	
Total Human Resource Level	0.0 = Current Employment Level + Wage and Contract Employees

- *Factors Impacting HR*
[Nothing entered]
- *Anticipated HR Changes*
[Nothing entered]

Service Area Objectives

- Provide a fiscal impact statement before state and local tax legislation is considered by the Legislative Branch.

Objective Description

Accurate, thorough and timely fiscal impact statements are expected by the General Assembly Finance Committees and provide critical information on the fiscal, administrative and policy impacts of proposed legislation. The fiscal impact statements also ensure that the legislation is drafted accurately.

Alignment to Agency Goals

- Agency Goal: Maximize operational efficiency and effectiveness

Link to State Strategy

- nothing linked

Objective Measures

- Percent of fiscal impact statements provided to the House or Senate Finance Committee before consideration.

Measure Class: Measure Type: Measure Frequency: Preferred Trend:

Frequency Comment: Percentage

Measure Target Value: Date: Measure Target Description: 100% timely submissions during the 2009 and 2010 regular sessions.

Data Source and Calculation: The fiscal impact statements provided to the Committees, and the date that the full Committee acts on a bill are published on the General Assembly's bill tracking website. The date that a subcommittee hears a bill will be tracked by Section personnel who attend the meetings.

- Develop regulations required to explain more fully complex tax statutes.

Objective Description

The Code of Virginia prohibits courts from giving great weight to administrative tax policies that are not promulgated as regulations. Unlike most regulatory processes, taxpayers and interest groups frequently request TAX to develop regulations explaining the operation of typically complex tax law because comprehensive regulations enable them to predict more accurately the tax consequences of transactions. The regulations also provide the base for ensuring compliance with the tax statutes.

Alignment to Agency Goals

- Agency Goal: Maximize operational efficiency and effectiveness

Link to State Strategy

- nothing linked

Objective Measures

- The percentage of regulations that have been reviewed within 12 months.

Measure Class: Measure Type: Measure Frequency: Preferred Trend:

Frequency Comment: One-third of all regulations will be reviewed annually. This is a percent.

Measure Target Value: Date:

Measure Target Description: By June 30, 2010, complete identified actions on all regulations.

Data Source and Calculation: TAX has approximately 700 regulations in effect and one-third of them will be reviewed annually. • The Department will classify its regulations as: a) Current, no regulatory action needed. b) Not current, amendment or repeal needed. c) Not current, amendment or repeal in process. • The Department will review legislation enacted in the 2003 through 2006 sessions for legislative mandates to promulgate specific regulations.

Base Budget	\$974,210	\$0	\$974,210	\$0
Change To Base	\$0	\$0	\$0	\$0

Service Area Total	\$974,210	\$0	\$974,210	\$0
Base Budget	\$974,210	\$0	\$974,210	\$0
Change To Base	\$0	\$0	\$0	\$0

Service Area Total	\$974,210	\$0	\$974,210	\$0
Base Budget	\$974,210	\$0	\$974,210	\$0
Change To Base	\$0	\$0	\$0	\$0

Service Area Total	\$974,210	\$0	\$974,210	\$0
Base Budget	\$974,210	\$0	\$974,210	\$0
Change To Base	\$0	\$0	\$0	\$0

Service Area Total	\$974,210	\$0	\$974,210	\$0
Base Budget	\$974,210	\$0	\$974,210	\$0
Change To Base	\$0	\$0	\$0	\$0

Service Area Total	\$974,210	\$0	\$974,210	\$0
Base Budget	\$974,210	\$0	\$974,210	\$0
Change To Base	\$0	\$0	\$0	\$0

Service Area Total	\$974,210	\$0	\$974,210	\$0
Base Budget	\$974,210	\$0	\$974,210	\$0
Change To Base	\$0	\$0	\$0	\$0

Service Area Total	\$974,210	\$0	\$974,210	\$0
Base Budget	\$974,210	\$0	\$974,210	\$0
Change To Base	\$0	\$0	\$0	\$0

Service Area Total	\$974,210	\$0	\$974,210	\$0
Base Budget	\$974,210	\$0	\$974,210	\$0
Change To Base	\$0	\$0	\$0	\$0

Service Area Total	\$974,210	\$0	\$974,210	\$0
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Base Budget	\$974,210	\$0	\$974,210	\$0
Change To Base	\$0	\$0	\$0	\$0

Service Area Total	\$974,210	\$0	\$974,210	\$0
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Human Resources

- *Human Resources Overview*
[Nothing entered]

- *Human Resource Levels*

Effective Date		
Total Authorized Position level	0	
Vacant Positions	0	
Current Employment Level	0.0	
Non-Classified (Filled)		<i>breakout of Current Employment Level</i>
Full-Time Classified (Filled)		
Part-Time Classified (Filled)	0	
Faculty (Filled)	0	
Wage	0	
Contract Employees	0	
Total Human Resource Level	0.0	<i>= Current Employment Level + Wage and Contract Employees</i>

- *Factors Impacting HR*
[Nothing entered]
- *Anticipated HR Changes*
[Nothing entered]

Service Area Objectives

- Accurately and timely resolve appeals of state tax issues, issue rulings, and provide support to the Office of the Attorney General on tax litigation.

Objective Description

TAX desires to accurately and timely resolve appeals of state tax issues in less than 120 days. Some appeals are highly technical and require considerable time and interaction with taxpayers. Recent history has been FY07 45.8 percent less than 120 days old, FY06 35.5%, and FY05 45.1%.

Alignment to Agency Goals

- Agency Goal: Ensure Customer Satisfaction

Link to State Strategy

- nothing linked

Objective Measures

- The percentage of open individual income and sales tax appeals less than 120 days old.

Measure Class: Measure Type: Measure Frequency: Preferred Trend:

Frequency Comment: Percentage

Measure Target Value: Date:

Measure Target Description: 75% or more of appeals will be less than 120 days old by FY2010.

Data Source and Calculation: The source of the information will be the correspondence tracking system. The calculation would be the number of active income tax and sales tax appeals less than 120 days old divided by the total number of active income tax and sales tax appeals.

Base Budget	\$695,794	\$0	\$695,794	\$0
Change To Base	\$0	\$0	\$0	\$0

Service Area Total	\$695,794	\$0	\$695,794	\$0
Base Budget	\$695,794	\$0	\$695,794	\$0
Change To Base	\$0	\$0	\$0	\$0

Service Area Total	\$695,794	\$0	\$695,794	\$0
Base Budget	\$695,794	\$0	\$695,794	\$0
Change To Base	\$0	\$0	\$0	\$0

Service Area Total	\$695,794	\$0	\$695,794	\$0
Base Budget	\$695,794	\$0	\$695,794	\$0
Change To Base	\$0	\$0	\$0	\$0

Service Area Total	\$695,794	\$0	\$695,794	\$0
Base Budget	\$695,794	\$0	\$695,794	\$0
Change To Base	\$0	\$0	\$0	\$0

Service Area Total	\$695,794	\$0	\$695,794	\$0
Base Budget	\$695,794	\$0	\$695,794	\$0
Change To Base	\$0	\$0	\$0	\$0

Service Area Total	\$695,794	\$0	\$695,794	\$0
Base Budget	\$695,794	\$0	\$695,794	\$0
Change To Base	\$0	\$0	\$0	\$0

Service Area Total	\$695,794	\$0	\$695,794	\$0
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Human Resources

- *Human Resources Overview*

[Nothing entered]

- *Human Resource Levels*

Effective Date	
Total Authorized Position level	0
Vacant Positions	0
Current Employment Level	0.0
Non-Classified (Filled)	0
Full-Time Classified (Filled)	0
Part-Time Classified (Filled)	0
Faculty (Filled)	0

breakout of Current Employment Level

Wage	0
Contract Employees	0
Total Human Resource Level	0.0 = Current Employment Level + Wage and Contract Employees

- **Factors Impacting HR**
[Nothing entered]
- **Anticipated HR Changes**
[Nothing entered]

Service Area Objectives

- Accurately forecast revenue.

