

2018-20 Strategic Plan

Department of Taxation [161]

Mission

The mission of the Virginia Department of Taxation (Virginia Tax) is to administer the tax laws of the Commonwealth with integrity and efficiency to support funding of government services for Virginia's citizens.

Vision

Instill public confidence and achieve the highest level of voluntary compliance through the strength of our workforce, a culture of innovation, and leading-edge technology that safeguards taxpayer information and enhances the way we deliver our services.

Values

- Integrity: We strive to be honest, fair and straightforward, not compromising moral principles.
- Concern and Respect: We commit to work diligently to earn and keep the trust and respect of our stakeholders and co-workers. We strive to participate and communicate in an open, collaborative environment, while showing consideration and compassion as we pursue common goals.
- Personal Responsibility: We hold ourselves accountable for our performance and we honor our commitments. We take initiative and accept ownership for the actions required to achieve positive outcomes for ourselves and the agency.
- Innovation: We seek better ways to do our work with the highest levels of quality. We challenge the status quo and we welcome and encourage innovation and creativity.

Finance

Financial Overview

Virginia Tax is predominantly funded from the general fund. We use non-general fund sources to fund outside collection agencies (percentage of collections), court debt collection, the administration of the communication sales and use tax, motor vehicle rental tax, and the insurance premium tax. Non-general funds are also used for railroad and pipeline assessments, land preservation credit processing, managing Treasury Offset Programs (TOPS), and local assessor training classes.

Biennial Budget

	2019 General Fund	2019 Nongeneral Fund	2020 General Fund	2020 Nongeneral Fund
Initial Appropriation for the Biennium	101,290,166	12,310,705	100,464,833	12,267,283
Changes to Initial Appropriation	658,100	0	992,294	0

(Changes to Initial Appropriation will be 0 when the plan is created. They will change when the plan is updated mid-biennium.)

Customers

Anticipated Changes to Customer Base

The agency does not anticipate any declines in our customer base over the next biennium. We anticipate a 1.5 – 2 percent growth in our customer base overall.

Current Customer List

Predefined Group	User Defined Group	Number Served Annually	Potential Number of Annual Customers	Projected Customer Trend
Business and Finance	Professional Associations	30	30	Stable
Attorney General	Attorney General's Office	1	1	Stable
Business and Finance	Payroll providers - Companies representing and filing for multiple business taxpayers	200	300	Increase
Business and Finance	Tax preparers - Professional preparers of individual and corporate income taxes, and business taxes	8,000	10,000	Increase
General Assembly	General Assembly	140	140	Stable
Governor	Governor's Office	1	1	Stable

Local or Regional Government Authorities	Federal/State/Local Governments	216	216	Stable
Local or Regional Government Authorities	Transportation Authorities	2	2	Stable
State Agency(s),	Agency Management and Employees	940	940	Stable
State Agency(s),	State Agencies	124	124	Stable
Taxpayer	Business taxpayers - Sales tax dealers, employers, corporations and other business taxpayers	587,076	598,026	Increase
Taxpayer	Individual taxpayers - Resident, non-resident and part-year resident taxpayers that file personal taxes in Virginia	5,162,846	5,193,316	Increase
Taxpayer	Tobacco wholesalers	150	150	Stable
State Agency(s),	Courts - Court Debt Collections	234	234	Stable

Partners

Name	Description
Internal Revenue Service (IRS)	Virginia Tax and the IRS exchange data/information for state and federal refund setoff, and for tax auditing purposes.
Virginia Localities	Localities sell Tobacco Stamps on behalf of Virginia Tax to Treasurers and Commissioners of Revenue including but not limited to: Cities of Bristol, Danville, Fairfax, Lynchburg, Roanoke, Virginia Beach, Waynesboro, and Culpeper.
Federal, State and Local Governments	Virginia Tax partners with federal, state, and local governments to collect and recover money through various debt setoff programs.
Local Governments or Regional Government Authorities	Virginia Tax works with local governments and regional government authorities to distribute revenue.
e-File Software Vendors	These are external developers of tax preparation software used by taxpayers and tax preparers to electronically file state tax returns.
Private Sector Vendors and Contractors	Virginia Tax works with various contractors and vendors who provide goods and services to the agency in support of tax collection and program administration.
Virginia Employment Commission (VEC)	Virginia Tax partners with VEC to develop and share an online portal for employers to register their business with both agencies and file and pay taxes at the same time. VEC and TAX jointly maintain our iReg and iFile applications that are used by taxpayers to register with TAX and VEC and to file and pay taxes with both TAX and VEC.
Virginia Information Technology Agency/Various Contractors	VITA and technology contractors provide the technical infrastructure and supports the LAN/WAN and server operating systems used by many of the agency's applications.
Virginia Localities	Virginia localities assist Virginia Tax with the filing and processing of individual income tax returns, assist with locally-administered taxes, and participate in the tax refund setoff program.
Virginia State Agencies	Other state agencies participate in the tax refund setoff program and/or validate tax compliance for issuing various permits and licenses.

Agency Goals

- **Attract, develop and retain a high-performing workforce.**

- **Summary and Alignment**

The success of an organization is tied directly to the competency of its workforce. Maintaining a highly-skilled and knowledgeable workforce in today's fast-changing environment will enable Virginia Tax to fulfill our mission.

- **Associated State Goal**

Government and Citizens: Be recognized as the best-managed state in the nation.

- **Associated Societal Indicator**

Government Operations

- **Objectives**

» **Increase opportunities for learning, development and progression.**

Description

Developing employees' skills and knowledge is a business imperative to ensure the highest level of public service. Offering more robust learning and development opportunities will help make the agency stronger, provide more opportunities for employees to progress in their careers, and help with retention of talent.

