# Wisconsin Department of Revenue

## 2015-2017 Biennial Report

# State of Wisconsin • DEPARTMENT OF REVENUE

*Scott Walker*
*Governor*

*Richard G. Chandler*
*Secretary of Revenue*

October 16, 2017

The Honorable Scott Walker
Governor of Wisconsin
115 East Capitol
Madison, WI  53702

Jeffrey Renk, Senate Chief Clerk
State Capitol
Room B20 Southeast
Madison, WI  53707

Patrick Fuller, Assembly Chief Clerk
Risser Justice Center
17 West Main Street, Suite 401
Madison, WI  53708

Dear Governor Walker and members of the Wisconsin State Legislature:

The Wisconsin Department of Revenue respectfully submits its 2015-2017 biennial report.  This report provides an overview of the agency's operations, accomplishments during the biennium, and goals for the 2017-2019 biennium.

In the upcoming biennium, I will continue to promote the goals I set for the agency, which are to:

- Implement good tax policy, with a particular emphasis on policies that will promote job growth.
- Deliver excellent customer service to individuals and businesses.
- Operate the department efficiently and effectively.
- Maintain a positive work environment.

We will continue our work to lower the overall tax burden, make the taxpaying process easier for our customers, and wisely use taxpayer dollars in operating the agency.

Sincerely,

Richard G. Chandler
Secretary of Revenue

# Agency Overview

## The Wisconsin Department of Revenue:

- Administers the state's major tax laws, including the collection of individual income taxes, sales taxes, corporate income taxes and excise taxes
- Assists local governments in property assessment and financial management
- Administers programs that provide state financial aid to local governments
- Estimates state revenues and forecasts state economic activity
- Helps formulate state tax policy
- Administers the Wisconsin Lottery, which provides property tax relief for homeowners

## Our Mission

Our agency administers Wisconsin's tax system to provide revenue to fund state and local government services.  We strive to provide taxpayers with clear information about our tax laws, promote voluntary compliance, and assure tax collection fairness.

## Our Structure

➢ **Office of the Secretary** provides department-wide leadership on administrative operations and is responsible for administering state and local taxes in a fair, efficient and equitable manner, while advocating sound tax and fiscal policies.

➢ **Office of General Counsel** provides legal counsel to agency officials, litigates tax cases, reviews proposed administrative rules and tax legislation, and works with other state agencies on legal matters.

➢ **Income, Sales and Excise Tax Division** administers individual income, employee withholding, corporate franchise/income, state and county sales/use, estate, excise, economic development surcharge and other tax types, as well as homestead, earned income and other tax credit programs.

➢ **State and Local Finance Division** provides statewide property equalization, conducts property assessment services for manufacturing and telecommunication company properties, assesses and collects certain taxes, and certifies assessors across the state. It also administers the State's shared revenue and property tax relief payments for municipal services, as well as the lottery credit program and the tax incremental financing programs.

➢ **Technology Services Division** administers technology services for all parts of the department, including data administration, applications development, server and network support, data collection and technology planning.  The division also establishes and manages information technology standards, polices and guidelines that ensure a secure environment for all electronic resources.

➢ **Enterprise Services Division** provides department-wide administrative support for the agency, including budget and financial management, business planning and performance measurement, records management, printing, mail processing, fleet and facilities management, personnel, affirmative action, employee development, and employment relations.

➢ **Research and Policy Division** provides detailed analyses of fiscal and economic policies to the Secretary's office, Office of the Governor and other state officials. The division assesses the impact of current and proposed tax laws, prepares official general fund tax revenue estimates used to develop the executive budget, issues quarterly forecasts of the state's economy and develops various statistical reports.

➢ **Wisconsin Lottery Division** administers the Lottery to provide property tax relief for Wisconsin taxpayers.

# Department of Revenue Major Program Goals and Objectives

The department has developed the following goals that reflect the outcomes the department seeks to achieve: implement good tax policy that will focus on policies that promote job growth; improve customer service to individuals and businesses; and operate the department efficiently and effectively, while identifying opportunities to implement Lean Government initiatives.

## Program 1: Collection of Taxes

- Goal: Ensure accountability through enforcement of tax laws
  - Objective/Activity: Delinquent tax collections per fiscal year
  - Objective/Activity: Collect debts owed to state agencies, courts, the Legislature, state authorities and local units of government (Statewide Debt Collection Program)
  - Objective/Activity: Use analytics to detect and prevent fraudulent returns or credits, including corrections to amount claimed for Earned Income Tax and Homestead Credits
  - Objective/Activity: Enforcement cost per dollar impact

- Goal: Promote efficiency and integrity
  - Objective/Activity: Growth in individual income, corporate franchise/income, and sales/use tax returns received electronically
  - Objective/Activity: Average processing time for tax returns

- Goal: Provide excellent customer service
  - Objective/Activity: Average hold time and answer rate for customer service call center
  - Objective/Activity: Department employees are considered professional and knowledgeable by customers

## Program 2: State and Local Finance

- Goal: Ensure equitable tax compliance, collection and property valuation
  - Objective/Activity: Increase availability of electronic means of doing business