Objective Description

Accurately forecast general fund, transportation fund, and DMV Special fund revenues.

Alignment to Agency Goals

- Agency Goal: Maximize operational efficiency and effectiveness

Link to State Strategy

- nothing linked

Objective Measures

- Percentage variance on the official forecast.

Measure Class: Measure Type: Measure Frequency: Preferred Trend:

Frequency Comment: Percentage

Measure Target Value: Date:

Measure Target Description: Actual collections are within plus or minus two percentage points of the official forecast in FY09, and FY10.

Data Source and Calculation: Use DOA's June monthly revenue report: Subtract the revenue forecast from actual collections and divide the result by the budget (official) forecast to get a variance percentage.

- Percentage variance on the current year general fund revenue forecast included in the Governor's December budget.

Measure Class: Measure Type: Measure Frequency: Preferred Trend:

Frequency Comment: Percentage

Measure Target Value: Date:

Measure Target Description: The December forecast in 2007 is within + or - 4.5 percent in FY08, FY09, FY10.

Data Source and Calculation: Use DOA's June monthly revenue report: Subtract the revenue forecast from actual collections and divide the result by the Governor's December budget forecast to get a variance percentage.

Service Area Strategic Plan

Department of Taxation (161)

3/13/2014 10:10 am

Biennium: 2008-10

Service Area 4 of 11

Tax Return Processing (161 732 14)

Description

Tax Return Processing (Channel) processes state tax returns and payments to include opening and screening return and payment mail, capturing tax return and payment data to post to taxpayer accounts, resolving errors made in the preparation of returns and payments, and business tax registration. Besides paper processing of tax returns and payments, this area is also responsible for administering several electronic programs: Electronic filing of Individual Income Tax returns (ELF), iFile for Business and Individual, Quick Pay, Web Payments, EFT, and credit card processing. This Service Area is also responsible for the design of tax forms and instructions, providing mail services for the agency and printing and mailing the tax forms for returns. In addition, this service area provides individual electronic filing and promotes the use of available electronic services in the administration of state taxes.

Background Information

Mission Alignment and Authority

- *Describe how this service supports the agency mission*
Tax Return Processing contributes directly to supporting the Agency's mission of serving the public by administering the tax laws of the Commonwealth of Virginia with integrity, efficiency, and consistency. Services provided by TAX and other state agencies rely on the timely collection and deposit of state funds, a primary responsibility of the Tax Return Processing service area.
- *Describe the Statutory Authority of this Service*
§ 58.1 of the Code of Virginia requires TAX to administer the tax laws of Virginia and Item 284, Chapter 951 of the 2005 Virginia Acts of Assembly provides funding for the Tax Return and Payment Processing service area.

Customers

Agency Customer Group	Customer	Customers served annually	Potential annual customers
Localities	Localities	134	134
State Agencies	State Agencies	124	124
Taxpayers of the Commonwealth	Taxpayers of the Commonwealth	3,500,000	4,000,000

Anticipated Changes To Agency Customer Base

Each year, the individual taxpayer base expands by 1.5% to 2%, adding between 50,000 and 75,000 new individual taxpayers to the customer base. The customer base of business taxpayers expands and contracts continually as new businesses open and others close.

Partners

Partner	Description
IRS	participation in the Individual Income Tax Joint Electronic Filing program
Metavante	vendor that processes EFT Debit transactions for TAX
Official Payments Corporation	vendor that processes Credit Card transactions for TAX
Software Vendors	vendors that create commercial electronic filing software and computer generated tax returns

Products and Services

- *Factors Impacting the Products and/or Services:*
Seasonal factors impact services delivered by this service area. Since over 90% of individual income tax returns are processed between early February and early June, this area requires an annual recruitment process to ensure staff is in place to deal with peak return and payment volumes. Economic factors impact the quantity and quality of available staff. Leveraging technology to process tax returns and payments provides opportunities for efficiencies and service improvements.
- *Anticipated Changes to the Products and/or Services*
TAX anticipates a greater reliance on electronic filing and technological advances to gain efficiencies and serve our increasing volume of customers.
- *Listing of Products and/or Services*
 - Tax Return Processing
 - Payment Processing
 - Refund Issuance
 - Data Capture
 - Scanning (returns, payments, and correspondence)
 - Electronic Filing
 - Error Resolution
 - Reissue/process returned refund checks
 - Forms Design and Development
 - Business Registration
 - Return Mail/Skip Tracing
 - Forms Request
 - Mail pickup and delivery
 - Printing and mailing correspondence
 - Forms Distribution

Base	\$0	\$0	\$0	\$0
Service Area Total	\$13,747,908	\$0	\$13,708,408	\$0

Human Resources

• **Human Resources Overview**

Channel relies heavily on wage and temporary staffing solutions to meet the high-volume, cyclical filing periods of returns and payments. The heaviest volume is processed each year between February-June when the majority of Individual Income tax return and Corporate/Pass-Thru Entity returns are filed. Business tax returns such as Sales Tax and Employer Withholding are processed all year round with the quarterly months receiving the heaviest volume.

• **Human Resource Levels**

Effective Date	
Total Authorized Position level	0
Vacant Positions	0
Current Employment Level	0.0
Non-Classified (Filled)	0
Full-Time Classified (Filled)	0
Part-Time Classified (Filled)	0
Faculty (Filled)	0
Wage	0
Contract Employees	0
Total Human Resource Level	0.0

breakout of Current Employment Level

= Current Employment Level + Wage and Contract Employees

• **Factors Impacting HR**

Reliance on temporary staffing at low pay rate often comes with high turnover and frequent no shows.

• **Anticipated HR Changes**

The more returns and payments TAX can receive electronically the less temporary staffing will be needed to process paper. TAX continues to promote and encourage electronic filing as the most efficient channel for receiving returns and payments.

Service Area Objectives

- We will issue current year electronically filed individual income tax refunds within 12 days of receipt of the return.

Objective Description

We will increase electronic interactions with taxpayers in FY08, FY09 and FY10.

Alignment to Agency Goals

- Agency Goal: Ensure Customer Satisfaction

Link to State Strategy

- nothing linked

Objective Measures

- Issue current year refunds for 98 percent of electronically filed returns within 12 days of receipt of the return.

Measure Class: Agency Key Measure Type: Outcome Measure Frequency: Quarterly Preferred Trend: Maintain

Frequency Comment: Annual measure tracked quarterly.

Measure Target Value: 98 Date: 6/30/2010

Measure Target Description: Issue at least 98% of current year electronically filed refunds within 12 days in calendar year 2008, 2009, 2010.

Data Source and Calculation: Refund turnaround timeframes are measured by weekly system generated reports that compare the day of receipt of the return to the date the refund is fully processed and ready for issuance. Refunds that are setoff for debts owed the Commonwealth are counted as issued refunds when seized. This measure would be calculated in calendar days.

- We will increase electronic interactions with citizens.

