



# Department of Tax Administration

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FY 2010 LOBS Presentation

December 1, 2008

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# Agency Mission

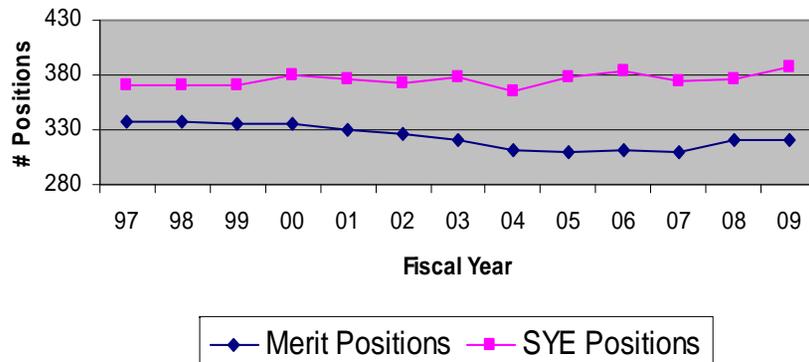


- ◆ The mission of the Department of Tax Administration (DTA) is to uniformly and efficiently assess and collect County revenue, provide high quality customer service and promote an empowered, well-informed community.

# Agency Growth



**DTA Positions FY 1997 - FY 2009**



## Expenditures:

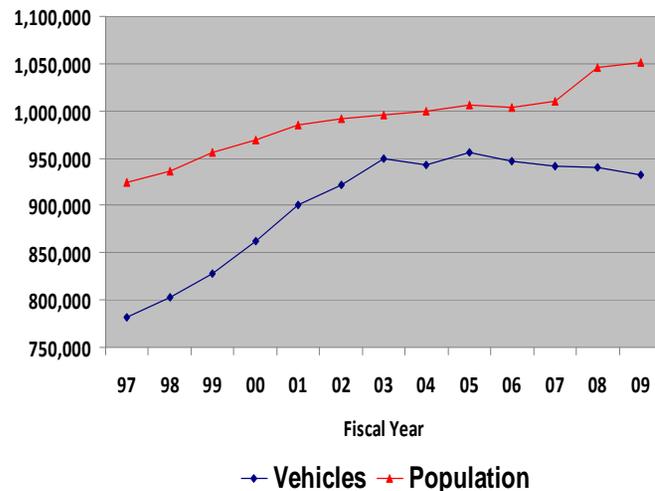
**FY 2001: \$18.76 m.**

**FY 2009: \$24.57 m.**

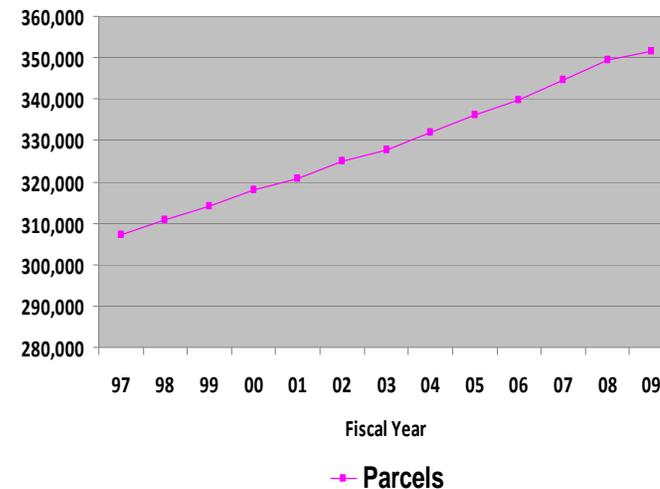
(ave. annual increase of 3.87%)

**Flat Growth in Staffing  
Steady Growth in Workload**

**County Growth in Population & Registered Vehicles**



**County Growth in Taxable Parcels**

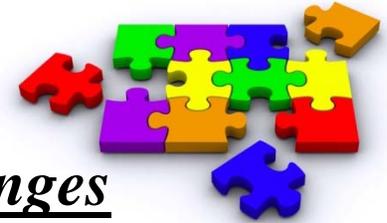


# New Programs Since FY 2001



- ◆ Expanded use of ELT Data Collectors to help appraisers gather field data on houses. Program expansion absorbed; no additional funding provided.
  