## Program 3: Administrative Services and Space Rental

- Goal: Maintain a positive work environment
  - Objective/Activity: Percentage of target group members in agency workforce

## Program 4: Unclaimed Property

- Goal: Promote efficiency and integrity
  - Objective/Activity: Process unclaimed property claims within 90 day statutory limit

## Program 8: Lottery

- Goal: Achieve the highest possible revenue for property tax relief by offering entertaining and socially responsible games, while ensuring integrity and public trust
  - Objective/Activity: Increase the amount available for property tax relief over the prior year

# Department of Revenue Major Program Goals and Objectives

## PERFORMANCE MEASURES

### 2015 AND 2016 GOALS AND ACTUALS

| Prog. No. | Performance Measure | Goal 2015 | Actual 2015 | Goal 2016 | Actual 2016 |
|---|---|---|---|---|---|
| 1. | Collection of delinquent taxes. | $202.6 million | $219.1 million | $215.2 million | $237.3 million |
| 1. | Enforcement cost per dollar impact. | $.055 | $.0853 | $.055 | $.1007 |
| 1. | Percentage of individual income (II) sales tax (ST) and corporate (C) returns received electronically. | 87% (II) 95% (ST) 78% (C) | 85% (II) 92% (ST) 84% (C) | 88% (II) 96% (ST) 80% (C) | 85% (II)[1] 94% (ST) 76% (C)[1] |
| 1. | Average processing time for individual income tax returns. | E-filed no further review:  5 days<br><br>E-filed further review:  40 days<br><br>Paper no further review:  25 days<br><br>Paper further review:  45 days | E-filed no further review:  3 days<br><br>E-filed further review:  39 days<br><br>Paper no further review:  20 days<br><br>Paper further review:  34 days | E-filed no further review:  5 days<br><br>E-filed further review:  40 days<br><br>Paper no further review:  25 days<br><br>Paper further review:  45 days | E-filed no further review:  2 days<br><br>E-filed further review:  36 days<br><br>Paper no further review:  8 days<br><br>Paper further review:  34 days |
| 1. | Average hold time/answer rate for customer service call center. | 1.5 minute hold time<br><br>97.8% answer rate | 1.16 minute hold time<br><br>99.0% answer rate | 1.5 minute hold time<br><br>97.8% answer rate | 0.92 minute hold time<br><br>99.1% answer rate |
| 2. | Percentage of forms and reports received electronically. | 95% | 98% | 95% | 95% |
| 3. | Percentage of target group members in agency workforce. | 12.5% | 13.2% | 12.5% | 14.8% |
| 4. | Process unclaimed property claims within 90 days. | 100% | 100% | 100% | 100% |
| 8. | Percent change in funds distributed for property tax relief from prior year. | 1% | -0.8% | 1% | -5.1% |

Note:  Based on fiscal year.

[1]To date. Extension returns not filed until October 15th.

# Department of Revenue Major Program Goals and Objectives

## PERFORMANCE MEASURES

### 2017, 2018 AND 2019 GOALS

| Prog. No. | Performance Measure[1] | Goal 2017 | Actual 2017 | Goal 2018 | Goal 2019 |
|---|---|---|---|---|---|
| 1. | Collection of delinquent taxes. | $227 million | $279.8 million | $227 million | $227 million |
| 1. | Enforcement cost per dollar impact. | $.095 | $.084 | $.095 | $.095 |
| 1. | Fraudulent returns stopped, incorrect refunds/credits reduced or denied. | $47.2 million | $59.6 million | $47.2 million | $47.2 million |
| 1. | Statewide debt collection program | $37.39 million | $28 million | $37.39 million | $37.39 million |
| 1. | Percentage of individual income (II) sales tax (ST) and corporate (C) returns received electronically. | 87% (II) 95% (ST) 90% (C) | 85% (II) 94% (ST) 79% (C) | 87% (II) 95% (ST) 90% (C) | 87% (II) 95% (ST) 90% (C) |
| 1. | Taxpayer survey results | 95% professionalism 95% knowledgeable | 98.8% professionalism 98.9% knowledgeable | 95% professionalism 95% knowledgeable | 95% professionalism 95% knowledgeable |
| 1. | Average processing time for individual income tax returns. | 8 days | 5.6 days | 8 days | 8 days |
| 1. | Average hold time/answer rate for customer service call center. | 1.5 minute hold time 97.8% answer rate | 43 seconds hold time 99.4% answer rate | 1.5 minute hold time 97.8% answer rate | 1.5 minute hold time 97.8% answer rate |
| 2. | Percentage of forms and reports received electronically. | 95% | 95% | 95% | 95% |
| 3. | Percentage of target group members in agency workforce. | 12.5% | 15.5% | 12.5% | 12.5% |
| 4. | Average processing time for unclaimed property claims | 40 days | 18.1 days | 40 days | 40 days |
| 8. | Percent change in funds distributed for property tax relief from prior year. | 1% | 14.79% | 1% | 1% |

Note:  Based on fiscal year.

[1]Many performance measures have been significantly revised in order to reflect new programs, goals, objectives and activities for the new biennium.