Objective Description

This was a new measure in FY07. The historical data that were developed for this measure in FY06 greatly underreported the level of electronic interactions with taxpayers. The corrected FY06 baseline was 10,342,403 and the actual FY07 interactions totalled 11,961,425, a 15.65% increase versus the 5% target. The number of taxpayer interactions is exclusive of joint federal filing. For the FY08 fiscal year and forward TAX believes that 8 percent above normal / base growth (employment growth) is an appropriate target. Employment growth was 1.4 percent in FY07, thus the FY08 target is 8% + 1.4% base for a total of 9.4%.

Alignment to Agency Goals

- Agency Goal: Maximize operational efficiency and effectiveness

Link to State Strategy

- nothing linked

Objective Measures

- Increase the number of taxpayer transactions through TAX's electronic channels by eight percent.

Measure Class: Measure Type: Measure Frequency: Preferred Trend:

Frequency Comment: Annual measure that is tracked quarterly.

Measure Target Value: Date:

Measure Target Description: 9.4% annual increase in FY08, FY09, and FY10 (8% growth annually in interactions plus a varying baseline adjustment for employment growth)

Data Source and Calculation: System generated reports are used to calculate the following metrics: # of Individual I-filed returns "filed" Virginia Tax On-line (VTOL) # of business I-filed returns "filed" (VTOL) # of EFT debit transactions (Channel) # of EFT credit transactions (Channel) # of inbound secure email messages received (VTOL) # of outbound secure email messages sent (VTOL) # of iReg adds, changes, and deletes (VTOL) # of forms downloaded (VTOL) # of Policy Library "hits" (OT) # Part Pay agreements set up using Teleplan (Compliance) # of bills paid (transactions) using Quick Pay (VTOL) # of direct deposit of refunds to taxpayers (TP's) bank accounts (AR) # of direct debit of tax dues to TP's bank accounts (AR)

- Increase in the joint federal-state electronic filing program participation annually.

Measure Class: Measure Type: Measure Frequency: Preferred Trend:

Frequency Comment: Number of electronically filed returns (e-file) received through the joint federal-state program within a tax year.

Measure Baseline Value: Date:

Measure Baseline Description: Through June 2007, 12% more tax returns were received through e-file over the previous year.

Measure Target Value: Date:

Measure Target Description: 5% growth in fiscal year 2008

Data Source and Calculation: System generated reports are used to calculate these metrics.

Service Area Total	\$10,146,696	\$0	\$10,146,696	\$0
Base Budget	\$10,146,696	\$0	\$10,146,696	\$0
Change To Base	\$0	\$0	\$0	\$0

Service Area Total	\$10,146,696	\$0	\$10,146,696	\$0
Base Budget	\$10,146,696	\$0	\$10,146,696	\$0
Change To Base	\$0	\$0	\$0	\$0

Service Area Total	\$10,146,696	\$0	\$10,146,696	\$0
Base Budget	\$10,146,696	\$0	\$10,146,696	\$0
Change To Base	\$0	\$0	\$0	\$0

Service Area Total	\$10,146,696	\$0	\$10,146,696	\$0
Base Budget	\$10,146,696	\$0	\$10,146,696	\$0
Change To Base	\$0	\$0	\$0	\$0

Service Area Total	\$10,146,696	\$0	\$10,146,696	\$0
Base Budget	\$10,146,696	\$0	\$10,146,696	\$0
Change To Base	\$0	\$0	\$0	\$0

Service Area Total	\$10,146,696	\$0	\$10,146,696	\$0
Base Budget	\$10,146,696	\$0	\$10,146,696	\$0
Change To Base	\$0	\$0	\$0	\$0

Service Area Total	\$10,146,696	\$0	\$10,146,696	\$0
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Human Resources

- *Human Resources Overview*
[Nothing entered]

- *Human Resource Levels*

Effective Date	
Total Authorized Position level	0
Vacant Positions	0
Current Employment Level	0.0
Non-Classified (Filled)	0
Full-Time Classified (Filled)	0
Part-Time Classified (Filled)	0
Faculty (Filled)	0
Wage	0
Contract Employees	0
Total Human Resource Level	0.0

breakout of Current Employment Level

= Current Employment Level + Wage and Contract Employees

- *Factors Impacting HR*
[Nothing entered]
- *Anticipated HR Changes*
[Nothing entered]

Service Area Objectives

- We will respond to taxpayer inquiries in a timely manner .

Objective Description

This service area handles customer inquiries whether via telephone, secure e-mails, or letters. This key measure reviews the number of telephone calls answered before the customer hangs up versus the number of calls offered. During FY07 TAX answered 663,315 calls out of the 736,823 calls offered.

Alignment to Agency Goals

- Agency Goal: Ensure Customer Satisfaction

Link to State Strategy

- nothing linked

Objective Measures

- Answer 87 percent of calls before the caller disconnects.

Measure Class: Measure Type: Measure Frequency: Preferred Trend:

Frequency Comment: This is an annual measure that is tracked quarterly.

Measure Target Value: Date:

Measure Target Description: Handle at least 87% of incoming phone calls in fiscal years 2008, 2009, and 2010.

Data Source and Calculation: Phones: Service level = (Calls Offered / Calls Handled) times 100%

- Average mail turnaround time.

Measure Class: Measure Type: Measure Frequency: Preferred Trend:

Frequency Comment: Annual measure that is reported quarterly.

Measure Target Value: Date:

Measure Target Description: Maintain average mail turnaround time at no more than 25 days at the end of each quarter in fiscal years 2008, 2009, and 2010.

Data Source and Calculation: Correspondence backlog at the end of the quarter divided by the number of pieces of mail that can be handled in one day.

Change To Base	\$0	\$0	\$0	\$0
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Service Area Total	\$18,683,982	\$452,457	\$18,683,982	\$452,457
Base Budget	\$18,683,982	\$452,457	\$18,683,982	\$452,457
Change To Base	\$0	\$0	\$0	\$0

Service Area Total	\$18,683,982	\$452,457	\$18,683,982	\$452,457
Base Budget	\$18,683,982	\$452,457	\$18,683,982	\$452,457
Change To Base	\$0	\$0	\$0	\$0

Service Area Total	\$18,683,982	\$452,457	\$18,683,982	\$452,457
Base Budget	\$18,683,982	\$452,457	\$18,683,982	\$452,457
Change To Base	\$0	\$0	\$0	\$0

Service Area Total	\$18,683,982	\$452,457	\$18,683,982	\$452,457
Base Budget	\$18,683,982	\$452,457	\$18,683,982	\$452,457
Change To Base	\$0	\$0	\$0	\$0

Service Area Total	\$18,683,982	\$452,457	\$18,683,982	\$452,457
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Human Resources

- *Human Resources Overview*

[Nothing entered]

- *Human Resource Levels*

Effective Date	
Total Authorized Position level	0
Vacant Positions	0
Current Employment Level	0.0
Non-Classified (Filled)	0
Full-Time Classified (Filled)	0
Part-Time Classified (Filled)	0
Faculty (Filled)	0
Wage	0
Contract Employees	0
Total Human Resource Level	0.0

breakout of Current Employment Level

= Current Employment Level + Wage and Contract Employees

- *Factors Impacting HR*

[Nothing entered]

- *Anticipated HR Changes*

[Nothing entered]

Service Area Objectives

- Maintain core audit programs at current levels.

Objective Description

Audit programs are a key component in the agency's compliance program designed to encourage voluntary compliance with the Commonwealth's tax system. This objective simply measures the number of field audit cases closed during the fiscal year and looks at the overall audit program's cases closed over a three year period.

