

Agency Activity Inventory
by Agency
Appropriation Period: FY 2009-10

Agency: R44 - Department of Revenue

Functional Group: Legislative,
Executive &
Administrative

1413 Collections

Collections activities includes enforced collections of delinquent tax and debts of other governmental entities. Collection activities include various automated method of taxpayer identification, assistance and education to reduce the amount and number of outstanding receivables. Additionally, Collection Services utilizes private and federal resources to accomplish these functions. (Title 12)

Statewide Result Area: Strengthen central state government and other governmental services

Strategy: Provide effective and efficient central state Finance support.

FY 2009-10

Total	General Funds	Federal Funds	Non-Recurring Provisos	Part III (ARRA Funds)	Other Funds	FTEs
\$7,426,938	\$5,390,077	\$0	\$0	\$0	\$2,036,861	110.00

Other Fund - Subfund No. & Title:

3035: Operating Revenue

Budgetary Program No.: II.B

Expected Results:

Improve account selection, Increase methods of filing and payment, Reduce number of assessments/liens issued, Reduce amount of outstanding liabilities, Provide a trained and knowledgeable work force, Number of assessments resolved, Number of liens resolved, Increase number of payment and filing options, Reduce dollars owed state and other entities, Increase collection dollars of Private Collection Agencies.

Outcome Measures:

The Department also continued use of treatment scenarios developed through the Data Warehouse project to increase collections and taxpayer compliance. The Benefits Tracking Report continues to show improvement in our collection work. Collecting governmental debt is a core competency of DOR. Through the Governmental Enterprise Accounts Receivable (GEAR) program, governmental entities may contract with DOR to collect any outstanding liabilities owed to them. DOR Debt Setoff program collected over \$110 million last year, up 3%. Enforced collections for FY09 were \$717 million up 2% from last year.

Agency: R44 - Department of Revenue

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Executive &
Administrative

1414 Compliance

Agency Activity Inventory
by Agency
Appropriation Period: FY 2009-10

The Department's Compliance Activities encompasses all audit and audit related functions. This includes office examination, office audit, field audit (both domestic and non-resident), audit support, and criminal investigations. The audit function begins with the selection of files to be examined and continues through the appeals process and a criminal investigation, if warranted. An examination may take the form of basic error corrections, or may be as complex as the electronic audit of a major multi-state corporation.

Statewide Result Area: Strengthen central state government and other governmental services

Strategy: Provide effective and efficient central state Finance support.

FY 2009-10

Total	General Funds	Federal Funds	Non-Recurring Provisos	Part III (ARRA Funds)	Other Funds	FTEs
\$13,368,498	\$9,702,140	\$0	\$0	\$0	\$3,666,358	182.00

Other Fund - Subfund No. & Title:

3035: Operating Revenue \$3,071,605; 3139: Bingo Revenue \$340,750; 3186: Expert Witness Expense \$254,000

Budgetary Program No.: II.B

Expected Results:

Effective and efficient audit coverage in all tax areas, Increase in voluntary compliance, Reduced burden on taxpayers through expanded use of electronic audit techniques, Prompt resolution of protested audits, Identification of potential non-filers through our nexus and discovery activities, Identification and investigation of potential fraudulent filers.

Outcome Measures:

The Department's Data Warehouse Project identifies potential non-filers, under-reporters, and failure-to-pay taxpayers. Information obtained from the data warehouse is beginning to be used systematically to trend and forecast future tax-related issues. Individual income tax non-filers were identified and notified. Assessments of \$14.5 million were sent and collections of \$9.6 million were made. The Nexus and Discovery Unit identifies and registers out-of-state companies doing business in S.C. This year they registered over 323 taxpayers and collected more than \$14 million. Over 500 questionnaires were sent to potential nexus non-filer cases. The number of closed audit cases increased 48% this year. Audit collections were up 38%.

Agency: R44 - Department of Revenue

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Executive &
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1415 Processing

The overall processing activity encompasses all activities from the initial forms design through the receipt of the return/payment and/or correspondence to the end point of archival. Within that framework is verification of data, mainframe upload, deposit of revenue, error correction, refund issuance and storage of records. The process can be a fully manual operation with paper archival, a scan/image operation with electronic archival or a fully electronic operation through the Internet or IVR that creates an electronic archival.

