

Budget Savings Options 2020

Dollars in Thousands

Agency: *Department of Revenue*

DRAFT

Agency Priority H, M, L	Impact 1-5	Program/Activity	GF-S				Other Funds				FTE Change		Brief Description and Rationale	Effective Date (MM/YY)	Impacts of Reductions and Other Considerations (Please put Revenue Impact Here)	Law/Reg. Change Required (cite)
			FY 20	FY 21	FY 22	FY 23	Fund	FY 20	FY 21	FY 22	FY 23	FY 20				
		Goods and Services		(2,186,000)	(2,145,000)	(2,145,000)							0.0			
		Administration		(1,931,000)	(2,010,000)	(2,010,000)							(22.0)			
		Legislative Action		(514,000)	(637,000)	(832,000)							(6.8)			
		Policy		(751,000)	(805,000)	(823,000)							(6.6)			
		Supporting Revenue Collections		(4,848,000)	(5,081,000)	(5,081,000)	BLS		(359,000)	(402,000)	(402,000)		(61.0)			
		Revenue Collections		(12,804,000)	(12,552,000)	(12,552,000)							(161.9)		(178,055,000)	
TOTAL				(23,034,000)	(23,230,000)	(23,443,000)		0	(359,000)	(402,000)	(402,000)		(258.2)		(178,055,000)	

Priority:

- L = Low priority agency activity or program
- M = Medium priority agency activity or program
- H = High priority agency activity or program

Impact:

- 1 = Allows continuation of the program/activity at a reduced level
- 2 = Eliminates the ability to perform program objectives
- 3 = Eliminates agency function
- 4 = Long term implications (moves the problem to next biennium)
- 5 = Short term (reduction to one time increase)

Budget Savings Options 2020

Dollars in Thousands

Agency: Department of Revenue

Agency Priority H, M, L	Impact 1-5	Program/Activity	GF-S				Other Funds					FTE Change		Brief Description and Rationale	Effective Date (MM/YY)	Impacts of Reductions and Other Considerations (Please put Revenue Impact Here)	Law/Reg. Change Required (cite)	
			FY 20	FY 21	FY 22	FY 23	Fund	FY 20	FY 21	FY 22	FY 23	FY 20	FY 21					
L	1	Reduce Goods and Services by 15%		(250,000)	(250,000)	(250,000)										7/20	This reduction will limit the agency's ability to keep staff informed, trained and equipped with necessary supplies and support.	
L	1	Reduce funds for Property Tax deferrals		(700,000)	(700,000)	(700,000)										7/20	If the agency receives property tax deferral requests totaling more than the available funds, the agency would not approve them. If it becomes necessary, additional funds would be requested.	
L	1	Reduce Office Space and Parking		(44,000)	(225,000)	(225,000)										01/21 - 3/21 - 7/20	No impact to taxpayers. Eliminating office space in Bothell and Seattle, and parking spaces in Seattle was planned prior to this reduction exercise.	
H	1	Reduce Equipment and Services		(670,000)	(670,000)	(670,000)										7/20	This reduction will extend planned equipment life by deferring equipment replacement cycles. This adds risk to the agency with security updates, maintenance, and performance. Our ability to respond to agency needs, which includes taxpayer support and collections will be impacted.	
H	1	Reduce Travel by 15%		(300,000)	(300,000)	(300,000)										7/20	Reducing travel will reduce the agency's ability to perform audits and provide taxpayer education.	
H	2, 4	Eliminate consulting services supporting ATLAS (My DOR)		(222,000)												10/20	Without usability testing and technical support (especially after hours), My DOR may not meet customer needs and cause additional calls or inquiries to the operating divisions for support. The agency may not be able to absorb some or all of these duties with existing or reduced resources which could result in long term system impacts and agency reputation risks.	
TOTAL				(2,186,000)	(2,145,000)	(2,145,000)										0		