Alignment to Agency Goals

- Agency Goal: Maximize operational efficiency and effectiveness

Link to State Strategy

- nothing linked

Objective Measures

- Number of field audit cases closed.

Measure Class: Measure Type: Measure Frequency: Preferred Trend:

Frequency Comment: number -- 3 year moving average of field cases closed

Measure Target Value: Date:

Measure Target Description: Maintain the 3 year average of field audit cases closed during fiscal years 2008, 2009,2010. For the fiscal year ending June 30, 2008, the Dept. of Taxation's field audit staff closed, on average, 3,263 cases, surpassing the baseline objective of 3,204.

Data Source and Calculation: The three year average of field audit cases closed is this measure. Among other factors economic conditions and staff turnover issues can cause wide swings in the numbers of audit cases closed so this measure averages the last three years performance. Historical data are impacted by different systems counts. Historical data being used in the measure of closed audit cases by fiscal year are: FY01 3,649; FY02 3,359; FY03 3,043; FY04 3,091; FY05 3,478; FY06 2,680; FY07 3,624. These average to the following data by fiscal year: FY03 3,350; FY04 3,164; FY05 3,204; FY06 3,083; FY07 3,261.

Base Budget	\$8,990,323	\$8,626,117	\$8,990,323	\$8,626,117
Change To Base	\$0	\$0	\$0	\$0

Service Area Total	\$8,990,323	\$8,626,117	\$8,990,323	\$8,626,117
Base Budget	\$8,990,323	\$8,626,117	\$8,990,323	\$8,626,117
Change To Base	\$0	\$0	\$0	\$0

Service Area Total	\$8,990,323	\$8,626,117	\$8,990,323	\$8,626,117
Base Budget	\$8,990,323	\$8,626,117	\$8,990,323	\$8,626,117
Change To Base	\$0	\$0	\$0	\$0

Service Area Total	\$8,990,323	\$8,626,117	\$8,990,323	\$8,626,117
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Human Resources

- *Human Resources Overview*
[Nothing entered]

- *Human Resource Levels*

Effective Date	
Total Authorized Position level	0
Vacant Positions	0
Current Employment Level	0.0
Non-Classified (Filled)	0
Full-Time Classified (Filled)	0
Part-Time Classified (Filled)	0
Faculty (Filled)	0
Wage	0
Contract Employees	0
Total Human Resource Level	0.0

breakout of Current Employment Level

= Current Employment Level + Wage and Contract Employees

- *Factors Impacting HR*
[Nothing entered]
- *Anticipated HR Changes*
[Nothing entered]

Service Area Objectives

- Efficiently and effectively resolve state tax delinquencies.

Objective Description

This service area is charged with collecting tax assessments and outstanding court debt fines and fees. This objective simply measures the level of collections over the years. An internal goal for tax collections is established for the agency and then actual collections are monitored. During FY07 \$415.15 million were collected by the Department for this service area.

Alignment to Agency Goals

- Agency Goal: Maximize operational efficiency and effectiveness

Link to State Strategy

- nothing linked

Objective Measures

- Meet or exceed delinquent revenue estimates with no increase in resources.

Measure Class: Measure Type: Measure Frequency: Preferred Trend:

Frequency Comment: Percentage of the \$430.3 million goal.

Measure Target Value: Date:

Measure Target Description: Collect 100% of the annual compliance revenue target in FY08, FY09, FY10.

Data Source and Calculation: This measures the percentage of the estimated compliance revenue target that is

collected, that is, this measure is calculated as compliance revenue collected divided by the revenue target times 100 percent. Agency Compliance Collection Reports and system generated reports.

Service Area Strategic Plan

Department of Taxation (161)

3/13/2014 10:10 am

Biennium: 2008-10

Service Area 8 of 11

Training for Local Assessors (161 734 01)

Description

[Nothing entered]

Background Information

Mission Alignment and Authority

- Describe how this service supports the agency mission
[Nothing entered]
- Describe the Statutory Authority of this Service
[Nothing entered]

Customers

Agency Customer Group	Customer	Customers served annually	Potential annual customers
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Anticipated Changes To Agency Customer Base
[Nothing entered]

Partners

Partner	Description
[None entered]	

Products and Services

- Factors Impacting the Products and/or Services:
[Nothing entered]
- Anticipated Changes to the Products and/or Services
[Nothing entered]
- Listing of Products and/or Services
[None entered for this Service Area]

Finance

- Financial Overview
[Nothing entered]
- Financial Breakdown

	FY 2009		FY 2010		FY 2009	FY 2010	FY 2009	FY 2010	FY 2009	FY 2010
	General Fund	Nongeneral Fund	General Fund	Nongeneral Fund						
Base Budget	\$81,401	\$0	\$81,401	\$0						
Change To Base	\$0	\$0	\$0	\$0						
Service Area Total	\$81,401	\$0	\$81,401	\$0						
Base Budget	\$81,401	\$0	\$81,401	\$0						
Change To Base	\$0	\$0	\$0	\$0						
Service Area Total	\$81,401	\$0	\$81,401	\$0						
Base Budget	\$81,401	\$0	\$81,401	\$0						
Change To Base	\$0	\$0	\$0	\$0						
Service Area Total	\$81,401	\$0	\$81,401	\$0						
Base Budget	\$81,401	\$0	\$81,401	\$0						
Change To Base	\$0	\$0	\$0	\$0						
Service Area Total	\$81,401	\$0	\$81,401	\$0						

Human Resources

- *Human Resources Overview*
[Nothing entered]

- *Human Resource Levels*

Effective Date	
Total Authorized Position level	0
Vacant Positions	0
Current Employment Level	0.0
Non-Classified (Filled)	0
Full-Time Classified (Filled)	0
Part-Time Classified (Filled)	0
Faculty (Filled)	0
Wage	0
Contract Employees	0
Total Human Resource Level	0.0 = <i>Current Employment Level + Wage and Contract Employees</i>

breakout of Current Employment Level

- *Factors Impacting HR*
[Nothing entered]
- *Anticipated HR Changes*
[Nothing entered]

Service Area Objectives

[None entered]

Service Area Strategic Plan

Department of Taxation (161)

3/13/2014 10:10 am

Biennium: 2008-10

Service Area 9 of 11

Valuation and Assessment Assistance for Localities (161 734 10)

Description

Provide quality original and revised local property tax maps, ensure compliance with the Commonwealth's property tax laws by providing local advisory aid and assistance, and provide fair and equitable assessments of the rolling stock of freight car line companies and of the real and personal property of railroads and interstate pipeline companies while providing quality customer service. As part of TAX's continuing education program for assessing officers, the Property Tax Unit conducts basic assessors schools, trains local boards of assessors and boards of equalization and administers the Advanced Assessor School that is currently conducted annually at the College of William & Mary with attendance by over 150 local assessors. The program is designed basically to provide coursework that will meet the requirements for full certification offered by the International Association of Assessing Officers (IAAO).