- ◆ Tax Relief Eligibility Limits significantly expanded. Applicant based doubled to about 8,000. No merit staff added.
  
- ◆ **Enhanced Service Delivery:**
  - 24/7 e-commerce: e-checks, credit cards, debit cards
  - kiosk payment options
  - On-line vehicle registrations; account changes
  - On-line dog registration and license fee payment
  - On-line access to real estate information
  - On-line access to car tax payment amounts
  - On-line reporting of apparent tax evaders
  - DMV registration holds for unpaid taxes & tickets
  - Spanish Hotline

# DTA's Strategic Focus



## Strategic Actions

- ◆ Generate revenue fairly ~ assess uniformly and at fair market value; maximize collections; compliance with State and County codes.
- ◆ Pursue clarity in communication on all tax matters.
- ◆ Strategy Mapping and Balanced Scorecard ~ integrated into DTA's strategic planning.
- ◆ Performance Measures ~ closely monitor to provide quality revenue forecasting, and to shift resources to meet workload demands.
- ◆ Invest in training ~ help staff take ownership of taxpayer needs and provide quality service to the public; promote cross-training and flexibility; promote honesty and integrity in public service.
- ◆ Better service through innovation.

## Strategic Challenges

- ◆ "Do more with less": Maintain high standard of customer service to a diverse citizenry.
- ◆ "Do it now" ~ increased expectations for responsiveness in the electronic age.
- ◆ Transparency ~ explaining complicated processes in simple terms on mass scale.
- ◆ Training investment ~ more difficult in times of shrinking staff and resources.
- ◆ Quality control ~ workload pressure to meet statutory deadlines.
- ◆ Innovation ~ competition between cost, transparency, security & privacy.
- ◆ Maintaining superior collection rates in a declining economy.

# DTA's LOB Summary Table

## FY 2010 Budget Estimate:

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<u>LOB #</u>	<u>LOB Title</u>	<u>Net LOB Cost</u>	<u># of Merit Positions</u>	<u>Merit SYE's</u>
52-01	Agency Supervision	\$766,010	8	8.0
57-02	Real Estate Taxes	\$9,991,610	134	134.0
57-03	Vehicle Taxes	\$7,152,474	118	118.0
57-04	Business & Other Taxes	<u>\$3,641,034</u>	<u>60</u>	<u>60.0</u>
TOTAL	NET COST SUBTOTAL:	\$21,551,128	320	320.0

# LOB 57-01 : Agency Supervision

## What We Do:

- ✓ Director's constitutional duties as the chief assessor and tax collector, to ensure proper administration and adjudication of all assessment and tax collection matters for the County.

## Who We Serve:

- ✓ Front-line taxpayer service to over 1 million citizens
- ✓ Staff support and programmatic analysis for the Board of Supervisors and Senior County Management.

## Why We Do It: (Mandated Citations)

- ✓ Code of Virginia, Sections 15.1; 46.2; 58.1; Chap.4, Fairfax Code
- ✓ Article X of the Virginia Constitution.

## Benefits and Value of LOB:

- ✓ Compliance with law, tax policies and professional standards
- ✓ Ensures efficient, effective and responsive tax administration
- ✓ General Fund Revenue Generation

# LOB 57-02 : Real Estate Taxes

## **What We Do:**

- ✓ Assessment, Billing and Collection of all ad valorem real estate taxes
- ✓ Appeals and litigation defense
- ✓ Tax Relief for seniors and citizens with disabilities

## **Who We Serve:**

- ✓ Approximately 350,000 homeowners & commercial property owners
- ✓ Mortgage companies and other real estate professionals
- ✓ Revenue forecasts for DMB, and Senior County Management