Priority:
 L = Low priority agency activity or program
 M = Medium priority agency activity or program
 H = High priority agency activity or program

Impact:
 1 = Allows continuation of the program/activity at a reduced level
 2 = Eliminates the ability to perform program objectives
 3 = Eliminates agency function
 4 = Long term implications (moves the problem to next biennium)
 5 = Short term (reduction to one time increase)

Budget Savings Options 2020

Dollars in Thousands

Agency: Department of Revenue

Agency Priority H, M, L	Impact 1-5	Program/Activity	GF-5				Other Funds					FTE Change		Brief Description and Rationale	Effective Date (MM/YY)	Impacts of Reductions and Other Considerations (Please put Revenue Impact Here)	Law/Reg. Change Required (cite)	
			FY 20	FY 21	FY 22	FY 23	Fund	FY 20	FY 21	FY 22	FY 23	FY 20	FY 21					
L	1	Taxpayer Account Administration (TAA), Information Services (IS), Business and Financial Services (B&FS)		(617,000)	(617,000)	(617,000)								(8.0)	Eliminate 8 positions	7/20	Key communication, coordination and service delivery would be impacted in each of the identified programs.	
M	1	Information Services, Information Governance Office (IGO), Business and Financial Services (B&FS)		(486,000)	(505,000)	(505,000)								(5.5)	Eliminate 5.5 positions	7/20	Technical support for critical IT infrastructure would be impacted. Wait times for staff support on key fiscal and support functions from B&FS would be longer. Response time for public records requests would be impacted.	
M	2	Information Governance Office (IGO)		(109,000)	(109,000)	(109,000)								(1.0)	Eliminate 1 position	7/20	Significantly reduces agency wide information governance responsibilities.	
H	1	Information Services (IS), Business and Financial Services (B&FS), and Human Resources (HR)		(447,000)	(497,000)	(497,000)								(4.5)	Eliminate 5 positions (1 starting Jan 2021)	7/20	Significantly reduces HR and other administrative support services to agency staff.	
H	2	Internal Audit (IA), Customer Experience and Communications (CEC)		(172,000)	(172,000)	(172,000)								(2.0)	Eliminate 2 positions	7/20	Reduces ability to audit internal process and procedures in IA (position currently vacant). Communications related to taxpayer outreach and education would be impacted.	
H	2, 4	Executive		(100,000)	(110,000)	(110,000)								(1.0)	Eliminate 1 position	7/20	Eliminating this position would directly impact the agency's ability to use data to drive decisions.	

TOTAL | (1,931,000) (2,010,000) (2,010,000) (22.0)

Priority:

L = Low priority agency activity or program
M = Medium priority agency activity or program
H = High priority agency activity or program

Impact:

1 = Allows continuation of the program/activity at a reduced level
2 = Eliminates the ability to perform program objectives
3 = Eliminates agency function
4 = Long term implications (moves the problem to next biennium)
5 = Short term (reduction to one time increase)

