

## Agency Activity Inventory by Agency

Appropriation Period: 2003-05 Activity Version: 2004 Sup w/ Alloc & Activities

**Agency:** 140 - Department of Revenue

### Administrative

Internal services include the cost of overall management of the agency, internal audit, accounting, budget, cash management, facilities management, purchasing, personnel, employee training, quality improvement, and legal services provided by the Attorney General's Office. A significant portion of the costs in this category represent the legal costs associated with the defense of the state's tax system.

**Statewide Result Area:** Improve the ability of State Government to achieve its results efficiently and effectively

**Category:** Maintain a healthy business climate

FY 2004				FY 2005			
Total	GFS	Other	FTEs	Total	GFS	Other	FTEs
\$7,624,000	\$7,612,000	\$12,000	72.7	\$7,326,000	\$7,314,000	\$12,000	70.7

### Expected Results:

Administrative activities support the successful achievement of the agency's vision, mission, and goals through a variety of internal support functions. In addition, the department protects the state's interest through successful litigation of tax issues.

**Outcome Measure:** Percentage of employees satisfied with their employment at the Department of Revenue.

1999-01		2001-03		2003-05	
FY00 Actual	FY01 Actual	FY02 Actual	FY03 Estimate	FY04 Proposed	FY05 Proposed
0%	0%	0%	0%	0%	0%

*SW11*

**Outcome Measure:** Percentage of taxpayers satisfied with the Department's services.

1999-01		2001-03		2003-05	
FY00 Actual	FY01 Actual	FY02 Actual	FY03 Estimate	FY04 Proposed	FY05 Proposed
0%	0%	0%	0%	0%	0%

*SW11*

**Output Measure:** Total enforcement collections (In Thousands).

1999-01		2001-03		2003-05	
FY00 Actual	FY01 Actual	FY02 Actual	FY03 Estimate	FY04 Proposed	FY05 Proposed
0	0	0	0	0	0

*SW11*

**Efficiency Measure:** Minimize the department's cost for collecting revenue (Stated in cents per \$100 of revenue collected).

1999-01		2001-03		2003-05	
FY00 Actual	FY01 Actual	FY02 Actual	FY03 Estimate	FY04 Proposed	FY05 Proposed
0	0	0	0	0	0

*SW11*

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## Property Tax Administration

The Department of Revenue has a statutory obligation to ensure uniformity within the state's property tax system and oversee the administration of property taxes at both the state and local level. The department also determines the state school levy; conducts complex appraisals on commercial, industrial, and special use properties; administers property tax exemptions and deferral programs; and provides guidance, training, and assistance on property tax issues to county officials.

**Statewide Result Area:** Improve the ability of State Government to achieve its results efficiently and effectively

**Category:** Revenue Collection

FY 2004				FY 2005			
Total	GFS	Other	FTEs	Total	GFS	Other	FTEs
\$5,359,000	\$5,359,000	\$0	54.5	\$5,522,000	\$5,522,000	\$0	53.5

### Expected Results:

The Property Tax Division strives to ensure fair and uniform application of property tax laws. In calendar year 2003, a total of \$6.2 billion was collected from property tax levies. In calendar year 2004, \$1.5 billion state and \$5.0 billion local are projected to be collected.

**Outcome Measure:** Percentage of employees satisfied with their employment at the Department of Revenue.

1999-01		2001-03		2003-05	
FY00 Actual	FY01 Actual	FY02 Actual	FY03 Estimate	FY04 Proposed	FY05 Proposed
0%	0%	0%	0%	0%	0%
<i>SW11</i>					

**Outcome Measure:** Percentage of taxpayers satisfied with the Department's services.

1999-01		2001-03		2003-05	
FY00 Actual	FY01 Actual	FY02 Actual	FY03 Estimate	FY04 Proposed	FY05 Proposed
0%	0%	0%	0%	0%	0%
<i>SW11</i>					

## State and Local Revenue Collection and Distribution

The Department of Revenue is responsible for the fair, efficient, and uniform administration of state tax laws. Primary activities include taxpayer registration, tax return processing collection activities, accounting for and distributing state and local tax revenues, and promotion of voluntary compliance through taxpayer education, information, and assistance. These activities are conducted from offices throughout the state and are supported by a statewide computer network.

**Statewide Result Area:** Improve the ability of State Government to achieve its results efficiently and effectively

**Category:** Revenue Collection

FY 2004				FY 2005			
Total	GFS	Other	FTEs	Total	GFS	Other	FTEs
\$45,329,000	\$42,807,000	\$2,522,000	562.4	\$45,817,000	\$43,149,000	\$2,668,000	556.6

### Expected Results:

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The Department provides ongoing education and assistance to taxpayers while maximizing the collection of tax dollars owing on delinquent accounts. Total dollars collected from delinquent accounts and through tax discovery efforts totaled \$276 million in Fiscal Year 2003, and are projected to be \$295 million in Fiscal Year 2004. Balance due notices paid in Fiscal Year 2003 totaled \$140 million, and are projected to be \$150 million in Fiscal Year 2004. In Fiscal Year 2003, 95 percent of the 266,358 total calls received were provided assistance. An estimated 260,000 total calls are anticipated in Fiscal Year 2004. \$1.9 billion in local tax was collected on behalf of local jurisdictions in Fiscal Year 2003. Local tax collections are estimated to be \$1.95 billion, of the \$13.0 billion total taxes estimated to be collected in Fiscal Year 2004. At the end of Fiscal Year 2003, there were 652,373 registered accounts on record. 688,300 registered accounts are estimated by the end of Fiscal Year 2004.