## **Why We Do It: (Mandated Citations)**

- ✓ Code of Virginia, Sections 15.1 and 58.1; Chap. 4, Fairfax Code
- ✓ Article X, Constitution of Virginia

## **Benefits and Value of LOB:**

- ✓ Legal compliance
- ✓ Fair and equitable assessments
- ✓ Revenue generation – nearly 62% of the General Fund

# LOB 57-03 : Vehicle Taxes

## **What We Do:**

- ✓ Assessment, proration, billing and collection of vehicle personal property taxes
- ✓ "TARGET" Program researches and assesses apparent tax evaders

## **Who We Serve:**

- ✓ Owners of nearly 1 million vehicles
- ✓ Personal and Business owners; Leasing companies
- ✓ Revenue forecasts for DMB, and Senior County Management

## **Why We Do It: (Mandated Citations)**

- ✓ Code of Virginia, Sections 46.2 and 58.1; Chap. 4, Fairfax Code
- ✓ Article X, Constitution of Virginia

## **Benefits and Value of LOB:**

- ✓ Legal compliance
- ✓ Fair and equitable assessments
- ✓ Revenue generation – nearly 12% of the General Fund

# LOB 57-04 : Business & Other Taxes

## **What We Do:**

- ✓ Assessment, Billing and Collection of all Business & Other Taxes (non-real estate)
- ✓ Includes Business Personal Property taxes (furniture, fixtures, computers)
- ✓ Business Professional & Occupational License (BPOL) taxes
- ✓ Transient Occupancy taxes; and miscellaneous taxes such as Bank Franchise
- ✓ State income tax assistance as required by state law
- ✓ Parking Ticket administration

## **Who We Serve:**

- ✓ Over 40,000 businesses
- ✓ Around 80,000 tickets per year

## **Why We Do It: (Mandated Citations)**

- ✓ Code of Virginia, Sections 46.2 and 58.1; Chap. 4, Fairfax Code
- ✓ Article X, Constitution of Virginia

## **Benefits and Value of LOB:**

- ✓ Legal compliance
- ✓ Fair and equitable assessments
- ✓ Revenue generation – nearly 10% of the General Fund

# DTA's Reduction Philosophy



**Preserve revenue**

**Trim based on workload**

**Identify efficient alternatives**

**Focus on Administrative and IT areas**

**Protect customer service delivery where possible**

**Ensure sufficient resources to meet statutory mandates**

# DTA Reduction Priorities – Summary

Priority Ranking	Reduction Description	Positions	SYE	Net Reduction
1	Eliminate Accountant III in Revenue Collection management	1	1.0	\$88,355
2	Outsource Delinquent Collections of Personal Property & BPOL	12	12.0	\$1,165,772
3	Eliminate Admin. Asst. III (Secretary) in Vehicle Taxes	1	1.0	\$33,920
4	Cut IT Manager (S31), 1 Business Analyst III (S27), 1 IT Technician	3	3.0	\$233,447
5	Outsource Collection of Delinquent Parking Tickets	4	4.0	\$282,900
6	30% Average Reduction in Central Telephone Staff (see #10 below)	13	13.0	\$684,957
7	Eliminate 1 Assistant Director (S31) - Real Estate Division	1	1.0	\$117,638
8	Eliminate Management Analyst III (S27) - Real Estate	1	1.0	\$99,248
9	40% Reduction in Cashiering Counter Staff	6	6.0	\$397,096
10	Additional 15% Cut to Central Telephone Staff (cumulative 45% cut)	7	7.0	\$368,823
11	50% Cut in ELT Field Data Collectors for Real Estate Assessment	0	0.0	\$339,570
<b>TOTAL REDUCTION</b>		<b>49</b>	<b>49.0</b>	<b>\$3,811,726</b>

## LOBS Reduction Impact

### Reduction 1: Eliminate Accountant III

LOB # 57-03 Vehicle Taxes



#### Reduction

- ◆ Eliminate 1 Accountant III in Revenue Collection Division Management
- ◆ Savings: \$88,355
- ◆ Accountant III responsible for documentation of internal operating procedures and assists in responding to taxpayers

#### Impact

- ◆ Minimal impact
- ◆ Workload can be absorbed by remaining RCD Management.