Objective Strategies

- Establish a formal leadership development program that focuses on providing employees with the tools, knowledge base and skills necessary to become better leaders or prepare for leadership roles.
- Review existing career progression programs and, where appropriate, develop additional career paths/maps clearly linked to competencies.
- Establish a more formal cross-training program, especially for jobs critical for business continuity.
- Conduct a thorough analysis of the ongoing training needs of business units.

Measures

- ◆ Average employee development days per employee per year

» **Provide a safe, positive and rewarding work environment.**

Description

By providing a healthy work environment – one that is safe, empowering, positive and satisfying – employees will value coming to work and this will help to provide the motivation to sustain them throughout the workday.

Objective Strategies

- Assess and document field work safety risks, revise/develop formal safety procedures and processes, and develop an education program for field staff.
- Build and maintain employee recognition programs throughout the agency that reward and recognize values-based behavior and achievement of strategic objectives.
- Establish an employee advisory committee to make suggestions on programs and activities to create a more positive, rewarding, and healthy work environment.

Measures

- ◆ Average turnover rate for employees with less than five years of service.

• **Instill public confidence by ensuring taxpayer privacy and eliminating fraud.**

Summary and Alignment

With the prevalence of identity theft and data security breaches, Virginia Tax has established a goal of maintaining public confidence by implementing secure processes and stringent evaluations to ensure the protection of the public's data and the safeguarding of Virginia's revenue.

Associated State Goal

Government and Citizens: Be recognized as the best-managed state in the nation.

Associated Societal Indicator

Taxation

Objectives

» **Improve detection and prevention of fraud and identity theft.**

Description

Fraud and identity theft are increasing at a rapid rate. Virginia Tax will maintain vigilance in implementing controls that ensure we are able to detect and prevent fraudulent filings and determine if an identity has been stolen.

Objective Strategies

- Continually assess the goal for processing individual returns to ensure it accurately reflects the time required to document the validity of the return.
- Identify and implement additional measures for universal verification of a taxpayer's identity.

- Establish an efficient process to identify and resolve identity theft incidents.

Measures

- ◆ Percentage of refunds stopped that have been identified as fraudulent.

» **Integrate information security in Virginia Tax's culture.**

Description

To ensure taxpayer privacy and safeguard data, Virginia Tax will place an emphasis on information security and ensure that all employees understand and comply with the security requirements.

Objective Strategies

- Develop and implement additional/revised security training, increasing frequency and the types of training opportunities.
- Continually review and revise policy and incorporate best practices and accountability to ensure compliance.

Measures

- ◆ Percentage of critical safeguard violations are resolved within 2 business days

» **Protect all sensitive data entrusted to Virginia Tax.**

Description

To instill public trust in Virginia Tax, we will secure data entrusted to us in the manner prescribed by Commonwealth and federal standards, thereby reducing the risk of a data breach.

Objective Strategies

- Continue to review and update physical, technical, data and user access security controls.
- Continue to conduct routine penetration tests to assess physical and data security.
- Implement changes to systems, processes, training, and policies to reduce the number of cyberattacks.
- Using best practices, implement a robust taxpayer portal that provides enhanced authentication; continue secure access to online applications.

Measures

- ◆ Percentage of vulnerability scans of systems completed

• **Foster an environment that supports sound tax administration and informed decision making.**

Summary and Alignment

Sound tax administration provides decision makers with unbiased data to make effective policy and data-driven resource allocation decisions.

Associated State Goal

Government and Citizens: Be recognized as the best-managed state in the nation.

Associated Societal Indicator

Taxation

Objectives

» **Increase the use of data to make business decisions.**

Description

On a daily basis, Virginia Tax collects and works with large volumes of business data in administering the state's tax laws. We will collect meaningful data and systematically and analytically use that data to improve decision making, agency performance, monitor customer satisfaction, enhance revenues, and manage costs.

Objective Strategies

- Effectively use data in decision making via decision analytics processes.
- Identify and evaluate the current inventory of data and potential new sources of data and establish data governance requirements.

Measures

- ◆ Percentage of the compliance goal collected annually.

- ◆ Percentage variance on the official forecast.

» **Ensure quality financial management.**

Description

Virginia Tax will effectively plan for and use available resources. We will advocate for resources to correctly implement new legislation and new products, and to support technology to serve customers efficiently. We will continue to be good stewards of public funds to maintain public trust while promoting a culture of innovation and risk-taking.

Objective Strategies

- Comply with all applicable Commonwealth internal controls, policies and procedures for financial and agency management.
- Fully integrate with the Commonwealth's new statewide financial management system.
- Establish a channel to submit ideas for process efficiencies and for agency improvement.

Measures

- ◆ Error rate % of local distribution of sales and use tax

• **Improve the effectiveness of customer and partner interactions.**

Summary and Alignment

Each interaction with a customer or partner provides an opportunity to strengthen public trust in our ability to collect revenues due the Commonwealth. The effectiveness of these interactions will improve as we increase customers' understanding of their tax obligations, simplify their interactions with Virginia Tax, improve communication and collaboration with partners, and enhance the education provided to partners.

Associated State Goal

Government and Citizens: Be recognized as the best-managed state in the nation.

Associated Societal Indicator

Taxation

Objectives

» **Expand, enhance and promote self-service options.**

Description

Expansion and improvement of self-service options (e.g., intuitive website, social media, and additional interactive voice and "push" educational opportunities) can satisfy customers' needs for quick and easy processes and reduce costs. By providing additional self-service options, taxpayers can quickly find answers to their questions, which could reduce taxpayer errors and frustration. It will also lessen their dependence on the Contact Center.

Objective Strategies

- Identify processes that currently require customers to call the Contact Center that can be done via web self-service.
- Deliver a dynamic web platform for our customers to interact and conduct business with us.
- Improve customer interactions by offering a full-range of service options for customers to interact with us when, where, and how they prefer.
- Deliver more options for customers to resolve issues online via self-service instead of through phone interactions.

