Wisconsin Department of

Revenue

Wisconsin Department of Revenue

2011-2013 Biennial Report

Scott Walker
Governor

Richard G. Chandler
Secretary of Revenue

October 15, 2013

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

Robert Marchant, 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 2011-2013 biennial report. This report provides an overview of the agency's operations, accomplishments during the biennium, and goals for the 2013-2015 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, recycling, 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 of Revenue, the Executive Office 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 collections per fiscal year.
- Goal: Operate efficiently and effectively.
- Objective/Activity: Growth in individual income, corporate franchise/income, and sales/use tax returns received electronically.

Program 2: State and Local Finance

- Goal: Ensure fair and equitable tax compliance, collection and property valuation through the Integrated Property Assessment System.
- Objective/Activity: Increase availability of internal and external electronic means of doing business.

Program 3: Administrative Services and Space Rental

- Goal: Develop and advocate sound tax and fiscal policy.
- Objective/Activity: Variance between estimated revenue and actual revenue.
- Goal: Operate efficiently and effectively.
- Objective/Activity: Cost per dollar received.
- Objective/Activity: Lean Government project charter counts.
- Goal: Ensure a positive and diverse work environment.
- Objective/Activity: Percentage of target group members in agency workforce.

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: Percentage increase in non-Powerball/Mega Millions sales generated over prior year.
- Objective/Activity: Percentage of lottery administrative expenses as compared to lottery revenues.

Department of Revenue Major Program Goals and Objectives

PERFORMANCE MEASURES

2011 AND 2012 GOALS AND ACTUALS

Prog. No.	Performance Measure	Goal 2011	Actual 2011	Goal 2012	Actual 2012
1.	Collection of delinquent taxes.	$173 million	$202 million	$173 million	$197 million
1.	Percentage of individual income (II) sales tax (ST) and corporate (C) returns received electronically.	78% (II) 63% (ST) 45% (C)	80% (II) 88%(ST) 69% (C)	81% (II) 86% (ST) 60% (C)	82% (II) 88% (ST) 61% (C)
2.	Percentage of forms and reports received electronically.	85%	86%	90%	89%
3.	Variance between estimated revenue and actual revenue.	± 2%	± 1.6%	± 2%	± 0.9%
3.	Percentage of employees satisfied with their work environment.	More than 2010	No survey conducted	More than 2011	No survey conducted
3.	Percentage of target group members in agency workforce.	10%	11.6%	10%	11.4%
3.	Cost per dollar received.	$0.0070	$0.0071	$0.0070	$0.0067
8.	Percentage increase in non-Powerball/MegaMillions sales generated over prior year.	-1%	+7.2%	-0.1%	+5.8%
8.	Percentage of lottery costs as compared to lottery revenues.	<10%	6.55%	<10%	6.13%

Note: Based on fiscal year.

Department of Revenue Major Program Goals and Objectives

PERFORMANCE MEASURES

2013 ACTUALS WITH 2014 AND 2015 GOALS

Prog. No.	Performance Measure	Goal 2013	Actual 2013	Goal 2014	Goal 2015
1.	Collection of delinquent taxes.	$173 million	$203 million	$198 million	$210 million
1.	Percentage of individual income (II) sales tax (ST) and corporate (C) returns received	84% (II) 89% (ST) 65% (C)	83% (II) 92% (ST) 77% (C)	84% (II) 93% (ST) 78% (C)	85% (II) 93% (ST) 80% (C)
2.	Percentage of forms and reports received	95%	90%	95%	95%
3.	Variance between estimated revenue and actual revenue.	± 2%	± 0.5%	± 2%	± 2%
3.	Percentage of employees satisfied with their work	More than 2012	No survey conducted	N/A[1]	N/A[1]
3.	Percentage of target group members in agency workforce.	10%	11.5%	10%	10%
3.	Cost per dollar received.	$0.0070	$0.0070	$0.0070	$0.0070
3.	Lean Government project charter counts.[2]	7	7	7	10
8.	Percentage increase in non-Powerball/MegaMillions sales generated over prior year.	0%	+4.98%	-1.72%	-1.72%
8.	Percentage of lottery costs as compared to lottery revenues.	<10%	6.41%	<10%	<10%

Note: Based on fiscal year.

[1]This objective will no longer be measured.

[2]Reflects a new performance measure for the upcoming biennium.

Accomplishments and Goals During 2011-13 Biennium

Office of General Counsel (OGC)

OGC PROGRAM: Provide timely, high-quality, and efficient legal services. OGC provides legal opinions to the department and represents it in tax appeals at the Wisconsin Tax Appeals Commission, estate tax matters in state circuit court, 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.