**Outcome Measure:** Improve the voluntary compliance rate for tax reporting and payment.

1999-01		2001-03		2003-05	
FY00 Actual	FY01 Actual	FY02 Actual	FY03 Estimate	FY04 Proposed	FY05 Proposed
0%	0%	0%	0%	0%	0%

*SW11 - The voluntary compliance rate is tracked through a periodic research study.*

**Outcome Measure:** Percentage of employees satisfied with their employment at the Department of Revenue.

1999-01		2001-03		2003-05	
FY00 Actual	FY01 Actual	FY02 Actual	FY03 Estimate	FY04 Proposed	FY05 Proposed
0%	0%	0%	0%	0%	0%

*SW11*

**Outcome Measure:** Percentage of taxpayers satisfied with the Department's services.

1999-01		2001-03		2003-05	
FY00 Actual	FY01 Actual	FY02 Actual	FY03 Estimate	FY04 Proposed	FY05 Proposed
0%	0%	0%	0%	0%	0%

*SW11*

**Output Measure:** Total enforcement collections (In Thousands).

1999-01		2001-03		2003-05	
FY00 Actual	FY01 Actual	FY02 Actual	FY03 Estimate	FY04 Proposed	FY05 Proposed
0	0	0	0	0	0

*SW11*

**Efficiency Measure:** Minimize the department's cost for collecting revenue (Stated in cents per \$100 of revenue collected).

1999-01		2001-03		2003-05	
FY00 Actual	FY01 Actual	FY02 Actual	FY03 Estimate	FY04 Proposed	FY05 Proposed
0	0	0	0	0	0

*SW11*

## Tax Auditing

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The department's audit function is carried out across Washington State and throughout the United States. Auditors are given one of three assignments: permanent in-state locations, permanently assigned out-of-state locations, or short-term out-of-state tours. The auditors review the records of registered businesses for the proper reporting and payment of taxes. Taxes routinely audited include sales and use, business and occupation, and public utility taxes.

**Statewide Result Area:** Improve the ability of State Government to achieve its results efficiently and effectively

**Category:** Revenue Collection

FY 2004				FY 2005			
Total	GFS	Other	FTEs	Total	GFS	Other	FTEs
\$21,875,000	\$21,708,000	\$167,000	293.3	\$21,924,000	\$21,754,000	\$170,000	293.3

**Expected Results:**

The Department's auditing function seeks to provide fair and uniform application of tax laws and promote an optimal level of accurate tax reporting and payment through continuing auditing presence and taxpayer education. The gross dollar value of tax assessments in Fiscal Year 2003 totaled \$192.3 million, and are projected at \$224.6 million for Fiscal Year 2004.

**Outcome Measure:** Improve the voluntary compliance rate for tax reporting and payment.

1999-01		2001-03		2003-05	
FY00 Actual	FY01 Actual	FY02 Actual	FY03 Estimate	FY04 Proposed	FY05 Proposed
0%	0%	0%	0%	0%	0%

*SW11 - The voluntary compliance rate is tracked through a periodic research study.*

**Outcome Measure:** Percentage of employees satisfied with their employment at the Department of Revenue.

1999-01		2001-03		2003-05	
FY00 Actual	FY01 Actual	FY02 Actual	FY03 Estimate	FY04 Proposed	FY05 Proposed
0%	0%	0%	0%	0%	0%

*SW11*

**Outcome Measure:** Percentage of taxpayers satisfied with the Department's services.

1999-01		2001-03		2003-05	
FY00 Actual	FY01 Actual	FY02 Actual	FY03 Estimate	FY04 Proposed	FY05 Proposed
0%	0%	0%	0%	0%	0%

*SW11*

**Output Measure:** Total enforcement collections (In Thousands).

1999-01		2001-03		2003-05	
FY00 Actual	FY01 Actual	FY02 Actual	FY03 Estimate	FY04 Proposed	FY05 Proposed
0	0	0	0	0	0

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**Efficiency Measure:** Minimize the department's cost for collecting revenue (Stated in cents per \$100 of revenue collected).

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1999-01		2001-03		2003-05	
FY00 Actual	FY01 Actual	FY02 Actual	FY03 Estimate	FY04 Proposed	FY05 Proposed
0	0	0	0	0	0
<i>SWII</i>					

## Tax Policy Research, Analysis, and Interpretation

Tax policy activities involve coordinating interdepartmental services and providing information and guidance to the public, employees, and all levels of government. Specific functions include preparation of fiscal notes, analysis and drafting of legislation, rule revisions and drafting, forecasting non-General Fund revenues, analysis of proposed changes to tax statutes, and the analysis of tax law changes on small business.