Measures

- ◆ Percentage of all returns and payments filed electronically
- ◆ Percentage of calls answered before callers disconnect

» **Simplify tax forms, instructions and correspondence.**

Description

Tax forms, instructions, and correspondence should be clear and targeted to their intended audience. An increased focus on format, readability, consistency, and the use of plain language should make these documents easier to use and result in a decrease in the customer's need for assistance. Taxpayers who understand agency communication are less prone to errors and they better understand their filing and payment requirements. This should improve voluntary compliance and will reduce taxpayer confusion and frustration.

Objective Strategies

- Review and overhaul the agency's correspondence, individual tax forms and instructions, and business tax forms and instructions. Implement an ongoing process to review, validate, and update these documents.

Measures

- ◆ Percentage of Non Profit Exemption Applications processed within 60 days

• **Optimize operations and technology.**

Summary and Alignment

Improving agency operations through innovation and business process improvement will allow Virginia Tax to better manage our costs and ensure the effective and efficient administration of tax laws.

Associated State Goal

Government and Citizens: Be recognized as the best-managed state in the nation.

Associated Societal Indicator

Government Operations

Objectives

» **Continuously improve business practices and processes.**

Description

Business process improvement is a methodology aimed at identifying operations that could be corrected, modified or removed in order to improve quality, productivity or response time of a business process. Further, it is used to create streamlined processes, eliminate non-value added activities, provide consistent procedures, and create more efficient workflows. Business process improvement also includes functional changes to core business systems that can be automated or streamlined as needed to accomplish our objective.

Objective Strategies

- Select and prioritize opportunities for improvement through business case analysis.
- Establish a systematic process to track, measure and report the results of process improvements on changes initiated and implemented.

Measures

- ◆ Average cost to process an individual income tax return.
- ◆ Percentage of individual income tax and sales and use tax appeals < 120 days old
- ◆ Percentage of open individual income and sales tax appeals less than 120 days old.

» **Manage and simplify the technology that supports the business.**

Description

Virginia Tax maintains a significant number of applications, software products, and technical platforms. Technology based on numerous applications has become an agency weakness because our technology staff is unable to focus on innovative solutions and enhancements due to the significant number of systems that need to be maintained. By focusing on fewer technologies and applications, the agency would be better able to respond to agency needs.

Objective Strategies

- Ensure any investment in technology provides simple, cost-effective solutions that can be effectively used and maintained.

Measures

- ◆ Percentage of individual income tax refunds from current year e-filed returns issued within 15 days of receipt of the return

Supporting Documents

Title

File Type

Tax Policy Research and Analysis [71507]

Description of this Program / Service Area

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 the benefit of Virginia Tax's customers, employees and stakeholders.

This area implements tax legislation by promulgating regulations, guidelines 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.

Mission Alignment

Providing the Governor, Secretary of Finance, legislators, 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.

Products and Services

Description of Major Products and 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 Statements on pending legislation

Annual reporting on the fiscal, economic, and policy impacts of all miscellaneous and nonprofit retail sales and use tax exemptions

Products / Services					
Product / Service	Statutory Authority	Regulatory Authority	Required Or Discretionary	GF	NGF
Provide vital information to lawmakers for pending legislation, guidance to taxpayers interpreting tax laws and annual reporting on the fiscal, economic and policy impact of all tax exemptions	§§ 58.1-202, 58.1-207, 58.1-210		Required	1,842,998	0

Anticipated Changes

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.

As a result of the most comprehensive federal income tax overall in 30 years, this area has worked with an outside consultant to produce a comprehensive report estimating the revenue impacts of the federal changes on Virginia's income tax system. This area expects an increased number of requests for estimates for making structural changes to Virginia income tax system in response to federal tax reform.

Factors Impacting

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

Financial Overview

Biennial Budget

	2019 General Fund	2019 Nongeneral Fund	2020 General Fund	2020 Nongeneral Fund
Initial Appropriation for the Biennium	1,842,998	0	1,842,998	0
Changes to Initial Appropriation	0	0	0	0

Supporting Documents

Title **File Type**

Appeals and Rulings [71508]

Description of this Program / Service Area

The Appeals and Rulings unit performs the dispute resolution function for Virginia Tax by resolving administrative appeals and offers in compromise that primarily arise through field audits or desk examinations of taxpayer records. This service area also provides staff support to the Tax Commissioner in the development of new policy and the Attorney General's Office in tax litigation brought against the agency.

Mission Alignment

The Appeals and Rulings unit's mission is to resolve appeals, ruling requests, offers in compromise and other taxpayer issues with integrity and impartiality through the efficient and consistent application of established tax laws, regulations, and policies.

Products and Services

Description of Major Products and Services

- Rulings on factual scenarios based on established policy
- Technical assistance to taxpayers, Department of Taxation employees, and other agencies
- Settlements of disputed liabilities through offers in compromise
- Advisory opinions on factual scenarios for Business, Professional and Occupational License (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

Products / Services					
Product / Service	Statutory Authority	Regulatory Authority	Required Or Discretionary	GF	NGF
Provide rulings on taxpayer appeals, provide assistance to taxpayers, Virginia Tax and other agencies.	§ 58.1-202		Required	1,160,286	0

Anticipated Changes

None.

Factors Impacting

- Number and quality of assessments issued
- Federal and state law changes
- Regulation and policy changes
- Court decisions
- Changes in the manner in which companies conduct business

Financial Overview

Biennial Budget

	2019 General Fund	2019 Nongeneral Fund	2020 General Fund	2020 Nongeneral Fund
Initial Appropriation for the Biennium	1,241,127	0	1,241,127	0
Changes to Initial Appropriation	0	0	-97,640	0

Supporting Documents

Title **File Type**

Service Area Plan

Revenue Forecasting [71509]

Description of this Program / Service Area

Revenue Forecasting is responsible for preparing the six-year forecast of the Virginia economy and general fund revenue estimates; the six-year forecast of the Commonwealth's transportation revenues; and the six-year forecast of the Department of Motor Vehicles' operating revenues.