Background Information

Mission Alignment and Authority

- Describe how this service supports the agency mission
The mapping assistance, advisory aid, and property valuations provided to local governments improves the process of providing fair and equitable property assessments statewide and ensures a viable tax base to support the funding of necessary services, thus serving the public and TAX's mission of administering the tax laws with integrity, efficiency and consistency. The education provided local assessing officers on the assessment of real and personal property improves the process of providing fair and equitable property assessments statewide thus serving the public by enhancing the local officials' ability to properly administer the tax laws with integrity, efficiency and consistency.
- Describe the Statutory Authority of this Service
Title 58.1, Chapters 8, 26, 32, 34, 35, 36, and 39 and § 58.1-202, subdivisions 6, 10, and 11, 58.1-206; § 58.1-2655, 58.1-3239, 58.1-3278, 58.1-3287 and 58.1-3374, Code of Virginia provide a wide range of responsibilities of the Tax Commissioner on assessing local real estate and personal property, educating and advising local officials, administering the state recordation tax, and valuing certain public service corporation property. § 58.1-206 of the Code of Virginia mandates the establishment of the above referenced educational program specifically with the requirement for certification by the International Association of Assessing Officers. Chapter 847 (2007), Item 266 gives the authorization to TAX to recover the direct costs associated with the training classes.

Customers

Agency Customer Group	Customer	Customers served annually	Potential annual customers
Localities	Localities	134	134

Anticipated Changes To Agency Customer Base
None.

Partners

Partner	Description
[None entered]	

[None entered]

Products and Services

- Factors Impacting the Products and/or Services:
Limited budget sources and staffing.
- Anticipated Changes to the Products and/or Services
None.
- Listing of Products and/or Services
 - Advisory aid to all local assessing officials, education of boards of equalization and boards of assessors, training provided through the Basic Assessors' School and Basic Tangible Personal Property School, staff provided for the State Land Evaluation Advisory Council (SLEAC), refunds and opinions regarding the state recordation tax, rolling stock assessments of railroads and freight carline companies, statement of assessed values for local tax purposes of railroad and interstate pipeline transmission companies, original and revised property tax maps, review of appraisals submitted in support of the state land preservation credits, the statewide assessment/sales ratio study, and the coordination of the Advanced Assessors' School including the hiring of instructors, finding suitable classroom space, arranging for housing and meals, obtaining course materials, handling registration, billing and payments.

Finance

- Financial Overview
The total appropriation for this service area in FY08 is in the amount of \$1,609,253 which is made up of the following funding streams: The Local Valuations, Assessments, Education and Land Preservation Credit review budget in the amount of \$743,624, the Mapping Services budget in the amount of \$384,745, and the Property Tax Assistance to Localities (SLEAC) budget in the amount of \$169,995 are from the general fund. An increase of \$358,000 in this area was due to new funding for legal and skilled services for the administration of land preservation credits. The cost of mapping services is recovered from local funds. The Advanced Assessors' School budget of \$101,401 is funded by a recovery of the direct costs associated with the training classes and is received from the participating localities. These costs include the classrooms, materials, instructors, and other associated costs from the funds collected. The Valuation and Assessment of Public Service Corporations and Railroads budget in the amount of \$310,889 is from a special fund originating with the State Corporation Commission. The SLEAC budget in the amount of \$169,995 was approved to continue the delivery of agricultural and horticultural use values at the level of quality and support established by Virginia Tech's Agricultural and Applied Economics Department (AAEC). During FY07 a new computer application was developed to calculate agricultural and horticultural use values. \$64,295 of the \$169,995 is carryover from FY07 for this computer application.
- Financial Breakdown

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	FY 2009		FY 2010		FY 2009	FY 2010	FY 2009	FY 2010
	General Fund	Nongeneral Fund	General Fund	Nongeneral Fund				
Base Budget	\$824,485	\$373,529	\$824,485	\$373,529				
Change To Base	\$0	\$0	\$0	\$0				
Service Area Total	\$824,485	\$373,529	\$824,485	\$373,529				
Base Budget	\$824,485	\$373,529	\$824,485	\$373,529				
Change To Base	\$0	\$0	\$0	\$0				
Service Area Total	\$824,485	\$373,529	\$824,485	\$373,529				
Base Budget	\$824,485	\$373,529	\$824,485	\$373,529				
Change To Base	\$0	\$0	\$0	\$0				
Service Area Total	\$824,485	\$373,529	\$824,485	\$373,529				

Human Resources

- *Human Resources Overview*
[Nothing entered]

- *Human Resource Levels*

Effective Date		
Total Authorized Position level	0	
Vacant Positions	0	
Current Employment Level	0.0	
Non-Classified (Filled)	0	<i>breakout of Current Employment Level</i>
Full-Time Classified (Filled)	0	
Part-Time Classified (Filled)	0	
Faculty (Filled)	0	
Wage	0	
Contract Employees	0	
Total Human Resource Level	0.0	<i>= Current Employment Level + Wage and Contract Employees</i>

- *Factors Impacting HR*
[Nothing entered]
- *Anticipated HR Changes*
[Nothing entered]

Service Area Objectives

- Promote statewide fair and equitable assessments of real estate and tangible personal property, and offer local officials an economically feasible range of advanced courses designed to provide full certification by the Int'l Assn. of Assessing Officers.

Objective Description

The agency offers local assessors a wide range of advanced courses to enhance their individual skills to enable fair and equitable property tax assessments. These courses are offered annually at the College of William and Mary and are usually held during early June. Over two hundred individuals attended these courses in each of the last two years.

Alignment to Agency Goals

- Agency Goal: Ensure Customer Satisfaction

Link to State Strategy

- nothing linked

Objective Measures

- Success of local assessors in achieving assessments at 100% of fair market value.

Measure Class: Other Measure Type: Outcome Measure Frequency: Annual Preferred Trend: Maintain

Frequency Comment: percent

Measure Target Value: 100 Date: 6/30/2010

Measure Target Description: TAX will assist localities in FY09 and FY10 so that all can attain a sales ratio of at least 70% in the effective year of a required reassessment.

Data Source and Calculation: Local sales of real estate matched to corresponding assessments – results are arrayed and a median is determined. The numerator is equal to the individual assessments of property that sold in each locality divided by the denominator, which is equal to the arm's length sale price of each property. The

median ratio, coefficient of dispersion, index of regressivity and other measures of central tendency comprise the assessment/sales ratio studies that help determine when fair market value and uniformity are achieved and that are used to determine the estimated true value of local property - - a key component in the formula for state aid to education. Also, ratio studies are used to equalize public service corporation property in relation to locally assessed property as required by law. Accurate property maps are essential to identify real property, assign it to the proper owner while in the field, determine its shape, location and valuation in relation to other real property, and identify natural features that affect fair market value such as lakes and streams.

Service Area Strategic Plan

Department of Taxation (161)

3/13/2014 10:10 am

Biennium: 2008-10

Service Area 10 of 11

Administrative and Support Services (161 799 00)

Description

This area contains the administrative functions of TAX with the combining of the following sections: Fiscal Office, Human Resources, Internal Audit, Public Relations and Purchasing and Facilities. In addition, the Continuity of Operations Plan (COOP) is updated and maintained as an administrative function. The Fiscal Office provides financial support to the agency, to include budgeting, accounts payable, revenue accounting, and preparation of financial statements while the Human Resources area provides human resource services for all of TAX management and employees and is our liaison with the Department of Human Resource Management. The Internal Audit section performs scheduled audits of activities throughout TAX to ensure activities are being performed as intended and to identify opportunities to improve operational efficiencies, controls and lessen risks. The Public Relations Department provides effective public relations and marketing services for TAX. Specifically, the duties include publicizing, promoting, marketing, internal communications and educating the public and TAX employees about TAX's initiatives, programs, services, and accomplishments. The Purchasing & Facilities office has the following functions within its area:

- Purchasing – Procures goods and services for the agency in accordance with the VA Public Procurement Act and state procurement policies and procedures, works to insure an uninterrupted supply of goods and services that meet end-user needs and requirements, and administers eVA and the Small Purchasing Card Program for TAX.
- Fleet Management – Administers the agency fleet activities for 87 permanently assigned and 5 agency-owned vehicles.
- Facility Management – deals with all of TAX's physical plant issues.
- Security – Provides, monitors, and maintains security services to all employees.

