

JULY 2020 - JUNE 2021

ANNUAL REPORT



VISION

Achieve the highest level of voluntary compliance.

MISSION

Fairly and efficiently collect revenues to fund public services.

VALUES

Integrity, cooperation, accountability, respect, and excellence.

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Message from the Director

Strength through adversity

As the COVID-19 pandemic continued to spread across the world, its effect on Washington's businesses was unprecedented. Helping businesses navigate this new landscape was a primary concern because the agency's ability to fulfill its mission is dependent on business survival. "*Keeping businesses in business*" became our mantra.

We focused on two critical areas: supporting the economic recovery of businesses and protecting the health and well-being of employees. That meant equipping our staff for continued full-time remote work without sacrificing services and approaching each customer interaction with compassion and empathy.

Throughout the adversity caused by the pandemic, agency staff continued to serve. I am incredibly proud of all that we accomplished.

This has been a trying time for everyone. But as I've told our employees over the past year, "*Together, we will get through this.*"

As always, I value your comments so please feel free to reach out to me at VikkiS@dor.wa.gov.

Sincerely,



Vikki Smith

Meet our executive team



Vikki Smith, Director

Director Vikki Smith heads up the Washington State Department of Revenue. During her 50+ year career at Revenue, Vikki worked her way through the ranks in positions of increasing responsibility and authority, headed up several divisions, and led improvements that have helped Revenue develop into a pioneer of technology, innovation and efficiency. As the director, Vikki oversees a staff of over 1,100 employees and a biennial budget of \$632 million.



John Ryser, Deputy Director

John Ryser is Revenue's Deputy Director, overseeing the Property Tax, Customer Experience and Communications, and Working Families Tax Credit divisions, as well as Revenue's Lean, Enterprise Risk, and Internal Audit programs. John has a long history with Revenue, starting his career in the Taxpayer Account Administration division and moving on to the Audit division. He has served as the Assistant Director of the Audit division and as the agency's Senior Assistant Director of Operations.



Gil Brewer, Senior Assistant Director of Tax Policy

Gil oversees the agency's Research and Fiscal Analysis, Interpretations and Technical Advice, Legislation and Policy, and Administrative Review and Hearings divisions, and is responsible for the development of Revenue's tax policy. Gil has worked for Revenue for over 18 years and has held various positions, including Tax Policy Specialist, Legislative Liaison, and Assistant Director of the ITA division. He also has more than 15 years of prior policy-related work with governments in West Virginia, Maine, Hawaii and Micronesia.