# Accomplishments and Goals during 2015-17 Biennium

## Office of General Counsel (OGC)

**Provide timely, high-quality and efficient legal services.** OGC provides timely, high-quality, and efficient legal services to the department and represents it in tax appeals at the Wisconsin Tax Appeals Commission, appeals of ad valorem assessments of telecommunications and other companies in state circuit court, and collection matters in state circuit court and federal bankruptcy court.

### 2015-2017 Biennium Accomplishments

- Assisted with DOJ successful criminal investigation and charges regarding Eddie Tipton and Robert Rhode's attempt to defraud the Department of Revenue
- Obtained decisions ruling that:
  - Wis. Admin. Rule sec. Tax 18.05, which regulates classification of agricultural land for assessment purposes, does not violate the Constitution
  - Imposition of excise tax by volume rather than percentage is the correct interpretation of the statute and is constitutional
  - Laundry services were not fairly characterized as management services exempt from sales and use tax
  - Processing of river sand to remove pollutants was subject to sales and use tax
- Initiated federal court lawsuit regarding Delaware's unlawful retention of unclaimed property
- Reduced steps and time spent processing certain collection requests, resulting in a significant time savings by DOR staff

**Provide timely, expert and fair appeal review.** Appeals are handled through correspondence, telephone and informal conferences Taxpayers may appeal the actions of the Resolution Officers to the Wisconsin Tax Appeals Commission (WTAC).

### 2015-2017 Biennium Accomplishments

- Achieved final resolution of 96% of cases acted on during 2015 – 2017
- We resolved over 90% of office audit resolution appeals within 6 months
- Improved procedures for processing field audit appeals, resulting in earlier appeal receipt and earlier confirmation to taxpayers of appeal receipt
- Improved procedures for closing case, resulting in quicker refunds and bills, and reducing staff time spent on closings
- Assisted in processing backlogged appeals from other units

### Goals for 2017-2019

- ⇨ Modernize and improve efficiency of collections letter software
- ⇨ Maintain or shorten time for resolution of taxpayer cases at the Wisconsin Tax Appeals Commission and in the Resolution Unit

# Division of Income, Sales and Excise Tax (IS&E)

*My Tax Account.* Upgrade the department's online business tax system to better meet customer needs.

### 2015-2017 Biennium Accomplishments

- Two-step authentication to improve MTA security
- Ability to submit ID verification documents electronically, allowing for faster refund
- Ability to print letters previously received but lost or discarded
- Ability for all entity types, including individuals, with a collection to manage outstanding balances (view mail, make payments, etc.)
- Ability to request payment plan online with more complex financial information
- Ability for unregistered vendors doing business with State of Wisconsin to interact with DOR about tax compliance
- Ability to submit Forms 1099
- New process for ID verification using a DOR supplied PIN
- Increased MTA self-help videos
- Over 20 new user and refresher webinars on using MTA

### Goals for 2017-2019

⇨ Upgrade for mobile devices and improved usability
⇨ Expand online filing (e.g., motor fuel claims, cigarette and tobacco returns, requests for prior tax returns, etc.)
⇨ Expand features for users with collection cases
⇨ Ability to update NAICS codes

**Compliance - State Debt Collection Initiative.** State agencies and local governments refer their debts that have aged past 90 days to DOR for collection.  DOR is authorized by law to collect them in a manner similar to individual income tax collections.  Primary collection methods include payment plans, wage attachment orders, financial institution and property levies, tax refund offsets and vendor payment setoffs.

### 2015-2017 Biennium Accomplishments

- Participation increased to 346 partners (+ 119 partners from FY16)
- SDC collections increased to $28,400,000 (+ $7.7 million from FY16)
- SDC receivables referred to DOR have grown to $126 million (+71.3 million from FY16)

### Goals for 2017-2019

⇨ Continue to expand participation by other state agencies and universities
⇨ Continue to expand participation by local governments

# Division of Income, Sales and Excise Tax (IS&E)

**Tax Operations - Improve Individual Income and Credits Tax Fraud Detection.** DOR has added business rules to its tax processing systems to recognize fraudulent returns and identity theft. Data is available from previously filed returns, federal tax returns and other sources. The agency's integrated tax system vendor also does various checks and comparisons and the agency obtains information about suspicious filings from IRS, other states and private sector partners.

### 2015-2017 Biennium Accomplishments

- Stopped or adjusted homestead credits of $16 million and earned income credits of $20.1 million in FY17, $17 million and $19.9 million in FY16, and $15.8 million and $16.7 million in FY15
- Stopped fraudulent income tax refunds of $23.4 million in FY17, $26 million in FY16 and $25.2 million in FY 15
- Implemented new data sharing agreements with IRS, other states and private sector partners
- Continuously improved the technology tools to identify fraudulent returns and identity theft

### Goals for 2017-2019

- ⇨ Implement new statutory requirement for wage (W-2) and information (1099) returns. Employers and payers must file electronically if they file ten or more wage statements or information returns
- ⇨ Implement new due date of January 31 for filing information returns with DOR
- ⇨ Implement new statutory requirement that income tax refunds may not be issued before March 1 unless both the employer and employee have filed all required returns and forms

**Tax Operations - Unclaimed Property.** In the 2013-15 biennial budget, the Legislature transferred the Unclaimed Property Program from the Treasurer's Office to the Department of Revenue. Since acquiring the program, the Department's goals have been to ensure all claims are acted upon within the statutory 90 days, enhance the systems to process claims and holder reports, provide for electronic filing of claims and conduct a holder education campaign.