Background Information

Mission Alignment and Authority

- Describe how this service supports the agency mission

By specializing in these activities, these sections collectively add to the efficiency of TAX's operations, thus permitting TAX to effectively administer the tax laws with consistency and integrity.

- Describe the Statutory Authority of this Service

Title 58.1 of the Code of Virginia and Item 264, Chapter 847 of the 2007 Virginia Acts of Assembly.

Customers

Agency Customer Group	Customer	Customers served annually	Potential annual customers
Agency Management and Employees	Agency Management and Employees	1,240	1,240
Localities	Localities	134	134
Motor Fuel Districts	Motor Fuel Districts	3	3
State Agencies	State Agencies	124	124
Tobacco Wholesalers	Tobacco Wholesalers	154	154

Anticipated Changes To Agency Customer Base
None

Partners

Partner	Description
[None entered]	

Products and Services

- Factors Impacting the Products and/or Services:

The 24 hour deposit rule requiring all tax payments be deposited into the bank and CARS (Commonwealth Accounting and Reporting System) within 24 hours, availability of qualified job applicants, restrictive State purchasing laws, policies and procedures, availability of goods and services, and enactment of VITA changes.

- Anticipated Changes to the Products and/or Services

There continues to be an ongoing need to train and cross-train agency employees resulting from the new taxpayer accounting system implemented in August 2005, GASB 34 impact on Financial Statements, ARMICS requirements continue to be fulfilled, and an increased participation of agency employees in eVA procurement. TAX continues to be responsible for all telephone, data and electrical wiring for IT systems. Additional security hardware and software will be required to maintain the level of security needed for the multiple locations.

- Listing of Products and/or Services

- Communications Tax distribution to localities ·Motor Fuel distribution to Motor Fuel districts ·Sales Tax distribution to localities ·Prepares the financial statements for the agency ·Processes all invoices for payments ·Prepares the agency budget ·Distributes funding to external agencies: localities, motor fuel districts, contribution agencies, setoff agencies ·Performs the accounting for all transactions that take place in a taxpayers account, to include all revenue received, all refunds issued, all bills created, etc., ·Conducts recruitment and hiring ·Provides compensation management ·Manage benefits administration ·Administer rewards and recognition programs ·Administer performance management ·Offer employee dispute resolution ·Provide workforce development and training ·Provide succession planning ·Performs scheduled audits of activities and special projects throughout TAX ·Investigates allegations made through the State Employee Fraud, Waste, and Abuse Hotline ·Serves as TAX's liaison for audits and reviews conducted by the Auditor of Public Accounts ·Reports identifying opportunities to improve agency operational efficiency, effectiveness, controls, risk management, and specific areas where revenues can be increased and costs reduced ·Reports authenticating or negating allegations of employee fraud, waste, and abuse and short and long-term recommendations to address instances with merit ·Conducts timely and non-disruptive annual independent audits ·Produces agency newsletter VISION, brochures, pamphlets, fliers, posters, fact sheets, tabletop presentations, etc. ·Creates marketing campaigns, drafts media releases and media advisories ·Conducts media calls and press conferences ·Develops, bids and administers purchases for long-term contracts and spot purchases ·Administers eVA for the agency: initiates account setup, trains new users, reviews user purchases for compliance with purchasing policies and procedures, and provides general eVA and

procurement assistance · Administers the agency's Small Purchase Charge Card Program, approximately 80 cardholders · Administers fleet activities for the agency: maintenance, repairs, recalls, inspections, licenses, decals, fuel cards, vehicle replacement, accident and incident reporting, annual reports to State Police, updating data on Vehicle Accounting System (VACCS), insurance issues, monitors mileage, and trains vehicle users in State Fleet policies and procedures · Handles requests for state pool and permanently assigned vehicles · Maintains agency owned facility, administers various facilities contracts · Provide maintenance services to staff at all agency locations · Provide relocation services, space design and construction management at all locations · Administer all agency leases · Provide support services for all IT systems related to wiring and cooling needs · Administers and updates emergency and safety procedures, throughout the agency · Provide support services to all employees, including furniture design, repair and relocation · Provides and maintains building services · Provides, monitors and maintains security services to all employees · Administer TAX's physical and access security · Monitor daily operations and guard performance

Finance

• *Financial Overview*

This funding is for the many administrative support activities required to operate an agency that deposits and tracks \$16.0 billion annually. These include staff services such as:

- 1) all the fiscal office activities of accounting for and distributing such revenues, the paying of agency bills timely, planning and executing agency's budget and operating planning; submitting all required agency financial reports timely and correctly
- 2) purchasing agency needed supplies and contractual services
- 3) operating the agency's buildings and leases
- 4) providing physical security for our employees, equipment and confidential data
- 5) effectively communicating with the media and other external entities
- 6) providing human resource services to attract, retain, train, compensate, and evaluate agency employees

• *Financial Breakdown*

	FY 2009		FY 2010		FY 2009	FY 2010
	General Fund	Nongeneral Fund	General Fund	Nongeneral Fund		
Base Budget	\$7,522,396	\$67,225	\$8,022,396	\$67,225		
Change To Base	\$0	\$0	\$0	\$0		
Service Area Total	\$7,522,396	\$67,225	\$8,022,396	\$67,225		
Base Budget	\$7,522,396	\$67,225	\$8,022,396	\$67,225		
Change To Base	\$0	\$0	\$0	\$0		
Service Area Total	\$7,522,396	\$67,225	\$8,022,396	\$67,225		

Human Resources

• *Human Resources Overview*

[Nothing entered]

• *Human Resource Levels*

Effective Date		
Total Authorized Position level	0	
Vacant Positions	0	
Current Employment Level	0.0	
Non-Classified (Filled)		breakout of Current Employment Level
Full-Time Classified (Filled)		
Part-Time Classified (Filled)		
Faculty (Filled)		
Wage		
Contract Employees		
Total Human Resource Level	0.0	= Current Employment Level + Wage and Contract Employees

• *Factors Impacting HR*

[Nothing entered]

• *Anticipated HR Changes*

[Nothing entered]

Service Area Objectives

- Ensure that resources are used efficiently and programs are managed effectively, and in a manner consistent with applicable state and federal requirements.

Objective Description

This is the governor's Management Scorecard that utilizes 6 major areas to evaluate management performance.

Alignment to Agency Goals

- Agency Goal: Achieve a culture based on TAX's core values: integrity, commitment to service, continuous improvement, trust and respect, teamwork, and personal responsibility.

Link to State Strategy

- nothing linked

Objective Measures

- Percent of Governor's Management categories marked as meets expectations and for the agency.

Measure Class: Measure Type: Measure Frequency: Preferred Trend:

Frequency Comment: Percentage of the six categories that score "meets" divided by 6 times 100%.

Measure Target Value: Date:

Measure Target Description: Continue to achieve 100% scorecard grades agencies in six major categories in FY08, FY09, and FY10.

Data Source and Calculation: Data come from internal agency sources, DGS, and DHRM. Simply take the number of categories where your agency scored "Meets Expectations" and divide by six (the total categories), times 100 percent.

- Accurately account for all revenue flowing through TAX

Objective Description

Daily TAX deposits millions of dollars and has to enter this information into the Commonwealth Accounting and Reporting System (CARS).