Mission Alignment

The Revenue Forecasting mission is to recommend the amount of resources available to fund expenses of the Commonwealth.

Products and Services

Description of Major Products and Services

Products: Economic Outlook notebook for the Joint 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.

Products / Services					
Product / Service	Statutory Authority	Regulatory Authority	Required Or Discretionary	GF	NGF
Prepare economic outlook materials and revenue reports.	§§ 2.2-1503, 15.2-2502, Code of Virginia		Required	716,724	0

Anticipated Changes

None.

Factors Impacting

The changes in the federal tax law will have a significant impact on the state revenue forecast.

Financial Overview

Biennial Budget

	2019 General Fund	2019 Nongeneral Fund	2020 General Fund	2020 Nongeneral Fund
Initial Appropriation for the Biennium	700,235	0	700,235	0
Changes to Initial Appropriation	0	0	0	0

Supporting Documents

Title **File Type**

Tax Return Processing [73214]**Description of this Program / Service Area**

Tax Processing Operations processes state tax returns and payments for both paper and electronic submissions. Paper return and payment processing includes several manual activities to prepare and process the items into Virginia Tax's revenue management system. Electronic return and payment processing includes the administration of several online file and pay systems. This area is also responsible for the manual processing of inbound correspondence, issuing tax refunds, registering businesses and processing returned mail (bills, letters and refund checks).

Mission Alignment

Tax Processing Operations supports the agency's mission through the efficient, timely and accurate processing of all business and income tax returns, refunds, correspondence and payments.

Products and Services**Description of Major Products and Services**

Paper Tax Return Processing

- Mail opening
- Sorting/grouping
- Screening
- Document preparation
- Scanning
- Data capture

Electronic/Online Tax Return Processing

- IRS Fed/State e-File program administration
- eForms System administration
- Web Upload System administration
- VATAX Online functional support

Payment Processing

- Check deposit and data capture
- Credit card payments
- Electronic debit EFT payments
- ACH credit administration

Correspondence Processing

- Mail opening/sorting
- Document preparation
- Scanning
- Indexing

Refund Issuance

- Direct deposits
- Paper checks

Business Registration

- Register businesses
- Issue sales tax certificates
- Administer iReg for online registration and profile updates
- Register Power of Attorney agents

Returned Mail and Returned Refund Checks

- Locate valid addresses and re-mail
- Update "bad address" indicators to prevent future mailings to same address
- Request stop payments, voids and re-issuance of checks

Forms Requests

- Process written requests for forms and copies of tax returns

Products / Services					
Product / Service	Statutory Authority	Regulatory Authority	Required Or Discretionary	GF	NGF
Processing of tax returns, refunds, business registration, returned mail, payments, and form requests.	Title 58.1, Code of Virginia		Required	6,428,140	0

Anticipated Changes

Virginia Tax expects to continue to develop and promote online file and pay systems to reduce costs and inefficiencies associated with the processing of paper. Taxpayers are becoming increasingly more comfortable using self-service online systems to conduct business, including filing and paying taxes.

Factors Impacting

Since over 90 percent of individual, corporate and PTE income tax returns are processed between February and July, Tax Processing Operations requires an annual recruitment process to ensure staff is in place to deal with peak paper return and payment volumes. Economic factors and the strength of the job market may impact the quantity and quality of available staff.

Financial Overview

Biennial Budget

	2019 General Fund	2019 Nongeneral Fund	2020 General Fund	2020 Nongeneral Fund
Initial Appropriation for the Biennium	5,747,734	0	5,747,734	0
Changes to Initial Appropriation	658,100	0	680,406	0

Supporting Documents

Title **File Type**

Customer Services [73217]

Description of this Program / Service Area

Customer Services is comprised of three distinct areas; Customer Contact Center, Error Resolution Unit and the Court Debt Collections Unit.

The Customer Contact Center provides guidance, information and assistance to Virginia Taxpayers via telephone, written correspondence, secure email, and a Richmond based walk in office. The Error Resolution Unit is responsible for correcting errors made in the preparation of returns and payments, and business tax registration. The Court Debt Collections Unit is dedicated to collecting delinquent court debt fines via telephone and written correspondence.

In FY2018 the Customer Contact Center received: • 632,702 phone calls • 104,078 pieces of correspondence • 26,032 secure messages • 1,414 walk-in customers

In FY 2018 the Error Resolution Unit resolved 188,058 individual tax errors and 225,016 business tax errors.

In FY 2018 the Court Debt Collections Office serviced 234 courts and collected \$44 million in court debt fines and fees with \$3 million transferred to the General Fund.

Mission Alignment

Customer Services provides the citizens of the Commonwealth of Virginia with a way to contact Virginia Tax about any and all matters concerning the administration of state taxes in Virginia and other agency activities. Customer Services ensures that the integrity, efficiency, and consistency of Virginia Tax’s work are conveyed to the taxpayers of Virginia in a professional manner, and that citizens confidential tax information is safeguarded from unauthorized disclosure.

Products and Services

Description of Major Products and Services

- Customer Contact Center:
 - Answer incoming telephone calls from taxpayers
 - Answer incoming paper and fax correspondence
 - Answer incoming e-mail and secure messages from taxpayers
 - Provide walk-in service in our Westmoreland Avenue Office for taxpayers during tax filing season - January through May
- Error Resolution:
 - Resolve individual and corporate, return preparation and processing errors
 - Resolve sales tax, withholding and individual taxpayer errors
 - Approve refunds and assessments before issuance
- Court Debt Collections:
 - Answer incoming telephone calls
 - Answer incoming paper and fax correspondence
 - Provide debt collection services for 234 Virginia Courts

Products / Services					
Product / Service	Statutory Authority	Regulatory Authority	Required Or Discretionary	GF	NGF
Provide aid to taxpayers through written correspondence, telephone calls and limited walk-in service to ensure all tax preparation errors are corrected and taxpayer questions are answered promptly.	Title 58.1, Code of Virginia		Required	11,903,286	188,277

Anticipated Changes

Recent changes to the federal tax code and the uncertainty of its impact on Virginia, taxpayers as well as CPA’s call volumes are expected to rise significantly during this cycle. Along with the Refund Review contacts handled by the Contact Center, contact volume (i.e. call, mail correspondence, walk-in and secure messaging) is expected to be significantly higher during this individual income tax filing season.