### 2015-17 Biennium Accomplishments

- DOR has stayed within the statutory timeline of 90 days for processing claims and exceeded its goal of an average processing time of 40 days for all quarters in FY17
- DOR has integrated the unclaimed property systems with the tax systems allowing for more efficient processing of claims and holder reports. Both can be electronically filed. Claimants can check the status of their claims online
- DOR has automated unclaimed property securities transactions in 2017
- DOR has implemented a 2015 statutory requirement to match unclaimed property to tax systems to help locate owners of unclaimed property. DOR returned a total of $38.7 million in unclaimed property in 2015. DOR returned another $13 million in 2016 and $2.38 million in 2017 through its unclaimed property matching initiative.

# Division of Income, Sales and Excise Tax (IS&E)

**Audit - Data Warehouse, Analytical Tools and Automated Process Integration.** DOR continues to leverage and enhance its integrated tax system to make centralized and data-driven decisions on compliance programs and improve its ability to measure performance.

### 2015-2017 Biennium Accomplishments

- Designed over 100 unique data matching models to identify noncompliance
- Implemented automated dashboards to track audit cycle time and its leading indicators
- Converted post-audit customer service survey to electronic format; enabling surveys to be sent after 100% of field audits and providing real-time feedback
- Reengineered books & records audit work papers and processes into integrated tax system

### Goals for 2017-2019

- ⇨ Build capabilities for predictive analytics
- ⇨ Expand automated dashboards to more types of audit-related work
- ⇨ Enhance use of data to measure impact of taxpayer education

**Audit - Statistical Sampling.** Statistical and other types of sampling allow audits to be completed efficiently. DOR continues to invest in its sampling program to optimize customer service in audits.

### 2015-2017 Biennium Accomplishments

- Hired well-credentialed, independent statistician to evaluate DOR's statistical sampling program. He concluded DOR's existing sampling methodology was valid and also identified modifications that generally result in smaller samples while remaining statistically valid.
- Implemented the improvements, which included new software and designing the process into our integrated tax system
- Updated taxpayer education materials on sampling as well as the field audit process in general:
  - o Statistical Sampling
  - o Non-Statistical Sampling
  - o General Field Audit Information

### Goals for 2017-2019

- ⇨ Evaluate and monitor results of new process
- ⇨ Extend staff training on statistical sampling
- ⇨ Establish rules on sampling criteria for field audits

# Division of Income, Sales and Excise Tax (IS&E)

**Audit – Project Revenue Agents.** In the 2013-15 biennial budget, the Legislature granted authority to hire 33 FTE project positions as Revenue Agents to address a backlog of federal audit reports. The positions were hired into the Audit and Compliance Bureaus and had a revenue goal to collect $44.1 million for each year of the 2015-17 biennium.

### 2015-2017 Biennium Accomplishments

- Eliminated backlog of federal audit reports and used data matching models to generate an inventory of other filing errors to be billed by the revenue agents
- Collected total of $40.5M in FY16 and $37.9M in FY17

### Goals for 2017-2019

⇨ Continue to bill federal audit reports as they come in, plus other filing errors identified through data matching projects. The current inventory of data matching leads is comparable to the federal audit report backlog when the project started, and new projects will add to the billable inventory.
⇨ Extend scope of billing work to occasional consumer use tax
⇨ Use data analysis and dashboards to measure and improve billing process flow

**Customer Service.**  Revamp department's role in volunteer tax assistance programs that serve the elderly, military/veterans, low-income and limited English populations. Promote DOR initiatives and systems through online videos and develop self-help and e-learning options for customers.

### 2015-2017 Biennium Accomplishments

- Created an on-line version of training manuals for the Volunteer Income Tax Assistance (VITA)/Tax Counseling for the Elderly (TCE) Program and uploaded them to the DOR website
- Added 11 new VITA/TCE Sites throughout the state
- Added Closed Caption option to DOR Videos and provided Spanish versions of Homestead Credit and EIC videos
- Expanded webinars topics to include Homestead Credit and Nonresidents and Part-Year Residents webinars

### Goals for 2017-2019

⇨ Promote and increase volunteer recruitment for VITA/TCE programs
⇨ Expand creation and use of help videos
⇨ Increase frequency and type of tax webinars

# Division of State and Local Finance (SLF)

**Professional Property Tax Administration.** DOR promotes efficient, effective, consistent property tax administration, and ensures compliance of statutorily required deadlines by both SLF and local government officials (ex: assessors, clerks, listers, etc.), to allow for timely and accurate production and distribution of property assessment and taxation deliverables. This is done through education; provision of values, certificates, and statistical data as early as feasible; timely issuance of state aids, notifications, and assessments; and prompt, courteous, and accurate responses to customers and stakeholders.