Alignment to Agency Goals

- Agency Goal: Maximize operational efficiency and effectiveness

Link to State Strategy

- nothing linked

Objective Measures

- Ensure revenue recorded in CARS is equal to the amount of revenue recorded in IRMS

Measure Class: Measure Type: Measure Frequency: Preferred Trend:

Frequency Comment: Percentage

Measure Baseline Value: Date:

Measure Baseline Description: Except for tax system or CARS system breakdowns or shutdowns, CARS reconciles to IRMS. 100% is FY07 baseline.

Measure Target Value: Date:

Measure Target Description: Comparison of revenue recorded in IRMS to revenue recorded in CARS in FY08, FY09, and FY10.

Data Source and Calculation: To prepare and distribute the daily revenue reports identifying the amount of tax payments received before the close of business each day.

- Effectively communicate with the media and other external entities.

Objective Description

Keeping the public informed and answering inquiries in a timely manner is important. This measure tracks the number of and timeliness of TAX responses.

Alignment to Agency Goals

- Agency Goal: Achieve a culture based on TAX's core values: integrity, commitment to service, continuous improvement, trust and respect, teamwork, and personal responsibility.

Link to State Strategy

- nothing linked

Objective Measures

- Percentage of media inquiries received and responded to in a timely manner.

Measure Class: Measure Type: Measure Frequency: Preferred Trend:

Frequency Comment: Data are compiled monthly and will be reported quarterly.

Measure Target Value: Date:

Measure Target Description: TAX will continue to responded to media inquiries timely in FY08, FY09, FY10.

Data Source and Calculation: Media Contact Reports will serve as the source of measurement data for this objective. A note will be put on the report if, for any reason, the information was not relayed to the media the same day, or within the requestor's stated deadline. At the end of a month, these reports will be tabulated. The percentage that are answered in 1 or 2 days or within requested deadline are compared to the total number of media inquiries received and the percentage calculated.

- Attract and retain qualified workers by strategically utilizing flexibilities afforded in HR management and compensation policies.

Objective Description

An informed, highly qualified and motivated work force is required to perform the duties of TAX. This monitors the time

it takes to fill a position as a proxy for this objective.

Alignment to Agency Goals

- Agency Goal: Develop, attract, and retain a capable, motivated, and diverse workforce

Link to State Strategy

- nothing linked

Objective Measures

- Average time to hire

Measure Class: Measure Type: Measure Frequency: Preferred Trend:

Frequency Comment: number

Measure Target Value: Date:

Measure Target Description: For FY09 and FY10 on average positions will be filled within 50 days or less.

Data Source and Calculation: HR's Vacancy Report. Dates are captured from the date the position is posted until it is filled. The number of days is measured from the time the position is entered into the Recruitment Management System (RMS) until the position has been noted as filled in the RMS. Positions that are very difficult to fill (Opened until Filled) are not counted in this measure.

- Submit all financial statements timely and without any material adjustments from the Department of Accounts (DOA) and the Auditor of Public Accounts (APA).

Objective Description

Being the largest collector of revenue for the Commonwealth, TAX's annual financial report has a major impact on the Commonwealth's Annual Financial Report (CAFR). Accuracy of TAX's report is important and this measures accuracy annually.

Alignment to Agency Goals

- Agency Goal: Maximize operational efficiency and effectiveness

Link to State Strategy

- nothing linked

Objective Measures

- The Financial statements submitted to Department of Accounts.

Measure Class: Measure Type: Measure Frequency: Preferred Trend:

Frequency Comment: Percentage

Measure Target Value: Date:

Measure Target Description: TAX will continue to submit Financial Statements to DOA with zero material adjustments in FY08, FY09, FY10.

Data Source and Calculation: The Auditor of Public Accounts annual audit and the Commonwealth's Annual Financial Report submissions will be utilized.

- Invest in the training and development of agency workforce to ensure staff is equipped to meet current and future business needs.

Objective Description

Training is an important tool to ensure that employees are equipped to meet TAX's current and future business needs.

Alignment to Agency Goals

- Agency Goal: Develop, attract, and retain a capable, motivated, and diverse workforce

Link to State Strategy

- nothing linked

Objective Measures

- Average number of courses per year for all employees

Measure Class: Measure Type: Measure Frequency: Preferred Trend:

Frequency Comment: number of courses taken annually by TAX employees.

Measure Target Value: Date:

Measure Target Description: Increase the average number to 6.83 courses per employee per year in fiscal years 2008, 2009, and 2010.

Data Source and Calculation: Annual measure tracked quarterly. Generated from the Learning Management System total courses taken by employees divided by the average number of employees.

Service Area Strategic Plan

Department of Taxation (161)

3/13/2014 10:10 am

Biennium: 2008-10

Service Area 11 of 11

Information Technology Services (161 799 02)

Description

Information Technology Support is responsible for leveraging technology to enable all of TAX's business objectives and priorities, by developing, enhancing and maintaining systems, including application software and supporting hardware. TAX, as an agency, is dependant on technology in every aspect of daily operations. Nearly every employee relies on available and accurate information systems to perform essentially all of their daily responsibilities, and most employees, including auditors, collectors and customer service staff, are unable to perform the majority of their core responsibilities when these systems are not available. TAX supports and maintains a broad range of complex information systems. Examples of the more than twenty information systems supported include: • STRATA – A collection prioritization and risk assessment tool. • Sales Tax Audit and Nexus (STAUDN), Withholding, Corporate – An application used to perform audits at the taxpayer's place of business. • Computer Automated Collections System for Government (CACSG) – An automated collections system that provides for tracking of assessments through various collection stages. • Customer Relationship Management (CRM) – An approach to meeting customer's needs that relies on a suite of technology systems that provides customer assistance, customer contact tracking, correspondence tracking, and case management. • Imaging/Optical Character Recognition (OCR)/Intelligent Character Recognition (ICR) – Automated data and image capture of returns and correspondence. • Remittance Processing – A system that provides for preparation of checks for bank deposit and data extraction for input into the enterprise system. • Compliance Repository and Auditor's Toolkit – A data warehouse of taxpayer information and an application that allows for comparison of data to select audit candidates and manage the resulting audit activities. • Lotus Notes – Administrative applications that support applications such as an online Agency Operating Procedures application, Collaborative Work Environment application, Configuration Change Management Tracking application, a Procurement Tracking application, and a Legislative Tracking application. • ADVANTAGE Revenue (AR) – Back office taxpayer accounting system that maintains taxpayer demographic and account information. • VATAX Online – A full suite of online services for businesses and individual income tax customers. -The iReg for Business application allows new businesses to register online and allows existing businesses to add business locations and consolidate their filings. -The iFile for Business application allows taxpayers to file sales, use, and withholding taxes over the Internet. -The iFile for Individual application allows individual taxpayers to file over the Internet, to check their refund, and to change their name and address. All of the software applications listed above are supported by a complex client server environment comprised of many components, including Oracle and UNIX.

Background Information

Mission Alignment and Authority

- Describe how this service supports the agency mission
This service area provides mission critical enabling support to all operating areas of TAX.
- Describe the Statutory Authority of this Service
§ 58.1 Code of Virginia - Information Technology supports all other service areas at TAX.

Customers

Agency Customer Group	Customer	Customers served annually	Potential annual customers
Agency Management and Employees	Agency Management and Employees	1,200	1,200
Federal/State/Local Governments	Federal/State/Local Governments	216	216
IRS/Professional Associations	IRS/Professional Associations	31	31
Taxpayers of the Commonwealth	Taxpayers of the Commonwealth	3,500,000	4,000,000

Anticipated Changes To Agency Customer Base
None.