**Statewide Result Area:** Improve the ability of State Government to achieve its results efficiently and effectively

**Category:** Revenue Collection

FY 2004				FY 2005			
Total	GFS	Other	FTEs	Total	GFS	Other	FTEs
\$3,495,000	\$3,495,000	\$0	41.2	\$3,547,000	\$3,547,000	\$0	40.6

### Expected Results:

The Department's objective is to provide accurate, timely, and clear information that encourages informed tax policy decisions. One component is the preparation of accurate and complete fiscal notes. In Fiscal Year 2003, 327 fiscal notes were delivered to the Office of Financial Management, and 250 are estimated in Fiscal Year 2004.

**Outcome Measure:** Percentage of employees satisfied with their employment at the Department of Revenue.

1999-01		2001-03		2003-05	
FY00 Actual	FY01 Actual	FY02 Actual	FY03 Estimate	FY04 Proposed	FY05 Proposed
0%	0%	0%	0%	0%	0%
<i>SWII</i>					

**Outcome Measure:** Percentage of taxpayers satisfied with the Department's services.

1999-01		2001-03		2003-05	
FY00 Actual	FY01 Actual	FY02 Actual	FY03 Estimate	FY04 Proposed	FY05 Proposed
0%	0%	0%	0%	0%	0%
<i>SWII</i>					

**Output Measure:** Annually review 25% of agency rules and identify those that require amendment or repeal as a result of legislative change, court action, or business changes.

1999-01		2001-03		2003-05	
FY00 Actual	FY01 Actual	FY02 Actual	FY03 Estimate	FY04 Proposed	FY05 Proposed
0%	0%	0%	0%	0%	0%
<i>SWII</i>					

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**Efficiency Measure:** Minimize the department's cost for collecting revenue (Stated in cents per \$100 of revenue collected).

1999-01		2001-03		2003-05	
FY00 Actual	FY01 Actual	FY02 Actual	FY03 Estimate	FY04 Proposed	FY05 Proposed
0	0	0	0	0	0

*SW11*

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## Taxpayer Appeals

The department hears taxpayer appeals, issues written determinations, renders formal and informal tax law interpretations, mediates and negotiates settlements of tax disputes, and executes settlement closing agreements when appropriate.

**Statewide Result Area:** Improve the ability of State Government to achieve its results efficiently and effectively

**Category:** Revenue Collection

FY 2004				FY 2005			
Total	GFS	Other	FTEs	Total	GFS	Other	FTEs
\$1,946,000	\$1,946,000	\$0	21.9	\$1,924,000	\$1,924,000	\$0	21.2

### Expected Results:

The Appeals Division's goal is to timely resolve tax appeals and provide written guidance on Washington state tax laws. In Fiscal Year 2003, 754 of the 765 appeals received were cleared. The target goal for 2004 is to clear 90 percent of the estimated 780 appeals to be received.

**Outcome Measure:** Percentage of employees satisfied with their employment at the Department of Revenue.

1999-01		2001-03		2003-05	
FY00 Actual	FY01 Actual	FY02 Actual	FY03 Estimate	FY04 Proposed	FY05 Proposed
0%	0%	0%	0%	0%	0%

*SW11*

**Outcome Measure:** Percentage of taxpayers satisfied with the Department's services.

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FY00 Actual	FY01 Actual	FY02 Actual	FY03 Estimate	FY04 Proposed	FY05 Proposed
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*SW11*

**Output Measure:** Total enforcement collections (In Thousands).

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FY00 Actual	FY01 Actual	FY02 Actual	FY03 Estimate	FY04 Proposed	FY05 Proposed
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0	0	0	0	0	0
<i>SW11</i>					

## Unclaimed Property Management

The department administers the provisions of the State Uniform Unclaimed Property Act. The department receives the transfer of abandoned property to the state and tries to locate the owners through advertising and providing public access to abandoned property information. The department's role is to act in the interest of the property owners and return the abandoned property to the rightful owners whenever possible. Examples of abandoned property include utility deposits, insurance policies, safety deposit box contents, dividends, and savings accounts. (Unclaimed Personal Property Account-Nonappropriated)

**Statewide Result Area:** Improve the economic vitality of businesses and individuals

**Category:** Provide consumer protection

FY 2004				FY 2005			
Total	GFS	Other	FTEs	Total	GFS	Other	FTEs
\$2,867,000	\$0	\$2,867,000	27.7	\$2,879,000	\$0	\$2,879,000	24.7

### Expected Results:

In Fiscal Year 2003, of the 181,144 names reported owning unclaimed property, 51,424 claims were processed. In Fiscal Year 2004, an estimated 150,000 names will be reported owning unclaimed property with an estimate 38,000 claims projected to be processed.

**Outcome Measure:** Percentage of employees satisfied with their employment at the Department of Revenue.

1999-01		2001-03		2003-05	
FY00 Actual	FY01 Actual	FY02 Actual	FY03 Estimate	FY04 Proposed	FY05 Proposed
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**Efficiency Measure:** Minimize the department's cost for collecting revenue (Stated in cents per \$100 of revenue collected).

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0	0	0	0	0	0
<i>SW11</i>					