### 2015-2017 Biennium Accomplishments

- SLF provided training and education to customers and stakeholders through assessor training, association training and conferences, local government workshops, and other outreach opportunities:
  - 2015: 3,751
  - 2016: 2,744
  - 2017: 3,477 (as of October 1, 2017)
- Reduced late filers for key forms (critical data) by 10% or more in each of 2016 and 2017 through communication and more efficient electronic filing
- Provided values, aids, and statistical data to municipalities, assessors and partner agencies on or before all statutory deadlines

### Goals for 2017-2019

- ⇨ Increase number of outreach opportunities by participating in two new events per year
- ⇨ Further reduce late filers by an additional 10% per year
- ⇨ Improve satisfaction with DOR services from 49.1% Good/Very Good in 2016 to 50% in 2018 (next customer satisfaction survey)

**Leverage Technology To Improve Processes.** DOR utilizes electronic filing, forms processing, web content, and various on-line tools to gain efficiencies, inform and educate customers and stakeholders, and other improvements in customer filings, data gathering, data provision, and education. Doing so has increased participation while reducing costs.

### 2015-2017 Biennium Accomplishments

- Manufacturing electronic filing is at 95%, an increase of 7% since 2013
- Electronic forms are moving from an Adobe platform to an HTML electronic filing (e-filing) platform that is more user friendly. The forms that have transitioned:
  - Statement of Assessment
  - County and Municipal Levy Limit Worksheets
  - TID Annual Report
  - Room Tax Annual Report
- Increased number of counties providing assessment rolls electronically (XML) to 53 in 2016 and 57 in 2017. When there is full participation, it will reduce other filing requirements.
- Implemented VAULT, a new platform to house applications moving from legacy mainframe to make filing and processing of data easier, more efficient, and more accurate
- Utilized interactive technology (ex: Skype, GoToWebinar, Turning Point) and videos to instruct in proper completion of forms, provide required assessor training, and staff meetings

# Division of State and Local Finance (SLF)

**Goals for 2017-2019**

⇨ Minimum of four forms per year moved to HTML e-filing platform. Already scheduled:
- Statement of Taxes – will be posted in December 2017
- Utility Company Asset Report – will be posted in early 2018
- Tax Increment Worksheet – spring 2018
- Municipal Treasurer's Settlement – spring 2018

⇨ Manufacturing electronic filing increase by 2% by 2018

⇨ Increase counties filing electronic assessment rolls to 61 in 2018 and all 72 by 2019

⇨ Increase number of external events/participants utilizing interactive technology from three events in 2016 to four in 2017, five in 2018, and six in 2019

**Process Improvement.** Gain efficiencies and process quality using improved systems and information gained utilizing continual process improvement through the application of Lean and Just-Do-IT (JDI) methodologies, system upgrades, business process reengineering, and collaboration with technology partners.

**2015-2017 Biennium Accomplishments**

- Implemented IPAS to version 7
- Completed business requirements for four of 19 applications moving off mainframe system
- Worked with Division of Technology Services to implement VAULT, a Java-based system replacing the mainframe
- Implemented non-system improvements identified in the Business Process Mapping and Reengineering project as well as more recent Lean projects
- Began move of electronic filing to new platform with TID Annual Report and Room Tax Annual Report. New platform is more user friendly and provides process efficiencies for both internal and external users.
- Utilized Lean methodologies and Just-Do-It (JDI) to identify and implement improvements in SLF processes:
  - 2016: Testing equated rolls; M-L Form Processing; Telco Assessment; Field Review
  - 2017: Eliminate TID for PE-209 (JDI); Eliminate TID Termination Audits (JDI); Assessor Certification (JDI); BOA Intake (Lean)
- Lean and Just Do It improvement is a part of SLF culture

**Goals for 2017-2019**

⇨ Expand core group knowledgeable in Lean process and able to lead projects to achieve or exceed goal of three Lean events per year

⇨ Continue reengineering (maps and functional requirements) and move another eleven of Local Government Services' mainframe processes to VAULT

⇨ Implement Action plans for select system and non-system improvements, a minimum of three Lean/Just-Do-It per year

# Division of State and Local Finance (SLF)

**Customer Relationship Management.** Customer satisfaction surveys are given every two years. We work to improve our relationships and communications with customers, stakeholders and business partners by learning from the feedback received and applying lessons learned.