2011-2013 Biennium Accomplishments
- Unanimous Tax Appeals Commission decisions ruling that:
  - When fraud is discovered, the department may issue an assessment at any time after discovery.
  - State statutes imposing personal liability on those persons who willfully fail to pay sales and use tax (which did not include a statute of limitations) did not violate the Equal Protection Clauses of the U.S. and Wisconsin constitutions.
  - When co-promoters both sell tickets, both are liable for sales tax on admissions.
- Participated in Manufacturing Property Tax Appeals Work Group to improve handling of such appeals.
- Enforced Wisconsin law on roll-your-own cigarette machines in circuit court.
- Adopted speedier and more efficient electronic check issuance and improved inter-division communications by requiring electronic notes of taxpayer contact and use of shared garnishment templates.
- Cross-trained legal assistants in collections and tax litigation support and cross-trained lawyers in a variety of subject areas.

Goal for 2013-2015
⇨ Continue to provide high-quality legal services to the department in a variety of areas.

OGC PROGRAM: 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).

2011-2013 Biennium Accomplishments
- Achieved final resolution of 94% of cases acted on during 2011 - 2013
- Based on recommendations of the Appellate Process Review Work Group:
  - Training was provided to the Field Resolution Officers on the subject of Risk of Litigation.
  - Over a dozen field audit appeals were resolved by working with the Audit Bureau and resolving open audits and pending appeals of the same taxpayer in one negotiation.

Goals for 2013-2015
⇨ OGC will increase processing speeds of field audit resolution cases.
⇨ OGC will develop and implement improvements to the agency's appeal process.

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

IS&E PROGRAM: *My Tax Account.* Upgrade the department's online business tax system to better meet customer needs.

2011-2013 Biennium Accomplishments
- New and improved *My Tax Account* application.
- Offered *My Tax Account* Webinar to introduce improved *My Tax Account*.
- Introduction of new Business Online Registration.
- Ability to file Pass-Through Withholding.
- Ability to make payments on Corporation, Pass-Through Withholding, Partnership tax Accounts.
- Addition of Electronic Appeals, Buyer's Claim for Refund, New Corporation Questionnaire, Nonresident Entertainer's Report and Schedule EM-C (Electronic Medical Records Credit).

Goals for 2013-2015
- ⇨ Increase number of *My Tax Account* webinars.
- ⇨ Use *My Tax Account* for all communications with financial institutions and payments on levies.
- ⇨ Improve the refund process for business taxes by allowing direct deposit of refunds.
- ⇨ Allow electronic power of attorney forms to be filed through *My Tax Account.*
- ⇨ Improve the Business Online Registration.

IS&E PROGRAM: State Debt Collection Initiative. State agencies are referring their debts that have aged past 90 days to DOR for collection. DOR is authorized by law to collect these delinquent obligations owed to the State in a manner similar to individual income tax collections. Primary collection methods include payment plans, wage attachment orders, financial institution levies, tax refund setoffs, and vendor payment setoffs.

2011-2013 Biennium Accomplishments
- Participation increased from 15 participating agencies in July 2012 to 35 participating agencies in July 2013.
- Collected $4.1 million in FY 2012 and $9.7 million in FY 2013.

Goals for 2013-2015
- ⇨ Grow enrollment from 35 to 75 participating agencies.
- ⇨ Collect $10 million in FY 2014 and $12 million in FY 2015.

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

IS&E PROGRAM: Financial Record Matching Program (FRM). DOR matches delinquent accounts with financial institution account information on a quarterly basis to identify delinquent debtor assets. DOR systematically identifies accounts ready for levy of assets when a taxpayer fails to pay a debt. Levies are automatically issued to the financial institution.

2011-2013 Biennium Accomplishments
- Collections by levy totaled $31.1 million in FY 2012 and $27.7 million in FY 2013.
- Worked with financial Institutions to develop electronic levy response. Twenty-four financial institutions are currently participating.

Goals for 2013-2015
- ⇨ Continue to use FRM data and issue automated levies when appropriate.
- ⇨ Grow electronic levy response participation to 300 financial institutions.
- ⇨ Develop method of sending levy notices electronically.

IS&E PROGRAM: Tax Refund Interception Program. State agencies and local governments refer debts to DOR for refund setoff. The program was created in 1982 and grown significantly in recent years. A new computer system was needed to manage the growth in referrals. The system currently manages approximately 1.5 million debts worth about $3.5 billion for 1042 agencies.

2011-2013 Biennium Accomplishments
- Collected $78.7 million in FY 2012 and $84.7 million in FY 2013.

Goals for 2013-2015
- ⇨ Collect $85 million in FY 2014 and $87 million in FY 2015.

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

IS&E PROGRAM: Improve Individual Income Tax Fraud Detection. DOR has added business rules to its tax processing system to recognize various data abnormalities as a means of identifying fraudulent tax returns for income tax purposes, including withholding credit, homestead credit, and earned income credit. Data is available from previously filed returns, federal tax returns and other sources. Data comparisons are done pre-processing and post- processing of the returns. It is important that fraud be detected as returns are being processed.