Factors Impacting

Taxpayer support needs increase with tax activity, whether associated with compliance activities, refund/return filing, error resolution activity, and/or changes in tax laws.

Financial Overview

Biennial Budget

	2019 General Fund	2019 Nongeneral Fund	2020 General Fund	2020 Nongeneral Fund
Initial Appropriation for the Biennium	11,903,286	188,277	11,903,286	188,277
Changes to Initial Appropriation	0	0	0	0

Supporting Documents

Title **File Type**

Compliance Audit [73218]

Description of this Program / Service Area

Virginia Tax's audit programs are designed to ensure compliance with Virginia's tax laws through automated and manual examination of taxpayer records and returns.

Mission Alignment

Work to maximize available resources to ensure compliance with the Commonwealth's tax laws and regulations. Our compliance efforts play an important role in ensuring that the tax laws are applied consistently among a large number of diverse taxpayers. In addition, the presence of both audit and collection efforts instills in taxpayers the incentive to fulfill their tax obligations to the Commonwealth. Not only do the Department's enforcement efforts generate compliance revenue, these efforts also influence voluntary compliance revenue, which greatly improves the Commonwealth's economic strength.

Authority: Title 58.1, Code of Virginia.

Products and Services

Description of Major Products and Services

- Auditing to ensure compliance
- Assessing of outstanding taxes
- Taxpayer education and awareness
- Compliance initiatives and revenue performance reporting
- Identification and implementation of new programs and best practices
- Refund fraud and review efforts

Products / Services					
Product / Service	Statutory Authority	Regulatory Authority	Required Or Discretionary	GF	NGF
Audit of taxpayers to ensure compliance and assessment of outstanding taxes.	Title 58.1, Code of Virginia		Required	18,959,000	1,291,986

Anticipated Changes

Virginia Tax will continue to expand its approach in identifying and denying fraudulent refunds. Tax refund fraud is a problem not only in Virginia but throughout the country. We are committed to doing our part to prevent the issuance of fraudulent refunds. Not only do we work to improve our ability to stop fraudulent refunds, we also have made changes to make it easier and faster to release valid refunds that were stopped for review.

The agency will continue to broaden our reach in Field Audit activities through the expansion of staff in the Northern and Eastern regions. The Fairfax satellite office is now open and being utilized by both field audit and collections for regional staff meetings, auditor training, and as an alternative workspace for when remote access issues arise.

The current state assessment study has been completed and finalized by the independent contractor with recommendations on improving processes and people. The recommendations have been shared with the areas within Compliance and a development plan will be made to incorporate the recommendations as best decided by management.

Factors Impacting

- Efficient performance of this service relies on several factors including a sufficient number of well-trained audit staff
- Up-to-date computer systems and applications
- Technical support services that can quickly and reliably provide accurate information to compliance personnel
- Availability of overtime funding as needed
- Limitation of non-audit demands on audit personnel
- Availability, accuracy, and timeliness of state and federal data
- Communication with other state and federal agencies to address fraud
- Unrestricted travel for field audit staff who travel to taxpayer locations to perform audits

Financial Overview

Biennial Budget

	2019 General Fund	2019 Nongeneral Fund	2020 General Fund	2020 Nongeneral Fund
Initial Appropriation for the Biennium	18,867,660	1,298,452	18,959,000	1,291,986
Changes to Initial Appropriation	0	0	0	0

Supporting Documents

Title **File Type**

Compliance Collections [73219]

Description of this Program / Service Area

Compliance collections is dedicated to the task of identifying and collecting delinquent state taxes from both individuals and businesses that fail to satisfy tax obligations imposed by statute and to capture or set off obligations owed to the Commonwealth, local governments and other participating entities, such as educational institutions and courts.

Mission Alignment

The Virginia tax system relies on voluntary compliance by taxpayers. The continued participation in the revenue system by taxpayers requires that they have confidence that the tax obligations imposed on them are applied and enforced consistently on all similarly situated individuals and businesses. The integrity of a voluntary tax system cannot be maintained unless taxpayers generally understand how to comply and that noncompliance will be addressed in a comprehensive and timely manner.

Products and Services

Description of Major Products and Services

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.

These services are provided with the assistance of Outside Collection Agencies and Bankruptcy Attorneys.

Products / Services					
Product / Service	Statutory Authority	Regulatory Authority	Required Or Discretionary	GF	NGF
Collection of delinquent taxes.	Title 58.1, Code of Virginia		Required	7,178,146	9,194,747

Anticipated Changes

Virginia Tax is developing an online portal for individual taxpayers expected to be available in late 2019. This will allow taxpayers to view their correspondence and other information for their individual income tax accounts.

The 2019 Tax Relief Refunds will be issued in October 2019 impacting Collections and particularly Debt Set-Off Program.

The threshold for the Accelerated Sales Tax initiative was increased to \$10 million in annual taxable sales.

Factors Impacting

Efficient performance of this service relies on maintaining a well-trained staff and the efficient operation of technical support services that can quickly and reliably provide support, performance and accurate information to the staff. Legislative changes (AST) are anticipated but subject to change.