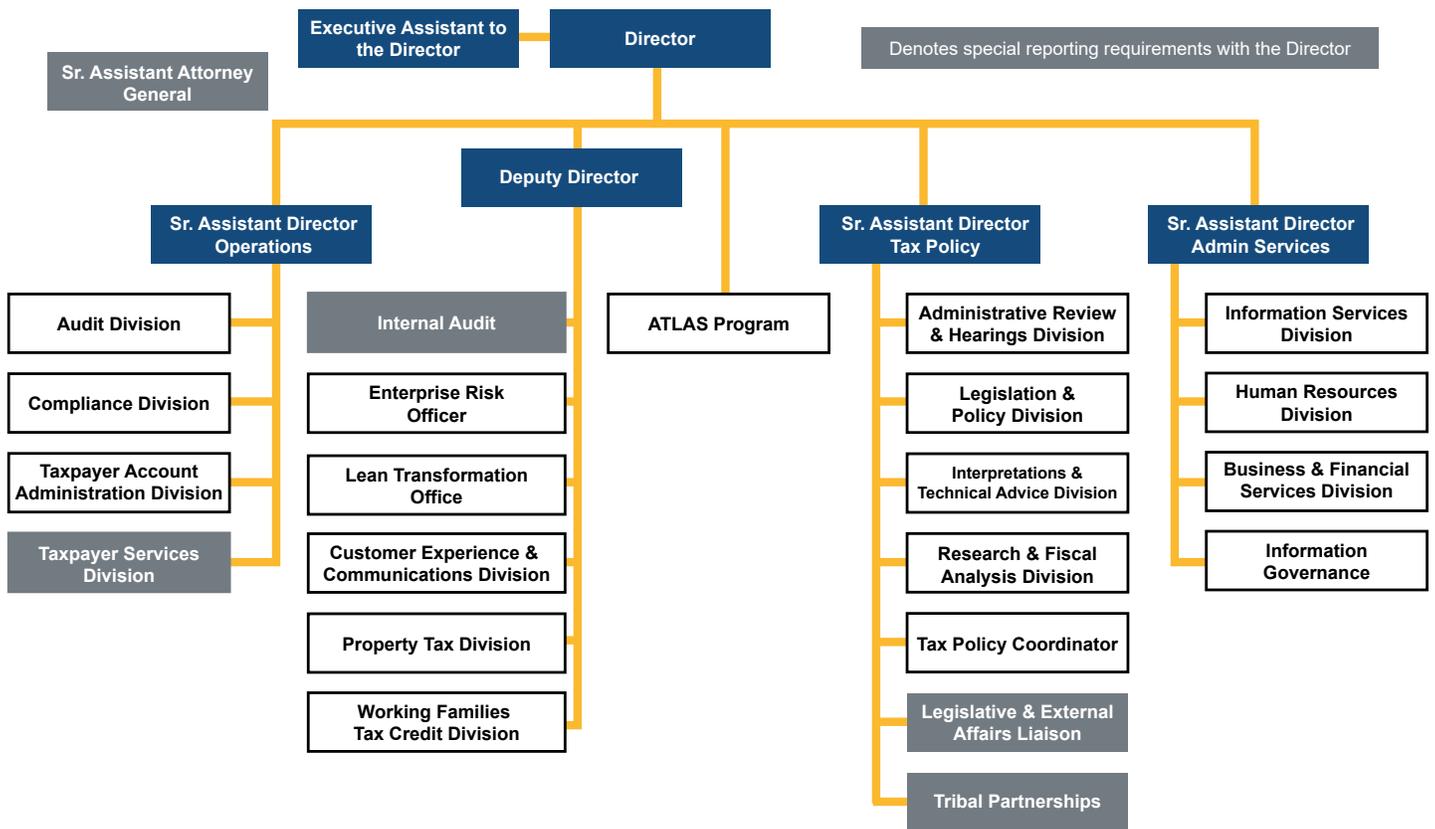
Alyson Fouts, Senior Assistant Director of Operations

Alyson is the agency's Senior Assistant Director of Operations and oversees the Audit, Compliance, Taxpayer Services, and Taxpayer Account Administration divisions. Alyson started her career with Revenue in 1990 in the Taxpayer Account Administration division and worked in several policy and operation roles including Assistant Director of Taxpayer Services.



Heidi Geathers, Senior Assistant Director of Administrative Services

As the Senior Assistant Director of Administrative Services at Revenue, Heidi oversees the Information Services, Business and Financial Services, and Human Resources divisions, as well as the Information Governance program. Heidi has worked both in the private and public sectors. Before coming to state government, Heidi spent 20 years in the banking industry gaining a keen understanding of customer-centric ideals and practices which drove technology strategies.



Organizational overview

Washington State Department of Revenue (DOR)

The Department of Revenue’s mission is to fairly and efficiently collect revenues to fund public services. Headquartered in Tumwater, the agency has field offices statewide in Bellingham, Bothell, Kent, Port Angeles, Richland, Seattle, Spokane, Tacoma, Vancouver, Wenatchee, and Yakima. In addition, the Audit division has 55 out-of-state auditors located in 20 states. The agency’s staff of over 1,100 includes a wide variety of professions such as lawyers, agents, examiners, analysts, appraisers, programmers, foresters, auditors, and support staff.