**2015-2017 Biennium Accomplishments**

- Plain language updates were completed on 100% of identified documents and the guidelines are continually applied to forms, letters and documents, including those being moved to the new electronic filing platform
- Added additional means of communication: videos instructing in the correct completion and use of forms, providing snippets for Twitter, increasing the number of events we present at, etc.
- Modified listservs to better target/customize message content to customer type and post messages to website for easy access
- Increased number of reports offered not just in PDF but also in Excel/CSV flat format

**Goals for 2017-2019**

- ⇨ 90% of content from Government tab on DOR's website is reachable in 3-clicks or less
- ⇨ Improve survey satisfaction level with the Government section of the DOR website from 73% to 75%
- ⇨ Survey listserv customers to determine subjects needed and frequency of messages
- ⇨ A 10% increase in the number of customers signed up for electronic communications through listserv
- ⇨ Add at least one additional communication mode semi-annually

# Division of Technology Services (DTS)

**Mainframe Modernization of State and Local Finance Applications.** In early 2015, DOR started a multi-year initiative to re-engineer and modernize the various business applications used by the Division of State and Local Finance (SLF). These applications are being used by SLF for processing shared revenue distribution to local governments, administering and managing telecommunications property tax, utility taxes and other forms that are filed by local governments. The initiative involves transitioning existing mainframe-based legacy applications to new web-based mobile ready applications. New applications are being developed using a mobile-first strategy and modern technologies such as HTML5, Java, JavaScript, and Oracle.

### 2015-2017 Biennium Accomplishments

- Completed transition of four legacy mainframe-based applications to the newly developed web-based applications
- Completed implementation of a framework for filing forms electronically using an internet browser. This implementation will help save DOR a substantial amount of licensing fees by eliminating a software product currently used by the Department. Two new forms for local governments have been implemented using the new framework; two others have been converted, so that they can be filed electronically.

### Goals for 2017-2019

- ⇨ Complete implementation of web-based Shared Revenue distribution, Telecommunications Tax filing, and Utility Tax filing applications in order to improve processing and eliminate mainframe programs
- ⇨ Initiate the development of new applications associated with property tax relief and tax incremental financing
- ⇨ Complete implementation of all local government forms using the new electronic form filing framework

**WINPAS (Wisconsin Income, Processing and Audit System).** WINPAS is DOR's integrated tax processing system. WINPAS is used for administering, processing, auditing and managing of all tax types for the State of Wisconsin. WINPAS also includes My Tax Account (MTA), which is a public facing free online self-service portal that allows taxpayers to perform many functions including: view current account status, file and amend returns, make payments, remit wage attachment payments, manage and update account information.

WINPAS comprises the Tax Data Warehouse which is used for loading, mining and managing data from multiple external data sources including Federal IRS data-sources, and data sources from other state agencies like DWD, DOT, and DHS.

WINPAS is a web-based application built using a commercial off-the-shelf (COTS) tax administration software product, GenTax, a product of Fast Enterprises.

Benefits can be summarized as follows:

- An integrated system to administer and process about 100 different tax types, rather than having separate systems for each tax type
- Automated and streamlined processing of tax returns, which reduces processing times and issues refunds to taxpayers substantially faster
- Electronic and paper documents received from a taxpayer can be attached to the taxpayer's account in WINPAS, eliminating the need for paper files
- Advanced data matching and verification between different tax programs within WINPAS and the data warehouse so that taxpayer errors can be identified during processing rather than after the fact
- Increased efficiencies through the use of data analytics to generate automated audit selection

# Division of Technology Services (DTS)

- Consolidated view of taxpayer accounts in a single system
- Enhanced security of personal and confidential information reported by taxpayers on their returns

**2015-2017 Biennium Accomplishments**

- Provided faster customer service due to the availability of a consolidated view of taxpayer accounts
- Increased revenue generation by using data analytics to implement automated audit selection. The automation allowed DOR to increase efficiencies and accuracy of audit selection.
- Streamlined administration, management and processing of unclaimed property claims and distribution after the Unclaimed Property program was transferred to DOR
- Integrated WINPAS and the national Streamlined Sales Tax system making Wisconsin of the one first states to administer a simpler and more uniform sales and use tax system
- Provided self-service capability for taxpayers to manage payment plans using the DOR's portal My Tax Account
- Implemented functionality to enable the collection of past due federal student loans for University of Wisconsin campuses
- Automated the process of enrolling and certifying State of Wisconsin vendors for Sales/Use Tax accounts, including integration with STAR
- Implemented additional functionality to automate internal processing of tax returns with a goal to increase efficiency and effectiveness in tax processing

**Goals for 2017-2019**

⇨ Increase use of data analytics for audit selection and fraud prevention
⇨ Focus on increasing data and rule-driven processes to reduce overall processing time and increase efficiencies for all tax types and programs administered by DOR
⇨ Add more self-service functionality for individual and business taxpayers through DOR's portal My Tax Account (MTA) to encourage electronic filing and automate payment processing
⇨ Maintain and update WINPAS technology infrastructure through continuous upgrades of hardware and software

**One Stop Business Portal – Business Tax Registration.** DOR integrated business tax registration into the State's One Stop Business Portal (OSB) in 2015.  Businesses can now register their business with DOR by using the One Stop Business Portal.  The OSB makes registering a business in Wisconsin easier by guiding new businesses through the steps necessary to create and register a business in Wisconsin. Businesses can complete registration steps to register their business with the Department of Revenue (DOR) for sales and withholding taxes, and can pay the required registration fees.  For the state, it decreased the amount of time staff spent assisting new businesses in navigating this complex, but very common process.