2011-2013 Biennium Accomplishments
- Adjusted computer system business rules and reviewed more claims before refunds were issued.
- Stopped or adjusted homestead and earned income credits of $26.7 million in FY 2013 compared to $16.4 million in FY 2010.
- Stopped fraudulent income tax refunds of $3 million in FY 2013.

Goals for 2013-2015
⇨ Implement pre-refund identity verification processes, including an educational campaign.
⇨ Implement new data sharing agreements.
⇨ Implement new technology tools to manage fraud cases.
⇨ Integrate W-2 income information seamlessly into tax fraud detection initiatives.
⇨ Implement new penalties provided in law.

IS&E PROGRAM: Intensive Collection Effort.   The Intensive Collection Effort (ICE) is an initiative where DOR collectors intensively work larger in-state and out-of-state income and business accounts as soon as they are delinquent so it is not necessary to hire private collection agencies.

2011-2013 Biennium Accomplishments
- Collected $11.1 million in FY 2012 and $15.3 million in FY 2013.

Goals for 2013-2015
⇨ Hire and train 14 new ICE collection specialists.
⇨ Collect $21.6 million in FY 2014 and $27.9 million in FY 2015.

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

IS&E PROGRAM: Taxpayer Notices Improvement Project/ Plain Language Projects. Improve system-generated notices sent to taxpayers, making them easier to understand and act upon.

2011-2013 Biennium Accomplishments
- Revised more than 80 letters/forms sent from Compliance, Audit, Tax Operations, and Customer Service.
- Revised webpages, common questions, and brochures.
- Revised automated WINPAS Notice of Amount Due, Notice of Refund, Notice of Estimated Tax, and Notice of Changes.
- Updated 12 of our most frequently used standard audit letters; in total affecting approximately 35,000 taxpayers.
- Standardized template used for all DOR notices and letters.
- Revised delinquent tax notices to incorporate customer feedback; this included eight levy notices, seven Treasury Offset Program notices, the Notice of Overdue Tax, Notice of Referred Debt, Occupational Licensing letters, Notices of Wage Attachment, Notice to Contact Assigned Agent, and Internet Posting Warning Letter.

Goals for 2013-2015
- ⇨ Update all collection and audit-related letters and notices sent to customers annually.
- ⇨ Survey customers who received notices on readability and comprehension of notices.

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

IS&E PROGRAM: Federal Audit Reports. DOR receives between 30,000-35,000 federal income tax adjustments from the Internal Revenue Service (IRS) each year based upon data matching programs. DOR receives another 8,000-9,000 federal income tax adjustments from formal audits. Most federal adjustments also result in Wisconsin income tax adjustments. Most taxpayers don't amend their Wisconsin returns. DOR is building automation capabilities to generate and send automated bills for these adjustments. This allows auditors to spend more time identifying and auditing more complex issues.

2011-2013 Biennium Accomplishments
- Piloted a standard letter to proactively request taxpayers to file an amended income tax return.
- In terms of non-delinquent collections, collected $15.3 million from federal audit reports in the biennium.
- Integrated new data warehouse with processing system, which will better enable us to develop automated processes.

Goals for 2013-2015
⇨ Expand scope of CP2000 automated billing.
⇨ Develop real-time processes to send automated CP2000 bills or amended return request letters as soon as we receive the information from the IRS.
⇨ Expand use of automated request letters to federal audit reports.
⇨ Reduce average billable inventory by 80%.

IS&E PROGRAM: Audit Program Goals. DOR will continuously improve the audit program with new tools and processes.

2011-2013 Biennium Accomplishments
- Implemented paperless audit processes.
- Developed reporting tools to track customer wait time for returns audited in the processing stream.
- Convened five business advisory groups to discuss problems and develop solutions with businesses and practitioners.

Goals for 2013-2015
⇨ Use new data warehouse and analytical tools to manage audit processes.
⇨ Standardize audit processes across tax types.
⇨ Strengthen synergies between office and field auditors.
⇨ Improve audit tracking processes to identify bottlenecks.
⇨ Align auditing with taxpayer education and tax return processing.

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

IS&E PROGRAM: Volunteer Income Tax Assistance (VITA)/Tax Counseling for the Elderly (TCE) Program Improvements. Revamp department's role in volunteer tax assistance programs that serve the elderly, military/veterans, low-income and limited English populations.

2011-2013 Biennium Accomplishments
- Created an email listserv to provide timely and accurate information to volunteers: over 100 individuals have joined.
- Evaluated and obtained software necessary to develop online training materials for volunteers.
- Revised the VITA/TCE training manual to include Homestead Credit program, income tax laws, procedures, and practice examples.
- Conducted three outreach presentations on the Homestead Credit program and put a video version on the department's website for landlords and tax practitioners.
- Created a volunteer recruitment initiative in partnership with the Secretary's office that included an op-ed piece for Wisconsin newspapers, a volunteer email account, and electronic form for people interested in volunteering to sign-up.