Agency Activity Inventory
by Agency
Appropriation Period: FY 2009-10

Statewide Result Area: Strengthen central state government and other governmental services

Strategy: Provide effective and efficient central state Finance support.

FY 2009-10

Total	General Funds	Federal Funds	Non-Recurring Provisos	Part III (ARRA Funds)	Other Funds	FTEs
\$5,446,424	\$3,952,724	\$0	\$0	\$0	\$1,493,700	74.00

Other Fund - Subfund No. & Title:

3035: Operating Revenue \$1,355,950; 3139: Bingo Revenue \$137,750

Budgetary Program No.: II.B

Expected Results:

Reduce time to complete process of paper Individual Income Tax (IIT) returns. Reduce the average time to issue refunds for paper IIT returns. Limit the number of sales, withholding, corporate, IIT and motor fuel refunds that take more than 75 days from time of receipt to issuance. Increase annually the total dollars deposited through electronic means. Maintain the level of interest lost due to processing delays. Increase annually the number of sales returns filed electronically. Increase annually the number of IIT returns filed electronically. Increase annually the number of withholding returns filed electronically. Increase annually the number of pages of documents scanned and/or imaged.

Outcome Measures:

DOR significantly reduced deposit opportunity cost to from \$114,000 to \$51,936. New performance records were set by the Scanner Section. Individual income tax returns were processed on average within 17 days of receipt. Over 8 million transactions were processed this year. Paper errors were reduce 70%. The Processing area implemented significant processing improvements this year. These enhancements were implemented to reduce rework and help eliminate or reduce various errors from section to section.

Agency: R44 - Department of Revenue

Functional Group: Legislative,
Executive &
Administrative

1416 Taxpayer Assistance

Taxpayer Assistance includes the Contact Center as well as Regional and Satellite Offices to provide statutory compliance with registration, licenses, explanation of correspondence/notices and forms. This assistance may be in person or other means of communication and range from general information to complex issues of all taxes or questions concerning other governmental entities.

Statewide Result Area: Strengthen central state government and other governmental services

Strategy: Provide effective and efficient central state Finance support.

FY 2009-10

Agency Activity Inventory by Agency

Appropriation Period: FY 2009-10

Total	General Funds	Federal Funds	Non-Recurring Provisos	Part III (ARRA Funds)	Other Funds	FTEs
\$4,456,165	\$3,234,047	\$0	\$0	\$0	\$1,222,118	61.00

Other Fund - Subfund No. & Title:

3035: Operating Revenue \$1,200,118; 3167: Tax Education Program \$22,000

Budgetary Program No.: II.B

Expected Results:

Prompt assistance in person or other means, Trained and knowledgeable work force, Reduce compliance burden on citizens, Increase methods of assistance through technology and taxpayer training, Number of taxpayers assisted, Increase Services Provided, Decrease call wait time, Decrease calls transferred.

Outcome Measures:

In FY09, the DOR Contact Center answered over 250,000 calls. Having a centralized location to receive help reduces taxpayers' frustration and increases their willingness to file returns and pay taxes timely. Taxpayers can also visit any of our regional offices across the state and receive face to face assistance. During this year, more than 60,000 taxpayers were assisted with general information and filing of returns.

Agency: R44 - Department of Revenue

Functional Group: Legislative,
Executive &
Administrative

1417 Legal

Legal consists of three major areas: litigation, legislative services, and policy. Litigation encompasses all activities related to representing the Department of Revenue's interest in any state or federal court, preparing and issuing Final Agency Determinations, responding to third-party discovery, administering the Department's bankruptcy and foreclosure operations, and helping other Department divisions settle ongoing appeals. Legislative Services encompasses all activities related to the General Assembly. This includes preparation of legislation, tracking legislation, supporting the General Assembly through assistance with constituent support and attendance at committee hearings. Legal also supports the Governor's Office, the Tax Study Committee, and other state agencies relating to legislation (Part IB, 72.32, Sections 12-4-310(2) and 310(3), 11-11-10, and 2-41-50. Policy is responsible for providing the Department of Revenue with a single voice on behalf of the Director regarding the application of revenue laws. (Section 12-4-320(2)).

Statewide Result Area: Strengthen central state government and other governmental services

Strategy: Provide effective and efficient central state Finance support.