Financial Overview

Biennial Budget

	2019 General Fund	2019 Nongeneral Fund	2020 General Fund	2020 Nongeneral Fund
Initial Appropriation for the Biennium	7,178,146	9,224,731	7,178,146	9,194,747
Changes to Initial Appropriation	0	0	0	0

Supporting Documents

Title **File Type**

Legal and Technical Services [73222]

Description of this Program / Service Area

The Office of General Legal and Technical Services oversees the Special Taxes and Services Unit, General Legal Support, Disclosure, the Land Preservation Tax Credit (LPC) Compliance Unit, Legislative, and Support Services, Records Management. The Special Taxes and Services Unit is comprised of a Taxpayer Rights Advocate who ensures that taxpayers are responded to in a timely and respectful manner and that their rights are protected. General Legal Support helps the agency respond to general legal matters and acts as a liaison to the Office of the Attorney General. The Disclosure and Federal Safeguarding Unit assures that all state and federal confidential taxpayer information is adequately protected and oversees the Department’s Record Management program. The Land Preservation Credit Compliance Unit reviews applications for the LPC to make sure they comply with the Code of Virginia. The Legislative Support Services Unit provides administrative cost estimates for tax legislation and oversees the Department’s legislation implementation process. The area responds to constituent contacts for members of the General Assembly, the Secretary of Finance and the Governor. This area also helps administer Tobacco Taxes, Communications Sales Taxes, Motor Vehicle Rental Tax and Insurance Premium Tax, and several statewide tax credits.

Mission Alignment

General Legal and Technical Support provides advocacy for the taxpayers of Virginia and ensures their confidential tax information is protected from unauthorized disclosure.

Products and Services

Description of Major Products and Services

- Resolve constituent issues, assure taxpayer rights are protected
- Review requests for taxpayer information, respond to ongoing Freedom of Information Act requests
- Administer tax credits
- Perform inspections of Licensed Tobacco Wholesale Dealers
- Review LPC applications
- Implement new tax legislation
- Assure proper maintenance and disposal of the Department’s records

Products / Services					
Product / Service	Statutory Authority	Regulatory Authority	Required Or Discretionary	GF	NGF
Provides oversight of tax credits, inspections of tobacco wholesalers, administration of non-profit program, responses to FOIA requests and safeguards confidential information.	Title 58.1, Code of Virginia		Required	2,816,729	0

Anticipated Changes

The Tobacco Unit registered over 7,300 cigarette retailers in Virginia through the ST-10C (Cigarette Tax Exemption). The Tobacco Unit has developed searchable database for all cigarette retailers and wholesalers in the Commonwealth of Virginia. The Tobacco Unit is developing and implementing an audit process of Wholesalers/Stamping Agents to provide assurance that record keeping meets all the requirements as stated in Code of Virginia § 58.1-1007.

Factors Impacting

Having adequate, well-trained staff is critical to this area because of the number of different functions supported by a small number of staff.

Financial Overview

Biennial Budget

	2019 General Fund	2019 Nongeneral Fund	2020 General Fund	2020 Nongeneral Fund
Initial Appropriation for the Biennium	2,643,237	0	2,643,237	0
Changes to Initial Appropriation	0	0	173,492	0

Supporting Documents

Title File Type

Service Area Plan

Training for Local Assessors [73401]

Description of this Program / Service Area

As part of the Department's continuing education program for assessing officers, the Section develops and conducts basic assessor training programs; training for local boards of assessors and boards of equalization; and administers an annual Advanced Assessor School to between 200 and 270 assessment professionals on the campus of a Virginia college or university. The program provides coursework that meets the educational requirements for designations offered by the International Association of Assessing Officers.

Mission Alignment

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.

Authority: § 58.1-202, subdivisions 6, 10, and 11

Products and Services

Description of Major Products and Services

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.

Products / Services					
Product / Service	Statutory Authority	Regulatory Authority	Required Or Discretionary	GF	NGF
Provide coordination of Assessor School	§ 58.1-202, subdivisions 6, 10, and 11		Required	0	146,401

Anticipated Changes

None.

Factors Impacting

Efficient performance of this service relies on maintaining a well-trained and qualified staff.

Financial Overview

Biennial Budget

	2019 General Fund	2019 Nongeneral Fund	2020 General Fund	2020 Nongeneral Fund
Initial Appropriation for the Biennium	0	146,401	0	146,401
Changes to Initial Appropriation	0	0	0	0

Supporting Documents

Title File Type

Valuation and Assessment Assistance for Localities [73410]

Description of this Program / Service Area

The Property Tax Section provides local advisory aid and assistance in order to ensure compliance with the Commonwealth’s property tax laws. The Property Tax Section also monitors local assessment performance through the collection, editing, compilation, and publishing of the Annual Assessment Sales Ratio Study and develops the annual Estimated Ratio Study for the equalization of public service corporation assessments. In addition, the Property Tax Section facilitates the work of the State Land Evaluation Advisory Council, provides advisory opinions and refund approval regarding the state recordation tax; and oversees personnel qualifications for local assessment staff, and the certification of contract assessment personnel.

The Railroad & Pipeline Assessment Section develops 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 for local taxation, while providing quality customer service. Assessment values that are developed by the Railroad & Pipeline Assessment Section results in approximately \$35 million in revenue to local governments.

Mission Alignment

The advisory assistance, and property valuations provided to local governments improve the process of providing fair and equitable property assessments statewide and ensure a viable tax base to support the funding of necessary services, thus serving the public and the Department’s mission of administering the tax laws with integrity, efficiency and consistency. The oversight of real estate assessments through annual assessment sales ratio studies, and 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.

Authority: Title 58.1, Chapters 32, 34, 35, 36, amd 39 and §§ 58.1-202, subdivisions 6, 10, and 11, 58.1-206; §§58.1-2655, 58.1-3278, and 58.1-3374, Code of Virginia.

Products and Services

Description of Major Products and Services

Advisory aid to all local assessing officials; education of boards of equalization and boards of assessors; training provided through the Basic and Specialty Assessment training programs; staff provided for the State Land Evaluation Advisory Council; 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; review of appraisals submitted in support of the state land preservation credits; and the statewide assessment/sales ratio studies.