Budget Savings Options 2020

Dollars in Thousands

Agency: Department of Revenue

Agency Priority H, M, L	Impact 1-5	Program/Activity	GF-5				Other Funds				FTE Change		Brief Description and Rationale	Effective Date (MM/YY)	Impacts of Reductions and Other Considerations (Please put Revenue Impact Here)	Law/Reg. Change Required (cite)
			FY 20	FY 21	FY 22	FY 23	Fund	FY 20	FY 21	FY 22	FY 23	FY 20				
M	3	Warehouse Tax Incentive Program			(119,000)	(119,000)								7/21	Eliminate 1.5 positions beginning in FY22. Increases of \$11 million/yr. to general fund by eliminating the refunding of state portion of sales tax. We are currently 6 months behind in working this program due to resource constraints. We were 2 years behind 12 months ago and have shifted resources in an attempt to get current.	RCW 82.08.820
M	3	Non-resident sales tax refunds		(263,000)	(269,000)	(269,000)							(4.0)	7/21	Eliminate refund of state sales tax to non-residents.	RCW 82.08.0273
H	1	Delay the due date for the next Tax Exemption Study to January 2025				(195,000)								7/21	Delaying the study one year creates a large one-time savings in FY 23. It also allows the exemption study to be on a schedule in harmony with the two-year budget process rather than mid-biennium.	RCW 43.06.400
H	2	Property Tax		(175,000)	(175,000)	(175,000)							(2.0)	7/21	Reduce the number of appraisals	84.41.030
H	3	Eliminate Hospital Benefit Zone (HBZ), LRF and local government reporting requirements		(10,000)	(10,000)	(10,000)							(0.1)	7/21	Eliminate statutorily required reports	RCW 82.14.470(5) RCW 82.32.765
H	3	Eliminate annual tax incentive data review and descriptive statistics report		(47,000)	(47,000)	(47,000)							(0.5)	7/21	The Research and Fiscal Analysis (RFA) division would continue to offload the data and create single snapshot dataset; however, data would be as reported by the taxpayer without additional review. Releasable individual incentive data would continue to be on the agency's website.	RCW 82.32.534
H	3	Eliminate biannual report of passenger motor vehicles using clean alternative fuels and electric vehicles		(5,000)	(5,000)	(5,000)							(0.1)	7/21	Data would not be readily available regarding these vehicle purchases. The report includes data submitted to the agency through taxpayer returns, use tax return data, use tax transactions occurring at the Department of Licensing, and estimate future costs of leased vehicles. The Legislature would not have a report showing the costs of this program. If they requested this data, it would negate the savings of not completing the report.	RCW 82.08.9999(5) and 82.12.9999(5)
H	3	Eliminate the Single Family Dwelling Improvement Exemption Report		(2,000)									(0.0)	7/21	This is a one-time legislative required report due November 15, 2020. This report is a joint effort of RFA and Property Tax.	This is a report required by property owners using the single family dwelling exemption and the value of the exempt property. Based on preliminary information, it appears the results of this report may provide limited information to legislators.
H	3	Eliminate the annual update of the Watercraft Excise Tax (WET) Depreciation Schedule		(12,000)	(12,000)	(12,000)							(0.1)	7/21	Eliminates the current risk of not having the schedule published in a rule. So far (as of 5/18), we have not identified adequate data and even national data may have a price; so this appears to be less risky than continuing our present course. Having a set depreciation schedule in statute may be a preferable approach.	RCW 82.49.040
TOTAL				(514,000)	(637,000)	(832,000)							(6.8)			

Priority:
 L = Low priority agency activity or program
 M = Medium priority agency activity or program
 H = High priority agency activity or program

Impact:
 1 = Allows continuation of the program/activity at a reduced level
 2 = Eliminates the ability to perform program objectives
 3 = Eliminates agency function
 4 = Long term implications (moves the problem to next biennium)
 5 = Short term (reduction to one time increase)