## LOBS Reduction Impact



### Reduction 2: Outsource Delinquent Tax Collection: Personal Property/BPOL

LOB # 57-03 Vehicle Taxes & 57-04 Business & Other Taxes

<u>Reduction</u>	<u>Impact</u>
<ul style="list-style-type: none"><li>◆ Eliminate 12 merit and 26 ELT positions (38 combined)</li><li>◆ Savings: \$1,165,772</li><li>◆ Delinquent Collections handled in-house</li><li>◆ Collection tools include bills, letters, phone calls, booting, towing, bank liens, wage liens, DMV holds and state income tax seizures, and referrals</li></ul>	<ul style="list-style-type: none"><li>◆ Expands current outsource contract; 58% cut to DTA collectors</li><li>◆ Current vendor believes they can match or improve collections</li><li>◆ Delegate Treasurer's tools with DTA oversight</li><li>◆ <u>Potential risk</u>: 1% change in collection of delinquent taxes = \$100,000; 1% on current local collection rate = \$2.8 million</li></ul>

## LOBS Reduction Impact

### Reduction 3: Abolish Administrative Asst III

LOB # 57-03 Vehicle Taxes



#### Reduction

- ◆ Eliminate 1 merit Administrative Assistant III (Secretary)
- ◆ Savings: \$33,920
- ◆ Position is in Personal Property Division management. Duties are secretarial in nature, plus Central Telephone backup

#### Impact

- ◆ Elimination can be absorbed among other remaining staff
- ◆ Makes phone coverage for DTA administration a bit more difficult
- ◆ Minor reduction in central phone back-up assistance



## LOBS Reduction Impact

**Reduction 4: Eliminate IT Manager (S31);  
Business Analyst III (S27 Programmer); & IT Technician**

LOB # 57-01 Department Supervision

<u>Reduction</u>	<u>Impact</u>
<ul style="list-style-type: none"><li>◆ 3 Merit IT positions</li><li>◆ Savings: \$233,447</li><li>◆ Maintain DTA computer applications</li><li>◆ IT project management (proprietary products)</li><li>◆ Succession Planning</li><li>◆ Comp Board budget preparation; Admin oversight</li></ul>	<ul style="list-style-type: none"><li>◆ Elimination can be accommodated via reorganization of duties, plus greater prioritization of trouble calls and greater reliance on DIT Help Desk if necessary</li><li>◆ Eliminates succession planning initiative, but current operations maintained</li></ul>

## LOBS Reduction Impact

### Reduction 5: Outsource Parking Ticket Collections



LOB # 57-04 Business & Other Taxes

<u>Reduction</u>	<u>Impact</u>
<ul style="list-style-type: none"><li>◆ 4 merit &amp; 4 ELT positions</li><li>◆ Savings: \$282,900</li><li>◆ DTA supplements Citation Management in collections</li><li>◆ Issues boots, tows, wage &amp; bank lien seizures</li><li>◆ Referrals also made to County Attorney's Office</li><li>◆ 85% collection rate</li></ul>	<ul style="list-style-type: none"><li>◆ Rely exclusively on DTA's Parking Ticket Collection Agent; and County Attorney for judgments</li><li>◆ Get out of the 'break even' seizure line of business for tickets</li><li>◆ Expand credit bureau flags for delinquent tickets. Helps with out of state violators</li><li>◆ Limited potential risk. Each 10% of seizure revenue = \$30,000.</li></ul>



## LOBS Reduction Impact

### **Reduction 6: 30% Average Staff Reduction on Phones**

LOB #57-02 & #57-03 Real Estate & Vehicle Taxes

#### Reduction

- ◆ **Cut 13 merit telephone staff (Admin. Asst. III)**
- ◆ **Savings: \$684,957**
- ◆ **Cross-trained staff handle vehicle assessment and collection calls, and general real estate calls**
- ◆ **Core staff = 35  
Expansion staff = 60 for peak call spikes**