Products / Services					
Product / Service	Statutory Authority	Regulatory Authority	Required Or Discretionary	GF	NGF
Provide advisory and education to local assessors	Title 58.1, Chapters 32, 34, 35, 36, and 39 and §§ 58.1-202, subdivisions 6, 10, and 11, 58.1-206; §§58.1-2655, 58.1-3278, and 58.1-3374, Code of Virginia.		Required	682,353	1,292,418

Anticipated Changes

The Railroad and Pipeline Unit continues to implement the Graphic Information System (GIS) for more reliable assessment of railroad and pipeline company’s property and exploring other GIS applications for Virginia Tax.

Factors Impacting

Efficient performance of this service relies on maintaining a well-trained and qualified staff.

Financial Overview

Biennial Budget

	2019 General Fund	2019 Nongeneral Fund	2020 General Fund	2020 Nongeneral Fund
Initial Appropriation for the Biennium	682,353	1,299,390	682,353	1,292,418

Changes to Initial Appropriation	0	0	0	0
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Supporting Documents

Title	File Type
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General Management and Direction [79901]**Description of this Program / Service Area**

This area contains the administrative functions of the Virginia Tax with the combination of the following sections: Fiscal Office, Procurement, General Services, Project Management Office, Communications and Public Relations, Human Resources and Internal Audit. Annually, this area updates and maintains the agency's Continuity of Operations Plan and the Strategic Plan. The Fiscal Office provides financial support to the agency, to include budgeting, accounts payable, revenue accounting, banking services and preparation of financial statements. Additionally, the fiscal office is responsible for the distribution of approximately \$1.7 billion of tax revenue to local governments annually. Procurement services administers and manages approximately 122 agency contracts. General Services is responsible for providing security services for employees and two primary facilities, facility management, fleet management, warehouse operations, print and mail operations, document destruction and delivery services. The Project Management Office provides standards and a consistent methodology on how we manage projects across the agency and ensures the success of projects and overall project performance. The Human Resources Office provides HR strategy and support to the agency, to include talent acquisition, workforce planning, performance management, learning and development, compensation, recognition and benefits. Communications Office provides content development, channel strategies, and communications metrics and reporting for the agency's internal, external, and digital messages as well as forms and correspondence. The Internal Audit section performs scheduled audits of activities throughout the agency to ensure activities are being performed as intended and to identify opportunities to improve operational efficiencies, controls and lessen risks.

Mission Alignment

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

Authority: §§ 58.1-200, 58.1-202 and 58.1-213, Code of Virginia

Products and Services**Description of Major Products and Services**

- Prepares the financial statements for the agency
- Processes all invoices for payments
- Prepares and executes the agency's budget
- Distributes revenues to external entities: localities, contribution agencies, setoff agencies, and Department of Conservation and Recreation
- Operates the cashiers office and coordinates all agency banking activity
- Performs the accounting for all transactions that take place in a taxpayers account, including all revenue received, all refunds issued, and all bills created
- Coordinates and develops agency's strategic plan, service area plans, performance measures, and output measures for internal use and for the Department of Planning and Budget
- Develops and distributes internal communications including employee newsletter, intranet, and community page
- Manages media relations, responds to media inquiries and distributes press releases
- Develops and distributes external and digital communications including e-Alerts, notices on the agency's website, and social media posts
- Designs, develops, and updates forms, publications, and automated correspondence
- Procures goods and services for the agency, including IT procurements
- Administers Virginia's electronic procurement system (eVA) for the agency
- Administers the Department's Small Purchase Charge Card Program
- Administers agency fleet for 66 leased and 5 owned vehicles
- Provides, monitors and maintains security services for 800+ employees at both locations
- Administers the Department's physical security program
- Coordinates employee parking for both Virginia Tax locations
- Provides relocation services, space design and construction management at all locations
- Administers and updates emergency, safety plans and the Continuity of Operations Plan (COOP)
- Prints and mails over 4 million pieces of correspondence annually
- Pickup and delivery of 2.2 million pieces of incoming Tax mail from 48 different PO Boxes
- Provide inter and intra agency mail pickup and delivery
- Maintain a centralized Warehouse Management System for internal storage records, supplies and tax forms
- Provide onsite document destruction of 122 tons of confidential state and federal taxpayer information
- Implement Project Management methodology, best practice, standards and core project artifacts
- Coordinate communications across projects as well as monitor and report project progress
- Provide training and mentoring to build project management skills for Project Managers
- Provide Project Management consultant services to Virginia Tax offices
- Manages talent acquisition activities to recruit and hire staff
- Manages compensation programs
- Administers benefits and leave programs
- Administers rewards and recognition programs

- Oversees performance management
- Offers employee dispute resolution
- Provides workforce development and training
- Performs scheduled audits of activities and special projects throughout the agency
- Investigates allegations made through the State Employee Fraud, Waste, and Abuse Hotline
- Serves as the Department's liaison for audits and reviews conducted by the Auditor of Public Accounts
- Conducts annual independent audits per approved audit plan and reports 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

Products / Services					
Product / Service	Statutory Authority	Regulatory Authority	Required Or Discretionary	GF	NGF
Provides administrative and support services for Virginia Tax including budget and financial services, human resources, procurement, facilities management, communications and internal audit.	§§ 58.1-200, 58.1-202 and 58.1-213, Code of Virginia		Required	29,304,806	78,454

Anticipated Changes

Anticipated changes include an increase in staff turnover due to retirements, resulting in a loss of institutional knowledge which will require greater investment of time to develop new and cross-train existing employees to meet business needs. Other major changes, the implementation of a new Project Management Office and the fulfillment of the Agency Risk Management and Internal Control Standards requirements. Federal confidentiality will continue to require that Virginia Tax test its own security hardware and software and maintain a high level of security. Other changes in requirements from IRS or state legislation can impact products or services.