Goals for 2013-2015
⇨ Develop an online training system to ensure quality state tax preparation.
⇨ Add Spanish subtitles to all income tax videos.
⇨ Create Spanish videos on Homestead and Earned Income Credits to better assist Spanish-speaking taxpayers.

IS&E PROGRAM: Online Videos/Webinars. Promote DOR initiatives and systems through online videos and develop self-help and e-learning options for customers.

2011-2013 Biennium Accomplishments
- Produced and published over 60 videos for use by individuals, businesses, governments, tax experts, and internal staff.
- Created video series for *My Tax Account* and Tax 101.

Goals for 2013-2015
⇨ Evaluate current videos for usefulness and content updates.
⇨ Develop new videos to align with strategic initiatives. This may include tax incentives for businesses and additional training/how-to videos.
⇨ Create videos for Spanish-speaking customers and subtitle existing income tax videos in Spanish.

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

NEW IS&E PROGRAM: Unclaimed Property Program. In the 2013-15 biennial budget, the Legislature transferred the Unclaimed Property Program from the Treasurer's Office to the Department of Revenue.

Goals for 2013-2015
⇨ Proactively seek property owners and return property to them.
⇨ Enhance systems to process claims and holder reports.
⇨ Conduct holder educational campaign.
⇨ Create voluntary disclosure program.
⇨ Provide for electronic filing and claim status tracking.

Division of State and Local Finance (SLF)

SLF PROGRAM: Board of Review Appeals. Under sec. 70.85, Wis. Stats., property owners may appeal a local Board of Review decision to DOR.

2011-2013 Biennium Accomplishments
- 2011 - Processed 71 appeals.
- 2012 - Processed 73 appeals.
- 2013 - In process. 29 appeals filed as of 09/20/13.

Goal for 2013-2015
⇨ Continue to process appeals received from property owners and distribute according to the statutory deadlines.

SLF PROGRAM: Electronic filing implementations and updates.

2011-2013 Biennium Accomplishments
- Manufacturing electronic filing is at 88%, an increase of 4% from 2011 to 2013.
- Additional forms and reports made available for electronic filing:
    - Statement of Assessment
    - Municipal Treasurer's Settlement
    - County and Municipal Levy Limit Worksheets
    - Lottery and Gaming March Reports
    - Manufacturing Rolls, Full Value and Equated

Goal for 2013-2015
⇨ Statement of Taxes – will be available in December 2013.
⇨ Utility Company Asset Report – will be available in early 2014.
⇨ Tax Increment Worksheet – will transition to a data capture/workflow form.
⇨ M-forms will transition to an alternative platform.
⇨ Manufacturing electronic filing increase by 1% per year.

Division of State and Local Finance (SLF)

SLF PROGRAM: Sales Analysis. Local municipal assessors indicate to the agency whether real estate transfer returns are valid, arms-length, useable sales through the Provide Assessment Data (PAD) system. Assessors also provide property characteristics for those that have sold.

> **2011-2013 Biennium Accomplishments**
> - Provided preliminary sales reports electronically and provided electronic links on 03/14/11.
>
> **Goal for 2013-2015**
> ⇨ Continue working with assessors to improve the PAD system.
> ⇨ Explore ways to provide local assessors with historical PAD data.
> ⇨ Develop system to allow assessors to access information from additional PAD fields.

SLF PROGRAM: Equalized Values. Equalized Values is the estimated value of all taxable real and personal property in each taxation district by class of property as of January 1, and certified by DOR on August 15 of each year.

SLF is responsible for determining the equalized values for Wisconsin's 2,904 unique taxation districts.

> **2011-2013 Biennium Accomplishments**
> - Equalized Values was fully implemented into integrated property assessment system.
> - Preliminary Equalized Values were posted for review by local officials on August 1 of each year, beginning in 2012.
>   - 2012 - 146 contacts, 121 changes, 43 municipalities impacted.
>   - 2013 - 132 contacts, 31 changes, 23 municipalities impacted.
> - 2012: Equalized values decreased by $-15,771,703,600 (-3%) from 2011
>   - Statutory corrections (70.57) to the 2011 equalized value totaled $-686,158,200 net and $2,043,430,400 gross.
> - 2013: Equalized Values decreased by $-3,589,965,200 (-1%) from 2012
>   - Statutory corrections (70.57) to the 2012 equalized values totaled $-19,435,200 net and $1,865,957,800 gross.
>
> **Goals for 2013-2015**
> ⇨ Develop a guide or "Common Questions" to help clarify reports for local officials and their role in the verification process.
> ⇨ Update reports to encompass additional data and improve ease-of-use for local officials.