#### Impact

- ◆ **Call volume down 38% since decals eliminated**
- ◆ **Average wait time to go from 31 to 42 seconds**
- ◆ **Max average wait on busiest days to climb from average of 6:16 to 8 minutes. May spike higher at times**



## LOBS Reduction Impact

### **Reduction 7: Cut 1 Assistant Real Estate Director**

LOB # 57-02 Real Estate Taxes

#### Reduction

- ◆ Assistant Real Estate Division Director (S31)
- ◆ Savings: \$117,638
- ◆ Real Estate Division currently has 4 senior managers:  
1 Division Director;  
2 Assistant Directors for Residential; plus  
1 Asst. Director for Commercial Property

#### Impact

- ◆ Results in 1 AD for residential, 1 AD for commercial
- ◆ Elimination of position increases the management review workload for quality control purposes
- ◆ Workload will need to be accommodated by existing senior management in the Real Estate Division

## LOBS Reduction Impact



### **Reduction 8: Abolish Management Analyst III in Real Estate Division**

LOB # 57-02 Real Estate Taxes

#### Reduction

- ◆ **Eliminate 1 merit Management Analyst in Real Estate Division**
- ◆ **Savings: \$99,248**
- ◆ **Performs analytical work to support division and departmental managers**
- ◆ **Helps support special projects for senior county management and Board inquiries**

#### Impact

- ◆ **Elimination will require senior management to absorb more analytical workload (collections; revenue forecasting; foreclosures; exempt property analysis; legislative impact analysis, etc.)**
- ◆ **May limit somewhat DTA's ability to respond to ad hoc analytical requests**

## LOBS Reduction Impact

### Reduction 9: 40 % Cashiering Reduction

LOB # 57-03 Vehicle Taxes



#### Reduction

- ◆ Eliminate 6 merit cashiers (Admin. Asst III), and 4 ELT cashiers
- ◆ Savings: \$397,096
- ◆ Cashiering currently has 25 staff (15 merit; 10 ELT). Cut represents 40% reduction
- ◆ Full service counters accept all payment types. Particularly important for cash and language assistance

#### Impact

- ◆ Longer lines. 95% wait < 5 minutes for service today. Will drop to 57%. Only about 2% wait > 10 minutes today. Will grow to about 22%. May be worse at peak
- ◆ 86% of recent survey said they knew they could pay on-line, by phone or by mail
- ◆ Additional use of kiosks and Cashier "agents"



## LOBS Reduction Impact

**Reduction 10: Increase phone cuts by another 15% by cutting 7 additional positions**

LOB #57-02 & #57-03 Real Estate & Vehicle Taxes

<u>Reduction</u>	<u>Impact</u>
<ul style="list-style-type: none"><li>◆ Eliminate 7 more merit telephone staff (Admin Asst III)</li><li>◆ Savings: \$368,823</li><li>◆ Additional expansion of LOBs Reduction #6.</li><li>◆ Cumulative phone staff reduction goes to average cut of 45%</li><li>◆ Mainly vehicle and real estate calls</li></ul>	<ul style="list-style-type: none"><li>◆ Additional 7 results in 20 positions cut in total</li><li>◆ Ave. max wait time increases from 6, to 9 minutes. Worst max wait time of 22 minutes</li><li>◆ Core staff now = 35; Expansion staff = 60. Reductions #6 and #10 combined, cuts 57% of core staff, or 33% of expansion staff</li><li>◆ Hurts expansion staff productivity</li></ul>