Factors Impacting

The following factors impact the products and/or services of this service area:

- The 24-hour deposit rule requiring all tax payments to be deposited into the bank and posted to Cardinal (the state accounting system) within 24 hours
- GASB and State accounting mandates
- State tax policy and federal IRS rule changes
- State purchasing laws, policies and procedures
- Technology standards of the Virginia Information Technologies Agency (VITA)
- The continued need to reassess and evaluate the physical security of our facilities to ensure the safety of our employees
- Department of General Services (DGS) fleet management policy and procedures
- DGS building services operations, including security
- Increasing number of taxes distributed to localities and other state agencies
- Labor market and competition for talent coupled with compensation constraints
- State and Federal HR mandates, rules and regulations
- VRS, Payroll Services Bureau and DHRM requirements/procedures

Financial Overview

Biennial Budget

	2019 General Fund	2019 Nongeneral Fund	2020 General Fund	2020 Nongeneral Fund
Initial Appropriation for the Biennium	29,304,806	78,454	29,304,806	78,454
Changes to Initial Appropriation	0	0	0	0

Supporting Documents

Title **File Type**

Information Technology Services [79902]

Description of this Program / Service Area

Information technology support is responsible for leveraging technology to enable all of the Department's business objectives and priorities, by developing, enhancing and maintaining systems, including application software and supporting hardware. The Department is dependent on technology in every aspect of daily operations. Nearly every employee relies on available and accurate information systems to perform essentially all of his or her 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. The Department supports and maintains a broad range of complex Information systems. Examples of the more than 20 information systems supported include:

- 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.
- A Voice over Internet Protocol phone system, various Case Management systems, Collaborative Work Environment application, Configuration Change Management Tracking application, a Procurement Tracking application, and a Legislative Tracking application.
- ADVANTAGE Revenue (AR) – 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.
- iReg for Business - An application that allows new businesses to register online and allows existing businesses to add business locations and consolidate their filings.
- iFile for Business - An application that allows taxpayers to file sales, use, and withholding taxes over the Internet.
- e-File for Individuals, Corporations and other tax types - applications that allow taxpayers to submit their tax returns electronically, saving them and the agency time and money.
- Collector's Web App - Web application used by field collectors to visit taxpayers to collect delinquent tax bills.
- WebPPA - Web application allowing taxpayers to setup Part Pay Agreements to pay tax bills.

All of the software applications listed above are supported by a complex client server or Web-based environment comprised of many components, including Oracle and Linux. In addition to supporting information technology, the Office of Technology is responsible for business systems analysis and Information Systems Security, including compliance with Commonwealth Security Policy Sec. 501, Sec 525, and IRS Pub. 1075.

Mission Alignment

This service area provides mission-critical enabling support to all operational areas of the Department by maintaining and enhancing the Department's computer applications and Virginia Information Technologies Agency (VITA)/Outsourced Contractor (OC) out-of-scope infrastructure and significant coordination with VITA/OC.

Additional core functions of the Office of Technology include ensuring system and data security and all aspects of enterprise application unit and integration testing.

Products and Services

Description of Major Products and Services

- Manage technology support delivery – Plan and manage delivery of the technology systems at the Department that enable business operations, including the budget for technology services.
- Develop and maintain application software – Develop, test, maintain and operate the Department's technology systems, including over 20 complex IT systems that comprise an Integrated Revenue Management System. This includes annual legislative modifications, as well as the agency's self-service eGovernment channels.
- Manage the VITA/OC out-of-scope technology environment configuration – Manage, plan, monitor, and oversee the Department'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/OC Coordination and Support – Participate with VITA/OC on Commonwealth Technology direction, implement VITA mandated and desired changes, 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 (the agency has over 1,500 system users), and reviewing audit trails, access attempts, virus threats, and potential browsing incidents, thus ensuring the security of the Department'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. Approximately 1,200 changes are implemented annually.
- Perform systems analysis and design to enhance and maintain the software and infrastructure that supports the agency.

Products / Services					
Product / Service	Statutory Authority	Regulatory Authority	Required Or Discretionary	GF	NGF
Management and support of all technology for Virginia Tax, taxpayers and partners.	Title 58.1, Code of Virginia		Required	20,253,276	75,000

Anticipated Changes

- Most tax-related legislative changes necessitate changes to the Department’s automated systems. The variety of filing and service channels provided by the agency 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 that currently involve direct interaction with agency staff.
- Continue to research and implement a broad range of technology-based solutions to improve in operating efficiency as well as allow the Department to improve service to citizens.
- Research and migrate systems to cloud solutions to improve operating and fiscal efficiency.
- System and data security continues to become a more critical component of operation for technology shops. This service area will continue to expand its IT security profile to maximize system integrity and data security.
- Continue to consolidate technology platforms to reduce IT costs and maintenance requirements.
- Continue to automate application testing where practical, continue to move system testing responsibilities from individual teams to a centralized system testing team.
- Continue the change from a waterfall work management methodology to an Agile methodology.

Factors Impacting

- Technology systems, including application software and hardware, must be upgraded and refreshed on an ongoing basis to ensure they operate correctly, receive vendor support, are secure, and are available for use by end users. Further, the Department must refresh hardware and upgrade software versions in a timely manner to eliminate the risk of the Commonwealth’s revenue systems becoming obsolete or unsupported, jeopardizing all of the agency’s business operations.
- Most tax-related legislative changes necessitate changes to the Department’s automated systems. The variety of filing and service channels provided by the agency often means the change must be made in several systems, each supporting a different channel.
- The complexity of Taxation’s technology environment requires varied and many skills sets and contributes to the agency resource shortage.
- The customer demand for and use of electronic, self-help services continues to increase, requiring continued capacity expansions within existing services.
- Taxpayers, 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.

Financial Overview

Biennial Budget

	2019 General Fund	2019 Nongeneral Fund	2020 General Fund	2020 Nongeneral Fund
Initial Appropriation for the Biennium	21,131,553	75,000	20,214,880	75,000
Changes to Initial Appropriation	0	0	138,396	0

Supporting Documents

Title **File Type**