FY 2009-10

Total	General Funds	Federal Funds	Non-Recurring Provisos	Part III (ARRA Funds)	Other Funds	FTEs
\$1,980,518	\$1,437,354	\$0	\$0	\$0	\$543,164	27.00

Other Fund - Subfund No. & Title:

Agency Activity Inventory
by Agency
Appropriation Period: FY 2009-10

3035: Operating Revenue: \$447,164; 3186 Expert Witness Expense \$96,000

Budgetary Program No.: II.C

Expected Results:

Timely prepare and file all necessary legal documents. Formulate and recommend legislation to enhance uniformity, enforcement and administration of the tax laws and secure just taxation and improvements in the system of taxation in a timely manner.

Outcome Measures:

While the taxpayer voluntary compliance rate has historically exceeded 90%, some taxpayers need more information on the rules and tax law changes in order to comply. Most taxpayers want to comply with the law, so DOR has an active Taxpayer Education outreach. Free monthly sales and withholding tax seminars were held. The audience expanded this year to include registrations from many neighboring states. DOR also participates as instructors with the Internal Revenue Service in their Small Business Workshops around the state. In addition, DOR has a longstanding relationship with Clemson University, serving as instructors for their annual taxpayer education workshop that usually draws over 1,500 participants in multiple locations around the state. The Taxpayer Education coordinator developed a tutorial to be placed on the DOR website that details the top 10 mistakes that taxpayers make when filing sales or withholding tax returns.

Agency: R44 - Department of Revenue

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Executive &
Administrative

1418 Property

Responsible (directly or indirectly) for approximately \$ 1,837,000 property tax dollars collected by the counties, schools, and municipalities. This is approximately 1/3 of all property tax dollars collected by counties, schools and municipalities. (Includes appraisal of manufacturing property, valuation of all utility property, valuation of business personal property, vehicle valuations, and calculation of all fee-in-lieu of property) Responsible for calculation of School Index which is factor used to distribute education dollars back to school districts. (approximately \$1,000,000,000 state \$ back to school districts) Responsible for certifying all property tax exemptions for both real and personal property. Responsible for providing annual continuing education to county auditors, assessors and treasurers. Responsible for advising county auditors assessors and treasurers on tax matters.

Statewide Result Area: Strengthen central state government and other governmental services

Strategy: Provide effective and efficient central state Finance support.

FY 2009-10

Total	General Funds	Federal Funds	Non-Recurring Provisos	Part III (ARRA Funds)	Other Funds	FTEs
\$1,980,518	\$1,437,354	\$0	\$0	\$0	\$543,164	46.50

Other Fund - Subfund No. & Title:

3035: Operating Revenue

Agency Activity Inventory
by Agency
Appropriation Period: FY 2009-10

Budgetary Program No.: II.B

Expected Results:

Fair & Equitable assessment of all property under agency jurisdiction, Correct calculation of the Index of Taxpaying Ability, Proper determination of property tax exemptions. County officials receive training in pertinent areas. The Property Division provided timely and accurate advice.

Outcome Measures:

Local government funding amounts to approximately \$5 billion. The agency was charged with developing and implementing a comprehensive training program to be offered to county auditors, assessors, treasurers and tax collectors. In conjunction with the South Carolina Auditor, Treasurers and Tax Collectors organization (SCATT) and the South Carolina Association of Assessing Officials (SCAAO), a plan was developed and courses were offered at the SCATT academy this year. Procedures were developed for county reimbursement under new property tax legislation. This responsibility was transferred to DOR from the Comptroller General's office. DOR's new Local Government Services system is now being used to collect and analyze data and issue reimbursements to counties, municipalities and school districts under all Local Government programs.

Agency: R44 - Department of Revenue

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Executive &
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1419 Regulatory

The Department has a statutory duty to license and regulate alcoholic beverage activity (see Title 61) and bingo activity (See Title 12, Chapter 21). The Regulatory Division also assesses penalties for violations, and litigates contested cases involving applications and violations.

Statewide Result Area: Improve the safety of people and property

Strategy: Provide for the enforcement of state laws (point-of-contact, i.e. HP, STP Officers).

FY 2009-10

Total	General Funds	Federal Funds	Non-Recurring Provisos	Part III (ARRA Funds)	Other Funds	FTEs
\$990,259	\$718,677	\$0	\$0	\$0	\$271,582	13.00

Other Fund - Subfund No. & Title:

3035: Operating Revenue \$249,832; 3139: Bingo Revenue \$21,750

Budgetary Program No.: II.B

Expected Results:

Compliance with statutory requirements which will increase public safety, will ensure collection of taxes, and will safeguard bingo receipts due nonprofit organizations.