Agency responsibilities

As Washington state’s primary tax collection agency, the Department of Revenue oversees more than 60 different taxes while collecting more than 93% of the state General Fund tax revenues. A total of \$33.5 billion in state and local taxes was collected in Fiscal Year 2021. The agency also processes 2.8 million tax returns a year from over 631,000 businesses filing monthly, quarterly, or annually; and processes more than 382,000 business license applications and renewals.

Key responsibilities include:

- Licensing businesses.
- Auditing businesses both in-state and out-of-state.
- Enforcing compliance with tax laws.
- Locating unregistered businesses.
- Providing taxpayer assistance, information, and education.
- Administering property tax.
- Managing the state’s Unclaimed Property program.

Revenue at a glance

Revenue collected (FY21)

State revenues (in billions):

Retail sales and use tax	\$13.4
Business and occupation	\$5.3
State property tax levy	\$4.4
Other state taxes	\$4.3

Local revenues:

Retail sales and use tax	\$5.8
Other local revenues	\$0.3

Total collections **\$33.5**

Reporting/active businesses

Active reporting (as of 7/15/2021):

Monthly	145,865
Quarterly	244,706
Annual	231,527
Total	631,098

Audits	3,825
Voluntary compliance	98.2%

Staffing

FTEs	1,148.3
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Efficiencies

Cost per \$100 collected (FY20) 61¢

In the past 20 years, we've increased:

Revenue collected	164.3%
Registered businesses	17.7%
FTEs	23.4%

Agency budget 2021-2023 biennial (in millions):

FY22	\$192.4
FY23	\$439.2
Total	\$631.6

Tax revenue collected and what it provides

- \$13.4 B — State retail sales and use tax
- \$5.8 B — Local retail sales and use tax
- \$5.3 B — Business and occupation tax
- \$4.3 B — Other state taxes and fees
- \$4.4 B — State share property tax
- \$0.3 B — Other local taxes