Division of State and Local Finance (SLF)

NEW SLF PROGRAM: Customer Relationship Management. Based on results from our first customer satisfaction survey, we can improve our relationships and communications with customers, stakeholders and business partners through:

- Website redesign to improve navigation and make content easier to understand.
- Restyling forms, letters, and documents to conform to plain language guidelines.
- Explore additional means of communication: articles to stakeholder associations, videos, Twitter, blog, etc.
- Modify listservs to better target/customize message content to customer type.

Goals for 2013-2015
- ⇨ 90% of content from Government tab is reachable in 3-clicks or less.
- ⇨ Improve survey satisfaction level with the Government section of the DOR website from 76% to 82%.
- ⇨ Plain language updates will be completed on 100% of identified documents before end of FY15.
- ⇨ 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.

NEW SLF PROGRAM: Process Improvement. Gain efficiencies and process quality using improved systems and information gained in IPAS upgrade, business process reengineering, Lean projects and inventory of staff skills.

- Implementation of IPAS to version 7.
- Complete business requirements for applications moving off mainframe system.
- Implement non-system improvements identified in the Business Process Mapping and Reengineering project.
- Work with Division of Technology Services to implement system improvements identified in the Business Process Mapping and Reengineering project.
- Review and update, as necessary, Process Detail and Process Map each time process is performed.

Goals for 2013-2015
- ⇨ Train core group in Lean process.
- ⇨ Implementation of IPAS version 7 is on time and successful.
- ⇨ Complete reengineering (maps and functional requirements) of Local Government Services' mainframe processes.
- ⇨ Implement action plans for select system and non-system improvements.
- ⇨ 100% of processes with changes are updated on the Process Detail and Process Maps**.**

Division of Technology Services (DTS)

DTS PROGRAM: Intelligent Forms E-Filing. DOR has supported its own E-Filing and Telefile systems for state tax return submissions since 1993. In order to enhance the customer experience, DOR developed and implemented intelligent PDF forms, which turned paper-based forms into intelligent e-forms. These new intelligent e-forms look just like the paper versions with extensive benefits. These interactive documents automatically calculate totals, provide complex tax table look-ups, perform checks for accuracy and self-correction, and allow attachments to be included, such as Form W-2s and federal tax returns. This results in a more interactive and positive user experience.

2011-2013 Biennium Accomplishments
- 4 individual income forms have been converted to intelligent e-forms including the Form 2, Form CC, Power of Attorney, and the Request for Copies of Tax Return form.
- 11 State and Local Finance Division forms have been converted to intelligent e-forms including Tax Increment Certification, Merge Ready Municipal Assessment Report, Merge Ready Tax Incremental District Assessment Report, Merge Ready Exempt Computer Report, Statement of Taxes, Municipal Finance Report, Tax Incremental Certification Report, Lottery and Gaming and First Dollar Credit Report, Municipal Levy Limit, County Levy Limit, and the Special District Apportionment form.

Goals for 2013-2015
⇨ Expand Intelligent e-forms to include:
  ▪ Utility Company Asset Report
  ▪ Tax District Exemption Report
  ▪ Real Estate Transfer Form
  ▪ Manufacturing Forms
⇨ Complete transition to DOR Web Services.

Division of Technology Services (DTS)

DTS PROGRAM: WINPAS Integrated Tax System Rollout 10 & 11. WINPAS (Wisconsin Income Processing and Audit System) is DOR's integrated tax system. WINPAS is a multiyear project that integrates and replaces all of the department's legacy tax processing systems with a single modern system. WINPAS also has a web-based front-end, *My Tax Account*, that makes certain tax related forms and functions available online and easier for taxpayers to access.

Some of the benefits of WINPAS include:
- Allow modern, efficient handling of exception items during return and payment processing, while limiting the need for upfront handling of paper returns.
- Provide increased availability of on-line, integrated information about tax accounts to aid customer services.
- Facilitate increased e-filing and e-payment options.
- Together with the data warehouse, allow for effective, efficient audit selection.
- Support the department's goal of paperless tax processing by storing images of system produced notices and customer produced documents and files.

DOR completed the consolidation of its various tax-processing systems into WINPAS in December 2011.

2011-2013 Biennium Accomplishments
- WINPAS Rollout 10 included the implementation of Motor Fuel Taxes and Wisconsin's participation in State Reciprocal Program.
- Enhanced WINPAS to further automate tax processing that will accelerate return processing and reduce errors.
- Completed the integration and replacement of the department's legacy tax processing systems into one single integrated tax processing system.
- Expanded e-filing and payment capabilities through *My Tax Account* by making more tax filing functions available on-line, such as Withholding tax forms (WT-6, WT-7, and W2), Liquor and Beer Tax Forms/Schedules, and functions such as Wage Attachment Payments, Levy Payments and Responses.
- Automated the processing of mail received by the department through the use of scanning and automated processes.
- Improved taxpayer communication through clear, concise, jargon free and easy-to-read notices, and letters.
- Use of data from federal and state agencies for verification and validation of information on tax returns through the DOR data warehouse.

