

Agency Activity Inventory
by Agency
Appropriation Period: FY 2010-11

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 2010-11

| Total | General Funds | Federal Funds | Non-Recurring Provisos | Part III (ARRA Funds) | Other Funds | FTEs |
|--------------|------------------|------------------|---------------------------|--------------------------|----------------|--------|
| \$10,648,938 | \$6,596,077 | \$0 | \$0 | \$0 | \$4,052,861 | 132.00 |

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 \$115 million. Increased Enforced collections for FY10 were \$106 million.

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1414 Compliance

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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 2010-11

| Total | General Funds | Federal Funds | Non-Recurring Provisos | Part III (ARRA Funds) | Other Funds | FTEs |
|--------------|------------------|------------------|---------------------------|--------------------------|----------------|--------|
| \$19,096,498 | \$11,846,140 | \$0 | \$0 | \$0 | \$7,250,358 | 220.00 |

Other Fund - Subfund No. & Title:

3035: Operating Revenue \$6,655,605; 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 continues to identify 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. The Nexus and Discovery Unit identifies and registers out-of-state companies doing business in S.C. This year they collected more than \$25 million up 79% from last year. The number of closed audit cases increased this year. Audit collections were up 76%.

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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.

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

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| Total | General Funds | Federal Funds | Non-Recurring Provisos | Part III (ARRA Funds) | Other Funds | FTEs |
|-------------|------------------|------------------|---------------------------|--------------------------|----------------|-------|
| \$6,096,424 | \$4,602,724 | \$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:

This year DOR continued to make major strides in the processing of tax returns from receipt of mail to processing of refunds and depositing of money to files being stored and scanned. This fiscal year, we deposited 1,847,642 checks, processed 61,162 batches, and gross deposited monies totaling \$9,975,909,753. Processing improvements allowed us to reduce deposit opportunity cost dollars to \$51,936, a decrease of 54% over the past year.

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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

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|-------------|------------------|------------------|---------------------------|--------------------------|----------------|-------|
| \$4,556,165 | \$3,334,047 | \$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:

Free workshops are held each year to educate taxpayers on the basics of sales, withholding, and corporate taxes. Twenty-five Sales Tax Forms workshops were held this fiscal year with a total of 270 taxpayers registering. The Nine Withholding Tax workshops were held and trained 127 taxpayers. The DOR has partnered with the Secretary of State's Office and SCBOS to present a Basic Corporate Tax workshop for corporations. Five workshops were held in the FY10 with 76 taxpayers in attendance. While the majority of the workshops were held in our main office in Columbia, three Sales Tax Forms and three Basic Withholding Tax workshops were held in Ridgeland, Florence, and Greenville. The cities were chosen based on a non-compliance report ran in Business Objects stating that the counties in these areas had a high ratio of open accounts to delinquent taxes. DOR also provides instructors for various workshops and seminars around the state, such as the Small Business Tax workshops, Job Development Credit seminars, and the Clemson Tax School workshops. The Small Business Tax Workshops are conducted by the Employment Security Commission in conjunction with the IRS. In FY10, DOR was part of 31 Small Business Tax workshops that served 491 taxpayers. Three Job Development Credit seminars were held by the Coordinating Council for Economic Development with 18 participants. Six sessions of the Clemson Tax School workshops were held this fiscal year with 942 tax professionals as well as 31 DOR employees attending

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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)).

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

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| Total | General Funds | Federal Funds | Non-Recurring Provisos | Part III (ARRA Funds) | Other Funds | FTEs |
|-------------|------------------|------------------|---------------------------|--------------------------|----------------|-------|
| \$2,180,518 | \$1,637,354 | \$0 | \$0 | \$0 | \$543,164 | 27.00 |

Other Fund - Subfund No. & Title:

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:

It is important that our tax professionals are highly knowledgeable of both the tax laws and their duties in administering them. We use both structured training and on-the-job training to support this goal. This training includes technical tax law topics, disclosure training for all DOR employees, State Legislative Updates, and systems training. This year a minimum of 10,441 hours were dedicated to formal classroom training of employees. This averages 15.1 hours per authorized FTE position.