## LOBS Reduction Impact

### Reduction 11: 50% Reduction in ELT Field

#### Data Collectors for Real Estate Assessments

LOB # 57-02 Real Estate Taxes



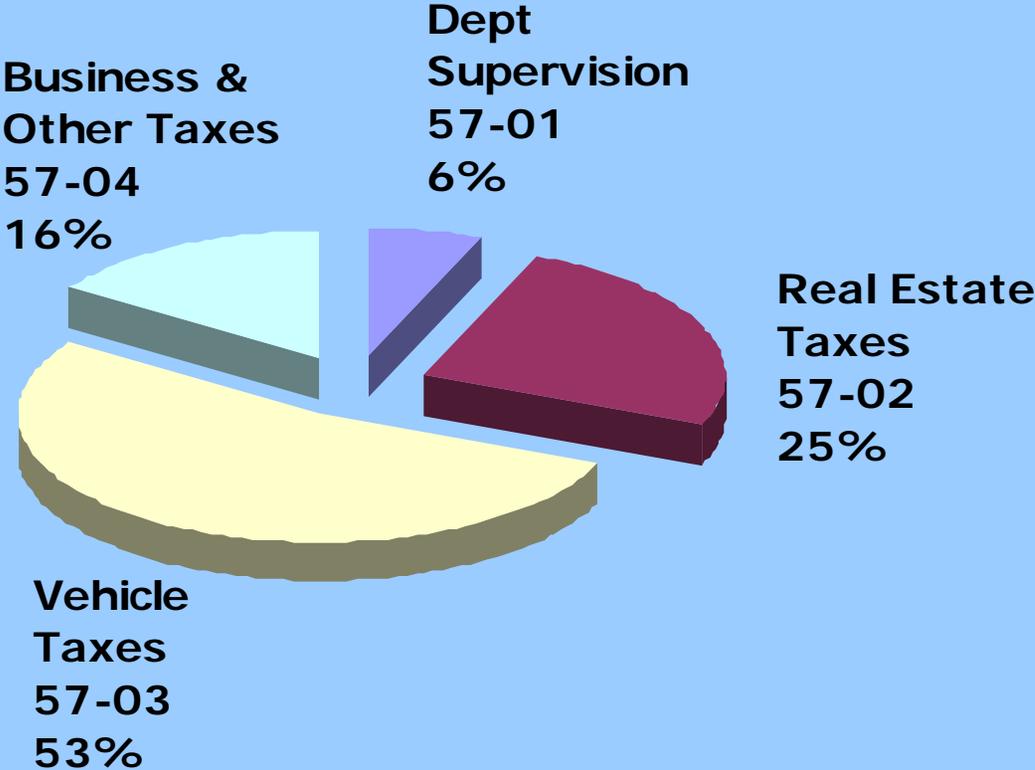
#### Reduction

- ◆ Eliminate 11 ELT real estate data collectors
- ◆ Savings: \$339,570
- ◆ Data Collectors verify property characteristics on residential site visits
- ◆ Helps appraisers make accurate comparisons of similar properties
- ◆ Professional standards call for physical inspection every 6 years

#### Impact

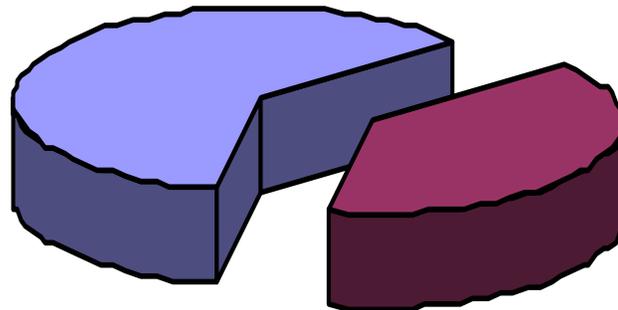
- ◆ Limits number of site visits possible
- ◆ Site visits supplemented more by Pictometry
- ◆ With building permit reduction and greater use of Pictometry, minimum validation to be accomplished and revenue maintained
- ◆ Some quality reduction as picture review inferior to site visit