Tax Data Warehouse:
- Migrated the Tax Data Warehouse into WINPAS including the loading of 26 data sources and a non-filer selection process using Warehouse, Discovery, and Leads functionality.
- Redesigned corporate tax sample selection and editor to implement combined reporting relationships and rules for corporations.
- Enhanced audit selection and tracking interface between Data Warehouse and WINPAS.

Goals for 2013-2015
⇨ Upgrade WINPAS to version 9, a browser based web application.
⇨ Implement process and software enhancements to detect and prevent tax fraud.
⇨ Leverage WINPAS to improve tax compliance and auditing processes.
⇨ Streamline data exchanges and interfaces with other state and federal agencies through automation to improve reliability and security.

⇨ Continued enhancements to WINPAS to further automate tax processing that will accelerate return processing, reduce errors and increase collections.

Tax Data Warehouse:
⇨ Grow Tax Data Warehouse inventory of data to support business processes within WINPAS.
⇨ Identify opportunities for automated workflows to reduce hand offs between business areas, eliminate manual processes, and increase compliance with tax laws and directives.
⇨ Increase awareness, education and use of data analytics throughout the department.
⇨ Apply LEAN principals to the income tax sample and aggregate statistics processes.

Division of Technology Services (DTS)

DTS PROGRAM: Integrated Property Assessment System (IPAS). Project to consolidate 40 separate computer systems for the State and Local Finance (SLF) Division into one comprehensive solution in order to reduce staff time spent on redundant data entry and maintenance of paper and electronic records, replace static report generation with easy-to-use reporting and ad-hoc querying tools, and improve the assessment and appraisal process to incorporate system data.

2011-2013 Biennium Accomplishments
- Implementation of Integrated Property Assessment System (IPAS) that enabled consolidation of multiple software application used for Manufacturing Property Assessment/valuation, creation of Equalized values, and some local government processes.
- Expanded e-filing capabilities through implementation of electronic forms that can be filed over the internet.
- Completed enhancements to IPAS to further automate assessment and valuation activities
- Improved report generation process to reduce errors and simplify usage.
- Implementation of automated processing interfaces for accepting data received from local governments that helped reduce processing times and errors.
- Creation of process maps and detailed documentation of all State and Local Finance business processes.

Goals for 2013-2015
- ⇨ Re-engineering of State and Local Finance processes through use of technology and software.
- ⇨ Modernization of mainframe-based software applications to currently prevalent technology and software platform.
- ⇨ Continued improvements to Integrated Property Assessment Systems to further automate assessment and valuation functions that will streamline processing, reduce errors, and increase efficiencies.

DTS PROGRAM: Network Service Performance Monitoring. DOR computing efficiency is primarily dependent upon the reliability of our DOR network services and networked devices. A performance monitoring system has been deployed that tracks the health of our network hardware, network applications and network connections. This results in a proactive approach to incident management and provides greater efficiencies for DOR staff by making our computing environment more reliable.

2011-2013 Biennium Accomplishments
- Performance Improvements Since Implementation:
  - 92% reduction in application down time from 383 hours to 32 hours.
  - 51% reduction in application incidences from 45 to 22 incidences.
  - 66% reduction in change to incident ratios from 3.8% to 1.3%.

Goals for 2013-2015
- ⇨ Network Device Performance Monitoring – will monitor all DOR computers connected to the network in real time. This will allow DTS to proactively engage recovery processes prior to user impact and/or reduce the length of user downtime.

Division of Technology Services (DTS)

DTS PROGRAM: Computer Replacements and Reloads Process. DOR supports and maintains over 1,500 computers, laptops and tablets that are distributed to staff. The process the department had in place for replacing and reloading these devices was demanding and time consuming. Using Lean Government methods, the process was mapped, improvements were identified, and a new process created. The result was a process that was more complete, accurate and simplified, with less user setup time and a positive user experience.

Our goals were to:
- Determine the best way of delivering the product to our customer with minimal amount of time required by both the customer and technician.
- Identify ways to assure the process is done correctly and completely in order to avoid cycles of rework.
- Identify opportunities to shorten or eliminate unnecessary or lengthy process steps.
- Reduce the overall complexity of the process for both customers and technical staff.

2011-2013 Biennium Accomplishments
- Process improvements include:
  - User Profile Transfer Automation – eliminated six process steps and up to 580 process hours per year.
  - Software Report Generation – eliminated two process steps and up to 330 process hours per year.
  - Add "Due Dates" to Validation Reports – eliminated 336 lead time hours per year.