**2015-2017 Biennium Accomplishments**
- Increase in business registrations
- Reduced staff time supporting manual registration processes
- Reduced staff time answering most common questions regarding the overall process
- Decrease overall time spent during the process
- Enhanced agency efficiency by re-directing staff time formerly spent on manual processes and answering questions

# Division of Technology Services (DTS)

- Unified tracking number for the business that can be cross-referenced to each individual system/department

**Goals for 2017-2019**

⇨ Expand the type of Businesses that can use the One Stop Business Portal to include Disregarded Entities
⇨ Expand the shared language/terms used between the OSB Portal and DOR Online Business Tax Registration

**WINPAS Unclaimed Property Manager.** WINPAS (Wisconsin Income Processing and Audit System) is DOR's integrated tax system. The Unclaimed Property (UCP) Manager was added to WINPAS in 2015. State Law requires companies to turn over unclaimed property to DOR. DOR is responsible for processing claims from public persons who have a legal right to the property. The WINPAS UCP Manager allows DOR to track, manage and process claims for unclaimed property, such as funds in savings and checking accounts, uncashed payroll checks, trust distributions, unredeemed money orders, etc. If someone owes tax debt to DOR, unclaimed property monies will be used to offset tax debt.

**2015-2017 Biennium Accomplishments**

- Allow unclaimed property owners the ability to submit claims for unclaimed property
- Allow the public to search for unclaimed property
- Allow for claimants to check the status of a claim
- Provide reporting and tracking of all unclaimed property turned over to the State

**Goals for 2017-2019**

⇨ Improve unclaimed property matching to property owners
⇨ Expand data collection of security transfer requests for Joint Tenants, Uniform Gift to a Minor (UGM), Uniform Transfer to a Minor (UTM), Estate (Personal Representative), Trust (Trustee or Power or Attorney)
⇨ Improve reporting for unclaimed property advertising
⇨ Track and Report components used in escheating and redeeming US Savings Bonds

**General Technology Services.** DOR has continued to harness the value of technology by focusing on IT simplification. By simplifying our technology environment we are able to deliver better business performance, greater flexibility, higher levels of productivity and a better user experience. Over the past biennium DOR has started to rely on more enterprise services were appropriate. This allows DOR to re-focus the time that would have been spent on managing those services to focusing on DOR business functions. DOR is always looking for efficient and innovative opportunities to increase the security of taxpayer data. We have been conducting live security drills and deploying tools to allow our users to security use their computers.

**2015-2017 Biennium Accomplishments**

- Transitioned network and server infrastructure management to DOA/DET enabling the state to realize savings through a consolidated IT infrastructure

# Division of Technology Services (DTS)

- Successfully deployed RSA two factor authentication to all DOR employees
- Migrated the DOR Internet site to the Wisconsin Interactive Network (WIN) platform
- Implemented Skype for Business allowing for more efficient communications within DOR and with other organizations
- Began piloting cloud technologies that would allow DOR to operate more efficiently and cost effectively

**Goals for 2017-2019**

- ⇨ Expand the use of agile project methodology, continuous integration and automated testing
- ⇨ Implement voice over IP (VOIP) to replace our aging Centrex telephone system
- ⇨ Upgrade all DOR computers to Windows 10
- ⇨ Migrate all DOR employees to the state's centralized authentication directory enabling single sign-on while improving overall security
- ⇨ Continue to explore opportunities to utilize enterprise services where appropriate

# Division of Enterprise Services (ESD)

**Promote and advocate for a diverse DOR workforce.** Utilize recruitment and other techniques to address job classifications and groups that have been traditionally underutilized for minority and women within DOR.

### 2015-2017 Biennium Accomplishments

- The percentage of DOR employees who are racial or ethnic minorities increased from 12.1% in 2014 to 15.5% in 2017. The percentage of female employees increased slightly from 52.2% in 2014 to 52.6% in 2017 and the percentage of veterans employed by DOR increased from 3.7% to 5.6% over the same period. DOR currently does not have any underutilized job groups of statistical significance.
- Participated in the TeamWorks program (in partnership with Madison-area high schools' Vocational Transition Programs and funding support from the Department of Workforce Development's Division of Vocational Rehabilitation). DOR employed nine limited-term employees with disabilities. One of the employees has been hired into a permanent position.
- DOR conducted nine department-wide diversity-related training activities covering topics such as cross-cultural communication, harassment and discrimination prevention, respect in the workplace, and autism awareness

### Goals for 2017-2019

⇨ Continue to explore and expand methods to advertise position opportunities to diverse applicant pools

**Implement and realize the benefits of the STAR System, Wisconsin's enterprise resource planning (ERP) system.**

### 2015-2017 Biennium Accomplishments

- Implemented the STAR financial management module in October 1, 2015
- Implemented the STAR human capital management module in December 13, 2015

### Goals for 2017-2019

⇨ Implement the STAR Enterprise Learning Management module. The first functionality will be for tracking ad hoc employee training. The next will be to incorporate DOR mandated training into the system for better tracking. The system will then be released to other divisions to use the system for their training.

⇨ Develop automated processes for reconciling STAR data between system modules and to external systems. There are approximately 450 accounts and appropriations identified that require reconciliation.