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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.

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| Total | General Funds | Federal Funds | Non-Recurring Provisos | Part III (ARRA Funds) | Other Funds | FTEs |
|-------------|------------------|------------------|---------------------------|--------------------------|----------------|-------|
| \$2,180,518 | \$1,637,354 | \$0 | \$0 | \$0 | \$543,164 | 46.50 |

Other Fund - Subfund No. & Title:

3035: Operating Revenue

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:

The Agency has responsibility to oversee elected and appointed officials of the 46 South Carolina counties with regard to the equalized administration of property tax laws. This initiative was to provide consistent guidance and education to the newly elected county auditors on the tax laws they are required to administer. The Property Section has partnered with the South Carolina Auditors, Treasurers and Tax Collectors organization (SCATT) and the South Carolina Association of Assessing Officials organization (SCAAO) to establish the programs. Courses developed under the plan by the Property Section were offered at the SCATT Academy in February 2009 and throughout the year to SCAAO members at various events. The courses ranged in level from beginner to intermediate and advanced. Veteran county officials oftentimes utilized beginner courses to brush up on skills. Courses were offered on a first come first served basis and were often filled to capacity each time offered. Course surveys were outstanding. The Property Section will present courses at the upcoming February SCATT Academy and for the upcoming licensing year for appraisers

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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 2010-11 | | | | | | |
|-------------|------------------|------------------|---------------------------|--------------------------|----------------|-------|
| Total | General Funds | Federal Funds | Non-Recurring Provisos | Part III (ARRA Funds) | Other Funds | FTEs |
| \$1,090,259 | \$818,677 | \$0 | \$0 | \$0 | \$271,582 | 13.00 |

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Appropriation Period: FY 2010-11

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.

Outcome Measures:

Over 65,000 licenses issued which includes more than 60,000 LOP's. Amount of bingo funds remitted to nonprofit organizations was over \$2 million.

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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 2010-11**

| Total | General Funds | Federal Funds | Non-Recurring Provisos | Part III (ARRA Funds) | Other Funds | FTEs |
|--------------|------------------|------------------|---------------------------|--------------------------|----------------|--------|
| \$11,812,330 | \$6,668,093 | \$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.

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Outcome Measures:

The SCITS project is a major five-year project to completely replace the existing aging computer system with a modern, state-of-the-art integrated tax system. This will provide enhanced services for both the taxpayer and the Agency. Customers will have access to their accounts seven days a week, 24 hours a day. The Agency plans to provide real time, "once and done" processing wherever possible. The first installment of this system was released on April 6, 2009. The first installment included the capture and routing of taxpayer paper forms and related payments. The second installment of SCITS was released on June 8, 2009. All DOR business and corporate demographic information was migrated to SCITS in installment two. The migration allowed for enhanced processing of Alcoholic Beverage Licensing accounts by linking or allowing the linkage of accounts to their respective officers and/or owners. The linkage facilitates a change from a manual to an automated review of rules to approve or deny licenses.

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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 2010-11

| Total | General Funds | Federal Funds | Non-Recurring Provisos | Part III (ARRA Funds) | Other Funds | FTEs |
|--------------|----------------------|----------------------|-------------------------------|------------------------------|--------------------|-------------|
| \$5,151,294 | \$3,793,385 | \$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. Management participated in the Associate Manager Program and the Certified Manager Program.

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AGENCY TOTALS

Department of Revenue

| TOTAL AGENCY FUNDS | TOTAL GENERAL FUNDS | TOTAL FEDERAL FUNDS | TOTAL OTHER FUNDS |
|-------------------------------|--------------------------------------|---------------------------------|------------------------------|
| \$62,812,944 | \$40,933,851 | \$0 | \$21,879,093 |
| | TOTAL NON-RECURRING FUNDS | TOTAL PART III FUNDS | TOTAL FTEs |
| | \$0 | \$0 | 761.50 |