Goals for 2013-2015
- ⇨ Third Party User Profile Transfer Automation – will eliminate one step and up to 500 process hours per year.

DTS PROGRAM: Infrastructure Optimization. DOR completed a major refresh of its core infrastructure systems over the last Biennium. This has enabled a reduction in operational expenses, provided a much simpler computing environment, and enabled us to rapidly support new agency initiatives such as the WINPAS Integrated Data Warehouse, fraud detection, and business analytics.

2011-2013 Biennium Accomplishments
- Complete virtualization of DOR computing resources.
- Reduced the number of physical servers from 120 servers to 9.
- Reduced associated historical operation expenses by 50%.
- Reduced application downtime by 92%.
- Increased application performance, enabling real time data matching supporting anti-fraud initiatives.
- Enabled offsite data replication and boosted disaster recovery capabilities.
- Implementation of a data loss prevention system to guard against SSN leaks.

Goals for 2013-2015
- ⇨ Currently transitioning infrastructure management to DOA's Division of Enterprise Technology (DET) to enable the state to realize further IT savings through consolidated infrastructure.

Division of Enterprise Services (ESD)

ESD PROGRAM: 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 groups and women within the DOR.

2011-2013 Biennium Accomplishments
- Hosted *Diversity Is Me:* Increase Your *Cultural Competence* training.
- Hosted *Appreciating Differences in the Workplace* brown bag.
- Hosted Women and Leadership panel.
- Implemented posting all open recruitment positions with *Hero 2 Hire* and the *Wisconsin Employee Resources Connection, which* market job opportunities to veterans and their family members.
- Established a standing professional development steering committee to address training and development methodologies best suited to ensure a diverse workforce.
- Established a Staff Relations Advisory Council to ensure staff issues are identified and addressed.

Goals for 2013-2015
⇨ Continue to explore and expand methods to advertise position opportunities to diverse applicant pools.

ESD PROGRAM: Automate Processing of Human Resource (HR) Transactions. Automate selected HR transactions by developing a Position Action Request System (PARS).

2011-2013 Biennium Accomplishments
- Explored the feasibility of proceeding with the development of Phase 2 of the PARS to provide greater detail about the staffing process. Determined it was not efficient to use PARS to capture back end certification processing information.
- Began identifying the HR system needs for automated tracking as part of the Lean review Hiring Process Review project and the Statewide ERP review.
- Automated the performance evaluation form, including workflow processing.

Goal for 2013-2015
⇨ Continue to identify all HR processes that should be automated under the State's ERP project.
⇨ Transition current automated systems to the ERP as appropriate.

Division of Enterprise Services (ESD)

ESD PROGRAM: Improvements to Accounting, Financial Reporting and Internal Controls. DOR is committed to continuous improvement in its financial operation. During the past several years, the department has implemented several changes that have enhanced the department's accounting and auditing functions.

> **2011-2013 Biennium Accomplishments**
> - During the 2011-13 biennium, incremental improvements continued to be made across the accounting and financial reporting functions. These improvements include efficiencies in payment processing, standardization in the reconciliation process for tax revenue accounts, improvements to the reporting tools used to prepare accrual entries, and a structured review process for all accounting transactions.
>
> **Goal for 2013-2015**
> ⇨ Continue to document procedures and streamline accounting and financial reporting processes.

ESD PROGRAM: Development of Automated Employee Expense Reimbursement System. DOR is developing a system in which employees will enter reimbursement information online through a secure web-based portal. This system will also allow for required receipts and other attachments to be scanned, electronically stored and linked to the reimbursement request. Supervisors will be able to review claim data and attachments and either refer incorrect or incomplete claims back to the employee for resolution or approve claims for reimbursement. Information from approved claim forms will be aggregated and automatically uploaded to the State's accounting system (WiSMART) accounting system. In addition, e-mail notifications to employees and supervisors will be generated when claims are submitted, approved or rejected through the system's workflow process. Claim information and related attachments will be stored and the data can be queried and reports generated to support ad hoc information requests and post reimbursement audit processes.

> **2011-2013 Biennium Accomplishments**
> - The new "My Reimbursement" system went into full production in July 2012 as scheduled, with all employee expense reimbursements processed in the new system.
> - The department provided a system demonstration to the State Controller's Office. At this time, the system is in use at DOR only, as state agencies work to roll out a state-wide enterprise resource planning system that includes a financial, procurement, payroll and human resources modules. The new system will potentially include an employee travel module as well.
>
> **Goals for 2013-2015**
> ⇨ This goal was accomplished during the 2011-13 biennium and no additional updates are needed.