# DTA LOB Reduction Distribution



## DTA LOB Reductions

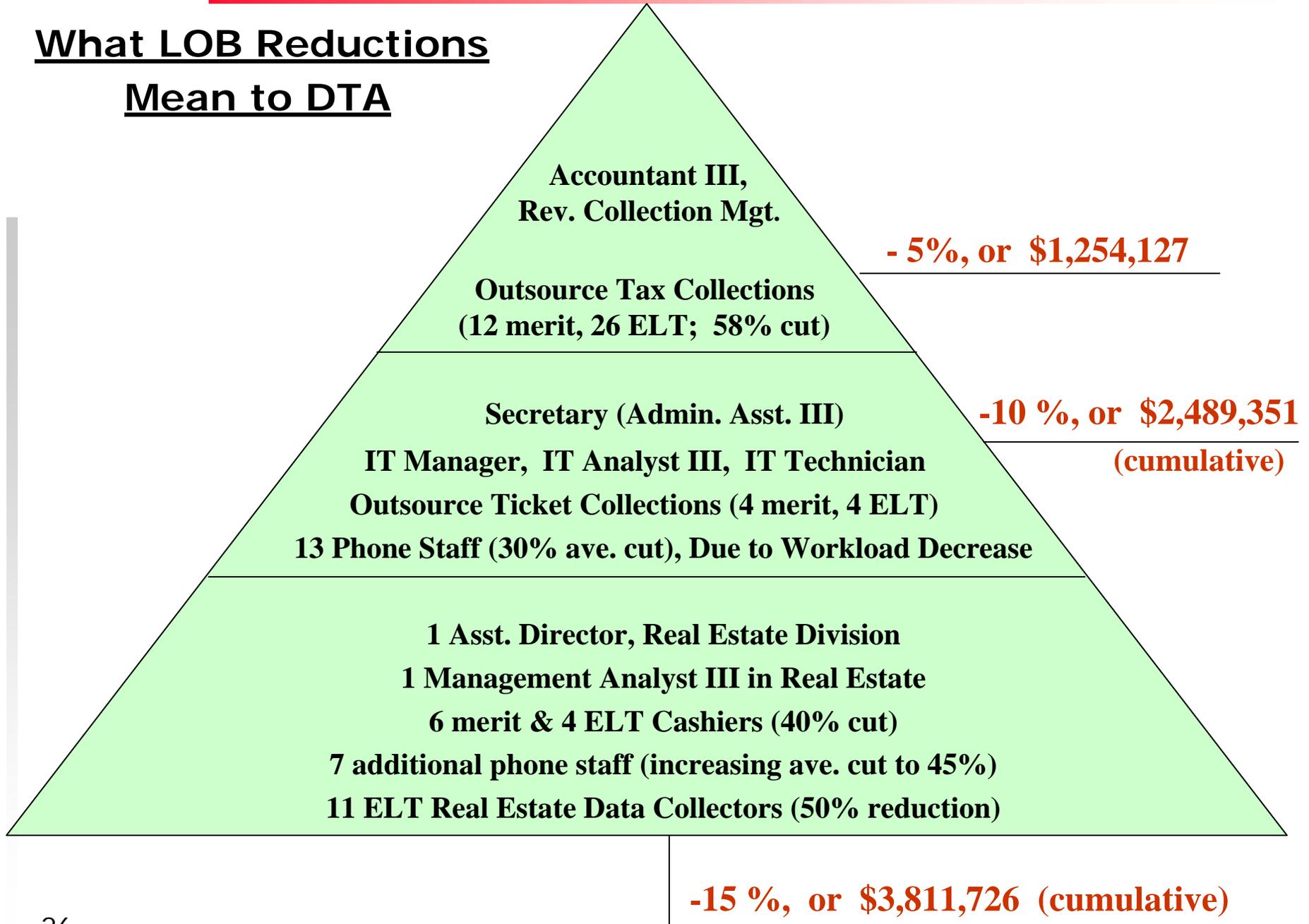
Efficiency or  
Cost Savings - 61 %



Reduced Level of  
Service - 39 %

15% = \$3,811,726

**What LOB Reductions**  
**Mean to DTA**



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# Questions and Answers