⇨ Develop reports that can be generated from STAR using automated reporting tools such as queries, Business Intelligence, nVision, etc.

# Division of Enterprise Services (ESD)

**Lean Government.** One of DOR's agency goals is to operate efficiently.  DOR will continuously improve its processes through Lean principles to accomplish its mission of administering Wisconsin taxes.

### 2015-2017 Biennium Accomplishments

- Completed 33 Lean projects
- Eliminated 88 process steps
- Repurposed 1,040 staff hours
- Reduced lead time in processes by over 5,500 hours
- Developed in-house Introductory Lean White Belt Level training program
- Added Lean Overview to our New Employee Orientation
- Implemented a new methodology for Just-Do-It projects
- Showcased recently completed Lean Projects to interested staff
- Collaborated with other private and public organizations regarding best Lean practices
- Revised DOR's comprehensive Lean webpage on our DORIS intranet site

### Goals for 2017-2019

- ⇨ Continue to increase efficiencies in our processes.  Plan to complete at least 40 LEAN projects during the next biennium.
- ⇨ Continue to work on the Lean culture by encouraging staff to obtain training and work on their new skills by finding inefficiencies and improving them by using Lean methodologies

**Employee Engagement.** Maintaining a positive work environment is a key goal of the department.  The department conducts an annual survey to measure employee engagement.

### 2015-2017 Biennium Accomplishments

- Employee engagement surveys were conducted in 2014, 2015 and 2016
- 84% of employees responded to the survey in 2016, up from 81% in 2015
- Overall, employees are highly satisfied with their jobs
- Satisfaction and engagement levels trended up for a third straight year

### Goals for 2017-2019

- ⇨ Conduct survey in each year of the biennium and provide overall department results
- ⇨ Ensure division action plans are developed in response to the results

# Division of Enterprise Services (ESD)

**Privacy and Security Program.** DOR places a strong emphasis on education of its employees to ensure the safeguarding of confidential information.

### 2015-2017 Biennium Accomplishments

- The Privacy and Security Team continued to provide leadership, oversight and guidance for privacy and security policy within the Department of Revenue
- Provided online training exams and conducted live testing on a regular basis to focus on employee skills of recognizing and dealing with privacy and cyber security threats
- Established a rating standard for performance evaluations if employee fails to take required privacy and security training

### Goals for 2017-2019

- ⇨ Train all employees at least twice per year in topics such as information technology security, physical security and handling personally identifiable information (PII)
- ⇨ Conduct live tests of employees at least four times per year
- ⇨ Review DOR PII data sources inventory and update as necessary at least annually to reduce future risk

# Division of Research and Policy (R&P)

## General Fund Revenue Estimates and Fiscal Estimates.

### 2015-2017 Biennium Accomplishments

- General fund revenue forecast error of -0.49% in FY15, 0.52% in FY16, and -0.09% in FY17
- Completed 97% of fiscal estimates within five business days

### Goals for 2017-2019

⇨ Maintain forecast accuracy within 2% of actual annual revenue collections
⇨ Complete 95% of fiscal estimates for proposed legislation within five business days. R&P is currently tracking at 97.5% for the 2017 session

## Individual Income and Corporate Tax Models.

### 2015-2017 Biennium Accomplishments

- Completed the individual income tax sample for tax year 2014

### Goals for 2017-2019

⇨ Update to the corporate income tax sample for tax year 2014
⇨ Update to the individual income tax samples for tax year 2016
⇨ Create and implement a new sustainable modeling process that will enable R&P to complete individual and corporate tax models, and produce/preserve documentation of R&P tasks

## Database Creation and Publication.

### 2015-2017 Biennium Accomplishments

- Began developing and publishing comprehensive tax collection database to provide commonly requested data to the entities described above in a user-friendly format
- Publication of monthly state and county sales tax collections by industry
- Creation of an equalized value data visualization tool

### Goals for 2017-2019

⇨ Provide additional user-friendly data visualizations and interactive databases to the public, government agencies, researchers, and businesses. DOR recently published an interactive database of state tax revenues containing data going to fiscal year 1963.

# Wisconsin Lottery Division (Lottery)

**Property Tax Relief - FY 2015.**  Lottery sales goal of $570 million

### 2015-2017 Biennium Accomplishments

- Actual FY 2015 sales: $575 million
- Administrative expenses were 5.9% of operating revenues

**Property Tax Relief - FY 2016.** Lottery sales goal of $580 million

### 2015-2017 Biennium Accomplishments

- Actual FY 2016 sales: $627 million
- Expenses were 5.8% of operating revenues

**Property Tax Relief - FY 2017.**  Lottery sales goal of $617 million

### 2015-2017 Biennium Accomplishments

- Actual FY 2017 sales: $603 million
- Expenses were 5.97% of operating revenues (Unaudited)

### Goals for 2017-2019

- ⇨ Sales goal of $605 million for FY 2018 and FY 2019
- ⇨ Provide our players, retailers, elected officials and citizens unquestioned integrity and confidence in the operation of the Wisconsin Lottery
- ⇨ Provide consistent messaging to stakeholders about games, integrity and mission of the Wisconsin Lottery