Division of Enterprise Services (ESD)

ESD PROGRAM: Improvements to Hiring. The department initiated a LEAN project in 2013 to improve the internal hiring process.

2011-2013 Biennium Accomplishments
- Commenced a Lean project to review the hiring process and identified 17 action items to improve effectiveness and efficiency of the process.
- Conducted first customer satisfaction survey of DOR hiring process and identified strengths and weaknesses of the current internal processes.

Goals for 2013-15
- ⇨ Implement the 17 action items identified during the Lean review process.
- ⇨ Establish an internal ongoing HR process review team consisting of members of the original Lean project team and others as designated.
- ⇨ Conduct follow up customer satisfaction survey to determine if progress is being made toward goals.

ESD PROGRAM: Develop DOR Privacy and Security program to reduce security incidents and breaches. DOR places a strong emphasis on education of its employees to ensure the safeguarding of confidential information.

2011-2013 Biennium Accomplishments
- Established the Privacy & Security Team to provide continuity of leadership and oversight and guidance for privacy and security policy within the Department of Revenue.
- Established the Privacy & Security Operations Team (consisting of the Privacy Officer, IT Security Officer and representatives from each of the divisions) to identify and reduce privacy and security related risks and work to prevent privacy and security breaches.
- Initiated employee Privacy and Security Poster awareness campaign around two slogans: Think Before You Click and Be Aware Before You Share.
- Implemented online training exams and conducted live testing to focus on employee skills of recognizing and dealing with privacy and cyber security threats.
- Placed greater emphasis on privacy and security in employee performance evaluations.
- Implemented a data loss prevention solution, which scans live web traffic for the presence of Social Security Numbers and actively blocks content containing them.
- Placed RSS feed on DOR intranet with SANS Institute's security awareness tip of the day.

Goals for 2013-15
- ⇨ 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.
- ⇨ Complete DOR PII data sources project, an inventory and review of PII to reduce future risk.

Division of Enterprise Services (ESD)

ESD PROGRAM: Continue to improve DOR records management program. DOR will ensure that all employees are informed of records retention criteria.

Goals for 2013-15
- ⇨ Provide records management training to managers and record coordinators at least twice each year in topics such as understanding and following records management laws, updating retention/disposition authorizations (RDAs) and related administrative tasks.
- ⇨ Review RDAs to ensure they are up-to-date and followed for all record types.

Division of Research and Policy (R&P)

R&P PROGRAM: General Fund Revenue Estimates.

2011-2013 Biennium Accomplishments
- Comprehensive re-design of corporate income tax revenue model.
- Forecast error less than 1% for FY 2012 and FY 2013.
- Developed extensive simulations for income tax reduction policy options.

Goals for 2013-2015
- ⇨ Re-design individual tax revenue model.
- ⇨ As LEAN initiative, leverage the department's IT infrastructure to reduce development time for income and corporate tax models.
- ⇨ Target forecast to within 2% of actual revenues.

R&P PROGRAM: Develop and Issue Quarterly Economic Forecasts. Quarterly economic outlook for state employment and income.

2011-2013 Biennium Accomplishments
- Expanded the range of data reported in the forecast.
- Subscriber base for the economic outlook increase 22% in FY 2012 and another 14% in FY 2013.
- Expanded economic forecasts to include local area forecasts.

Goals for 2013-2015
- ⇨ Expand the range of Wisconsin information in the economic forecast.
- ⇨ Expand the audience of the outlook through increased subscriptions and audience presentations.
- ⇨ Supplement the information provided by other agencies and organizations.

R&P PROGRAM: General Fund Revenue Estimates. Supplement econometric model with other forecasting techniques.

2011-2013 Biennium Accomplishments
- Developed time-series and tracking models as a check to existing forecasting models.

Goals for 2013-2015
- ⇨ Expand the use of other forecasting techniques.

Wisconsin Lottery Division (Lottery)

LOTTERY PROGRAM: Property Tax Relief - FY 2011. Lottery sales goal of $473 million.

2011-2013 Biennium Accomplishments
- Actual FY 2011 sales: $503 million.
- Administrative expenses were 6.55% of operating revenues.

LOTTERY PROGRAM: Property Tax Relief - FY 2012. Lottery sales goal of $473 million.

2011-2013 Biennium Accomplishments
- Actual FY 2012 sales: $548 million, a record year of sales.
- Expenses were 6.13% of revenues.

LOTTERY PROGRAM: Property Tax Relief - FY 2013. Lottery sales goal of $521 million.

2011-2013 Biennium Accomplishments
- Actual FY 2013 sales: $566 million, another record year of sales.
- Expenses were 6.41% of revenues (unaudited).

Goals for 2013-2015
⇨ Sales goal of $543 million for FY 2014.
⇨ Expenses less than 10% of revenues.
⇨ Lean program initiative to streamline payment of lottery winner's tax delinquency.