Agency Activity Inventory
by Agency
Appropriation Period: FY 2009-10

Outcome Measures:

Over 60,000 licenses issued which includes more than 56,000 LOP's. Amount of bingo funds remitted to nonprofit organizations was over \$2 million.

Agency: R44 - Department of Revenue

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Executive &
Administrative

1420 Technology Services

Coordinates information technology direction for the agency, Researches and analyzes agency functions and makes recommendations to maximize operational efficiency, Maintains the security of mainframe computer databases, master files and the local area network, Designs, implements and supports the agency's computerized processing functions on the mainframe microcomputer systems, Performs computer audits and tracking of taxes, Maintains voice and data networks, Designs, produces and manages the inventory of forms, Produces statistical, financial and management reports.

Statewide Result Area: Strengthen central state government and other governmental services

Strategy: Provide effective and efficient central state Finance support.

FY 2009-10						
Total	General Funds	Federal Funds	Non-Recurring Provisos	Part III (ARRA Funds)	Other Funds	FTEs
\$11,612,330	\$6,468,093	\$0	\$0	\$0	\$5,144,237	121.00

Other Fund - Subfund No. & Title:

3035: Operating Revenue \$2,219,487; 3139: Bingo Revenue \$224,750; 3606 SCBOS \$2,700,000

Budgetary Program No.: II.A

Expected Results:

Ongoing support for all computer application systems reflected in availability, reliability, response to update requests, and system performance. Delivery of new applications on-time, on-budget, and to client specifications. Maintenance of a strategic & tactical technology plan in line with agency objectives.

Outcome Measures:

South Carolina Business One Stop is a project in the forefront of enterprise thinking and action. DOR is also actively engaged in a major project to completely replace the existing aging computer tax system with a modern, state-of-the-art integrated tax system. The new system will provide enhanced services for both the taxpayer and the agency. Customers will have access to their accounts 7 days a week, 24 hours a day. Pods 1 & 2 were activated in FY09. The agency plans to provide real time, streamlined processing wherever possible. Major milestones of the project were met this year through substantial work of many employees across the agency. Design effort is also underway for Phase 2 of this project. Upgrading our technology infrastructure is another of the multi-year projects in this area. In regards to creation of the new infrastructure for the SCITS production environment and Data Warehouse, this was completed in June 2009. This included an upgrade in servers, SQL database management software, and other items.

Agency Activity Inventory
by Agency
Appropriation Period: FY 2009-10

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 Executive &
 Administrative

1421 Administrative Support

Internal Services include the cost of overall management of the agency, internal audit, accounting, budget, cash management, facilities management, purchasing, personnel, employee training, and quality improvement.

Statewide Result Area: Strengthen central state government and other governmental services

Strategy: Administration

FY 2009-10

Total	General Funds	Federal Funds	Non-Recurring Provisos	Part III (ARRA Funds)	Other Funds	FTEs
\$4,951,294	\$3,593,385	\$0	\$0	\$0	\$1,357,909	67.00

Other Fund - Subfund No. & Title:

3035: Operating Revenue

Budgetary Program No.: I., II. A, B & C

Expected Results:

Administrative activities support the successful achievement of the agency's mission of collecting revenue through a variety of internal support functions. Customer satisfaction is measured through an annual survey and employee satisfaction is determined through resignations and sick leave usage.

Outcome Measures:

Over 50% of DOR's workforce has a career path that promotes and rewards the development of increasingly complex job competencies. Over 10,000 hours were dedicated to formal training of employees. Flexible work benefits such as flex time, flex work week, and telecommuting in selected job areas help employees balance their work and home lives. Turnover rate was 10.6% compared with statewide average of 14%. Management participated in the Associate Manager Program and the Certified Manager Program .

Agency Activity Inventory
by Agency
Appropriation Period: FY 2009-10

AGENCY TOTALS

Department of Revenue

TOTAL AGENCY FUNDS	TOTAL GENERAL FUNDS	TOTAL FEDERAL FUNDS	TOTAL OTHER FUNDS
\$52,212,944	\$35,933,851	\$0	\$16,279,093
	TOTAL NON-RECURRING FUNDS	TOTAL PART III FUNDS	TOTAL FTEs
	\$0	\$0	701.50