Budget Savings Options 2020

Dollars in Thousands

Agency: Department of Revenue

Agency Priority H, M, L	Impact 1-5	Program/Activity	GF-S				Other Funds				FTE Change		Brief Description and Rationale	Effective Date (MM/YY)	Impacts of Reductions and Other Considerations (Please put Revenue Impact Here)	Law/Reg. Change Required (cite)
			FY 20	FY 21	FY 22	FY 23	Fund	FY 20	FY 21	FY 22	FY 23	FY 20				
L	1	Research and Fiscal Analysis (RFA)		(8,000)								(0.1)	Change the survey of the Farm & Ag interest rate from every 4 years to every 6 years	7/20	The survey is next scheduled for 2021. Changing the survey to every 6 years would move it to 2023.	
L	3	Research and Fiscal Analysis		(7,000)	(7,000)	(7,000)						(0.1)	Eliminate annual report of local sales and use tax distributions	7/20	Savings would be negated if the Governor's office or Legislature requested the information, or if a public records requested were made.	
M	1	Research and Fiscal Analysis		(106,000)	(106,000)	(106,000)						(1.1)	Eliminate 1.1 position	7/20	Reduces the agency's ability to timely respond to fiscal notes and proposed legislative analysis. Less resources increase the chance for errors.	
M	1, 4	Research and Fiscal Analysis		(24,000)	(24,000)	(24,000)						(0.3)	Modify and eliminate some processes and reports.	7/20	Customers may continue to request this data through public records requests. If we do not have a process in place to have this data available, the time it takes to complete these requests may negate the savings of doing away with the process.	
M	3	Research and Fiscal Analysis		(35,000)	(22,000)	(35,000)						(0.4)	Eliminate taxable retail sales comparison for cities and counties and detail tax information by industry and classification	7/20	If not revised, information provided on the web will become out of date as new legislation is passed. This would impact cities, counties and the Legislature.	
M	4	Postpone/eliminate the Compliance Study		(5,000)		(5,000)						(0.1)	Internal processes would be adjusted to conduct this less frequently, or not at all.	7/20	The agency and external stakeholders would not have updated statistics on level of taxpayer compliance.	
H	1	Legislation and Policy (L&P)		(418,000)	(498,000)	(498,000)						(3.0)	Eliminate 3 positions	10/20	Reduces the agency's ability to meet the statutory obligation to assist the Governor and Legislature.	
H	2	Research and Fiscal Analysis		(97,000)	(97,000)	(97,000)						(1.0)	Eliminate 1 position	7/20	Reduces the ability to use GIS technology and analysis expertise in responding to Legislature, tribes and other inquiries.	
H	1, 4	Research and Fiscal Analysis		(51,000)	(51,000)	(51,000)						(0.5)	Eliminates property tax research processes - integrated model, match files, calculation sheets, senior model	7/20	Eliminating these processes would limit our ability to provide data and complete certain types of fiscal notes.	
TOTAL				(751,000)	(805,000)	(823,000)						(6.6)				

Priority:
 L = Low priority agency activity or program
 M = Medium priority agency activity or program
 H = High priority agency activity or program

Impact:
 1 = Allows continuation of the program/activity at a reduced level
 2 = Eliminates the ability to perform program objectives
 3 = Eliminates agency function
 4 = Long term implications (moves the problem to next biennium)
 5 = Short term (reduction to one time increase)