Partners

Partner	Description
[None entered]	

Products and Services

- Factors Impacting the Products and/or Services:
Technology systems, including application software and hardware, must be upgraded and refreshed on an ongoing basis to ensure they operate correctly and are available for use by end users. Further, TAX must refresh hardware and upgrade software versions in a timely manner to eliminate the risk of the Commonwealth's revenue systems becoming obsolete again in the future, jeopardizing all of TAX's business operations.
 - Most tax-related legislative changes necessitate changes to TAX's automated systems. The variety of filing and service "channels" provided by TAX often means the change must be made in several systems, each supporting a different channel.
 - The customer demand for and use of electronic, self-help services continues to increase, requiring continued capacity expansions within existing services.
 - Agency management and users continue to demand automated solutions to replace historically manual tasks. This results in increased operating efficiency and improved customer services, but requires an ongoing commitment to information technology services.
- Anticipated Changes to the Products and/or Services
Most tax-related legislative changes necessitate changes to TAX's automated systems. The variety of filing and service "channels" provided by TAX often means the change must be made in several systems, each supporting a different channel.
 - The customer demand for and use of electronic, self-help services continues to increase, requiring the development of new electronic channels to replace traditional paper-based services as well as those services which currently involve direct interaction with agency staff. TAX plans to continue to exploit the eGovernment capabilities implemented in recent years to allow more citizens to interact with us electronically at a time that is convenient for them.

• Over the past few years, TAX implemented a broad range of technology-based solutions that have allowed dramatic improvements in operating efficiency as well as allowed TAX to improve service to citizens. Now that the tools are in place, TAX plans to exploit the capabilities inherent in those tools to ensure continuous improvement in operating efficiency and customer service.

• *Listing of Products and/or Services*

- Manage technology support delivery – Plan and manage delivery of the technology systems at TAX that enable business operations, including the budget for technology services.
- Develop and maintain application software - develop, test, maintain and operate TAX's technology systems, including over twenty complex IT systems that comprise an Integrated Revenue Management System. Includes annual legislative modifications, as well as TAX's self-service eGovernment channels.
- Manage the technology environment configuration – manage, plan, monitor, and oversee TAX's technology infrastructure, and approve all changes to the technology infrastructure, including a Change Control group that ensures effective migration (and protection) of all production systems, upgrades, maintenance, enhancements, releases, etc. Ensure all components of the technology infrastructure (hardware, software, and environment configurations) are maintained and changes to production systems are properly controlled and tested.
- VITA Coordination and Support - Participate with VITA/NG on agency transformation, Commonwealth Technology direction, VITA procurement requirements, and general support for VITA.
- Administer and enable IT Security – Administer daily security activities such as adding, removing, and modifying users and their associated access (over 2,500 system users), reviewing audit trails, access attempts, virus threats, and potential browsing incidents, ensuring the security of TAX's data, systems and technology infrastructure by providing expert guidance to ensure security is "designed in" and exploiting best practices use of technology tools to better detect intrusion, prevent unauthorized access, and enhance security administration.
- Manage IT Disaster Recovery - Manage a comprehensive IT Recovery plan, encompassing all aspects of IT connectivity, applications and services. Ensure the full recovery of any unplanned computing services interruptions.
- Ensure Quality Control - Ensure changes to production systems are monitored and controlled to reduce risks to the agency and minimize errors. Ensure software changes are successfully migrated from test to production. Manage software version control to ensure a clear separation between test systems and production systems. Approximately 1,200 changes are implemented annually.
- Support TAX's Technology Infrastructure – Management of TAX's databases and support for UNIX.

Finance

• *Financial Overview*

The total spending budget for Information Technology supports a number of critical areas, including: • Technology staff to maintain TAX's technology environment and software applications • Maintenance contracts to ensure manufacturer support, upgrades, periodic releases and patches on operating systems, software languages, and custom developed software systems. Also includes maintenance contracts, including preventive maintenance and equipment repair on imaging equipment, remittance processing equipment, etc. • Hardware and equipment (such as desktops, laptops, printers, telephones, remittance processing transports, imaging scanners, telephony equipment, etc.) replacement costs and software costs to ensure all technology hardware is fully functional and meets user's requirements. Includes purchased and leased hardware. • Connectivity and Telephony charges for local and long distance telephone charges, telecommunications charges, server hosting fees, disaster recovery services, etc.

Information Technology Expenditures Summary:

- 35% Personal Services
- 24% for Software Development
- 36% for Computer service
- 5% other
- 11% HW/SW and Equipment
- 4% Other

• *Financial Breakdown*

	FY 2009		FY 2010	
	General Fund	Nongeneral Fund	General Fund	Nongeneral Fund
Base Budget	\$24,692,868	\$0	\$24,692,868	\$0
Change To Base	\$0	\$0	\$0	\$0
Service Area Total	\$24,692,868	\$0	\$24,692,868	\$0

Human Resources

• *Human Resources Overview*

[Nothing entered]

• *Human Resource Levels*

Effective Date		
Total Authorized Position level	0	
Vacant Positions	0	
Current Employment Level	0.0	
Non-Classified (Filled)	0	<i>breakout of Current Employment Level</i>
Full-Time Classified (Filled)	0	
Part-Time Classified (Filled)	0	
Faculty (Filled)	0	
Wage	0	
Contract Employees	0	
Total Human Resource Level	0.0	<i>= Current Employment Level + Wage and Contract Employees</i>

- *Factors Impacting HR*
[Nothing entered]
- *Anticipated HR Changes*
[Nothing entered]

Service Area Objectives

- Maintain a 98% IRMS availability

Objective Description

The TAX internal agency computer system (IRMS) is the life blood of critical agency operations. When this system is not operating many of our staff cannot perform their daily tasks --this means customers are not served, revenues are not deposited, phone calls and letters are not answered. This measure is designed to measure the availability of the system.

Alignment to Agency Goals

- Agency Goal: Maximize operational efficiency and effectiveness

Link to State Strategy

- nothing linked

Objective Measures

- Computer System Availability (IRMS)

Measure Class: Other Measure Type: Outcome Measure Frequency: Annual Preferred Trend: Maintain

Frequency Comment: Percentage

Measure Target Value: 98 Date: 6/30/2011

Measure Target Description: New Measure: Maintain at least a 98% IRMS availability in FY09 and FY10.

Data Source and Calculation: Utilize an automated tool to measure IRMS availability.

- Maintain customer satisfaction levels with online self-service technologies.

Objective Description

When TAX customers use our on-line systems they are asked to provide answers to a small number of questions so that TAX can ascertain the overall level of satisfaction with the on-line service. TAX has had good ratings on these services and expects that customers will continue to be highly satisfied with them.

Link to State Strategy

- nothing linked

Objective Measures

- Utilize the results of on-line surveys to measure customer satisfaction.

Measure Class: Other Measure Type: Outcome Measure Frequency: Annual Preferred Trend: Maintain

Frequency Comment: Percentage

Measure Target Value: 98 Date: 6/30/2010

Measure Target Description: Maintain at least a 98% positive customer satisfaction rating in fiscal years 2009 and 2010.

Data Source and Calculation: An on-line survey tool collects measurement data. TAX measures user satisfaction through online surveys. These surveys are completed by those taxpayers using individual iFile and business iFile and by businesses using iReg.