Budget Savings Options 2020

Dollars in Thousands

Agency: Department of Revenue

Agency Priority H, M, L	Impact 1-5	Program/Activity	GF-S				Other Funds					FTE Change		Brief Description and Rationale	Effective Date (MM/YY)	Impacts of Reductions and Other Considerations (Please put Revenue Impact Here)	Law/Reg. Change Required (cite)
			FY 20	FY 21	FY 22	FY 23	Fund	FY 20	FY 21	FY 22	FY 23	FY 20	FY 21				
M	1	Taxpayer Services (TPS), Taxpayer Account Administration (TAA), Property Tax (PT), Information Services (IS)		(1,769,000)	(1,939,000)	(1,939,000)	BLS		(359,000)	(402,000)	(402,000)		(31.7)	Eliminate 31.7 positions (1 retirement - July 1, 2020)	7/20	The agency has a voluntary compliance rate of 97.5%. These positions play a direct role in providing information and services to taxpayers to help them understand their obligations and properly report their taxes. Eliminating these positions severely impacts the agency's ability to provide needed services.	
M	2	Property Tax, Customer Experience and Communications (CEC), Interpretations and Technical Advice (ITA)		(701,000)	(701,000)	(701,000)							(7.3)	Eliminate 7.3 positions	7/20	ITA's work on seven recent issues resulted in payment of over \$57 million of assessments through interpretation of complex tax policy. Overall, this reduction will impact revenue, and the ability to promote sound tax policy and support of local government.	
H	1	Self-Serve Payment Plans		(113,000)	(150,000)	(150,000)							(2.0)	Eliminate 2 positions	10/20	New online program being released in September 2020 to gain efficiencies in tax collection.	
H	1	Property Tax, Information Services, ATLAS Mgmt., Executive		(1,534,000)	(1,534,000)	(1,534,000)							(12.5)	Eliminate 12.5 positions	7/20	These positions support voluntary compliance, revenue collections, property tax and the agency's tax and licensing applications. This will also impact the agency's ability to implement retail sales tax compacting with the tribes.	
H	2	Administrative Review and Hearings (ARHD), Property Tax		(704,000)	(704,000)	(704,000)							(7.0)	Eliminate 7.0 positions	7/20	ARHD's inventory is \$550.5M of which 75% are on collection hold. ARHD has no control over BTA inventory (90 cases) and does not have the option to let them go late. This will delay receipt of revenues and if representation is compromised at BTA, it may result in lost revenues. Assume loss or delay in receipt of inventory above [20% = 110M delay/ loss]	RCW 84.09.030, WAC 458-12-140, RCW 84.12.360 and RCW 84.16.110
H	3	Administrative Review and Hearings		(27,000)	(53,000)	(53,000)							(0.5)	Eliminate .5 of a position	7/20	This would eliminate the review of binding tax rulings.	
TOTAL				(4,848,000)	(5,081,000)	(5,081,000)		(359,000)	(402,000)	(402,000)		(61.0)					

Priority:
L = Low priority agency activity or program
M = Medium priority agency activity or program
H = High priority agency activity or program

Impact:
1 = Allows continuation of the program/activity at a reduced level
2 = Eliminates the ability to perform program objectives
3 = Eliminates agency function
4 = Long term implications (moves the problem to next biennium)
5 = Short term (reduction to one time increase)

Budget Savings Options 2020

Dollars in Thousands

Agency: **Department of Revenue**

Agency Priority H, M, L	Impact 1-5	Program/Activity	GF-5				Other Funds				FTE Change		Brief Description and Rationale	Effective Date (MM/YY)	Impacts of Reductions and Other Considerations (Please put Revenue Impact Here)	Revenue Change	Law/Reg. Change Required (cite)
			FY 20	FY 21	FY 22	FY 23	Fund	FY 20	FY 21	FY 22	FY 23	FY 20					
M	1	Tax incentive billings		(169,000)	(169,000)	(169,000)						(2.0)	Set threshold for working tax incentive billings to \$1,000 or greater	7/20	Annual estimated revenue loss is \$160,000/yr.	(160,000)	
H	4	Taxpayer Account Administration positions		(1,918,000)	(1,666,000)	(1,666,000)						(24.9)	Eliminate 24.9 positions within the Taxpayer Account Administration division	7/20	Annual estimated revenue loss is \$12,450,000	(12,450,000)	
H	4	Compliance positions		(4,710,000)	(4,710,000)	(4,710,000)						(62.0)	Eliminate 62 positions within the Compliance division	7/20	Annual estimated revenue loss is \$102,300,000	(102,300,000)	
H	4	Audit positions		(6,007,000)	(6,007,000)	(6,007,000)						(73.0)	Eliminate 73 positions within the Audit division	7/20	Annual estimated revenue loss is \$63,145,000	(63,145,000)	
TOTAL				(12,804,000)	(12,552,000)	(12,552,000)						(161.9)				(178,055,000)	

Priority:
 L = Low priority agency activity or program
 M = Medium priority agency activity or program
 H = High priority agency activity or program

Impact:
 1 = Allows continuation of the program/activity at a reduced level
 2 = Eliminates the ability to perform program objectives
 3 = Eliminates agency function
 4 = Long term implications (moves the problem to next biennium)
 5 = Short term (reduction to one time increase)