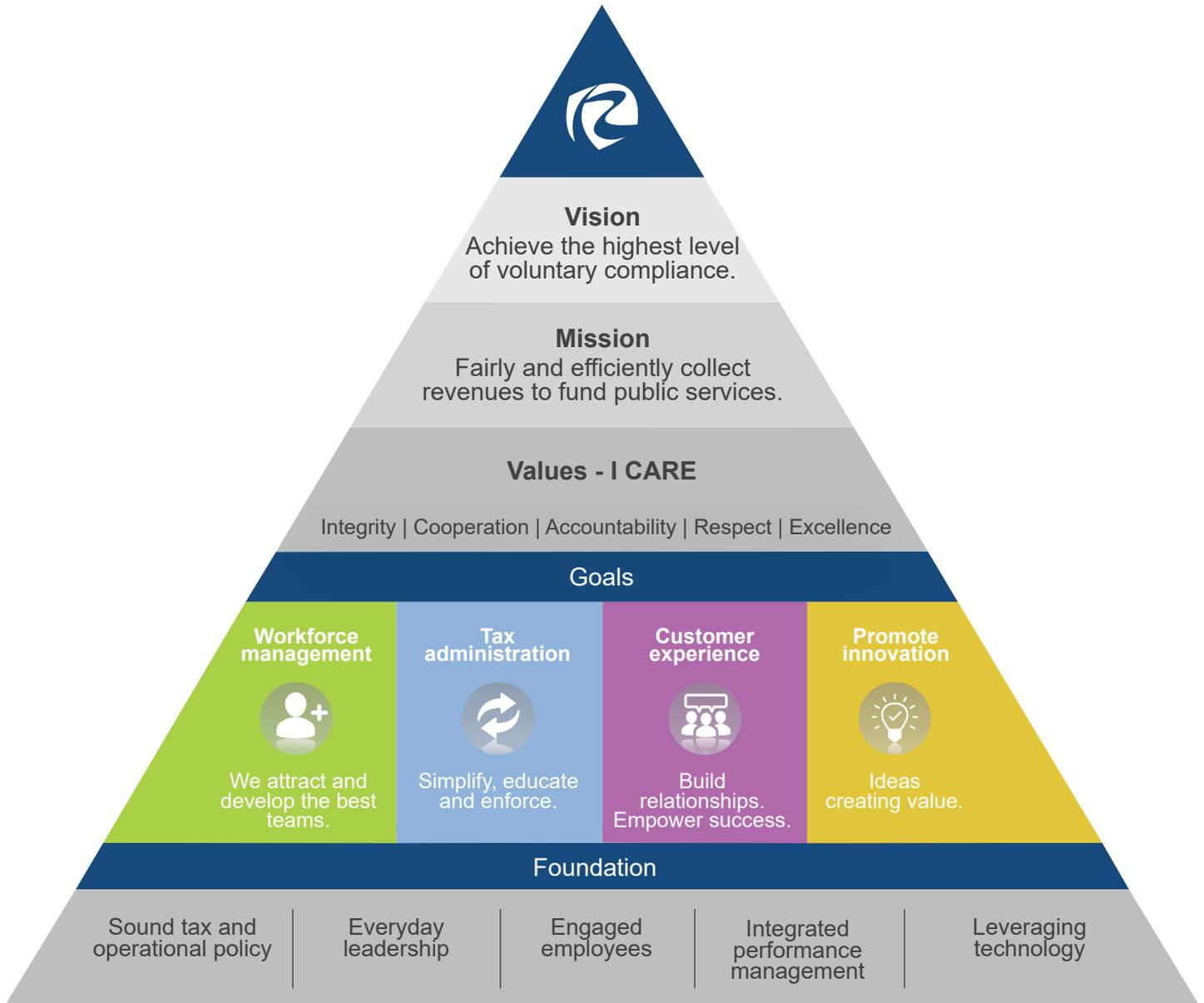


Customer service

- 9.4 million** Visits to dor.wa.gov
- 95.6%** Returns filed online
- 2.8 million** Filed returns
- 20,492** Live chats
- 321,567** Phone calls
- \$74 million** Unclaimed property returned to owners
- 382,757** Business license applications and renewals
- 121,080** Unclaimed property refunds processed
- 78** Educational workshops (3,384 attendees)

Strategic Pyramid

The Strategic Pyramid communicates Revenue's vision, mission, values, and goals to both staff and customers. It establishes the expectations we strive to achieve and the foundational elements that will ensure success. This pyramid is also used to drive the agency strategic business planning process.



Fundamentals Map

The Fundamentals Map integrates performance management, process improvement, risk management, and customer engagement with the daily work. It also presents Revenue’s work functionally, rather than by agency structure. Looking at DOR work functionally highlights the fact that multiple divisions support core processes. It helps employees understand and see their daily work with agency processes.



Revenue supervisors receive fundamentals map training during new supervisor orientation. They learn about Revenue’s core processes and practice using the My Revenue Alignment tool. Supervisors identify their core processes, their customers, and their customer needs. This includes ‘*what to measure*’ to know how well they’re meeting their customer needs while connecting them to Revenue’s vision, mission, goals, and core processes. Dedicated time using the tool helps them see their connections to the agency and prepares them to help their employees understand how their work aligns with the agency goals and why what they do matters.

- 1 My core process:** What is my most meaningful and important process? How do I use my time and talent to create value for the customer?
- 2 My primary customers:** Who are the people, internal or external, who benefit from my core process?
- 3 My primary customers’ needs:** What do my customers need or value? What are their expectations for quality, timeliness, quantity, and service?
- 4 My measures of success:** What do I measure, or could I measure, to know how well my work meets my customers’ needs? Why would that measure be meaningful?
- 5 My connections to Revenue’s mission, vision and goals:** How does my work contribute to the agency achieving its mission? How do I contribute to achieving an agency goal?
- 6 My connections to agency-level core processes and measures:** What parts of the Fundamentals Map reflect my work?
- 7 I can use this:** How can I use this to guide my work and/or increase customer experience? What barriers might I need to address, and what help do I need from others?

Revenue responds to the COVID-19 pandemic

Revenue focused its pandemic response on two areas: the health and safety of employees, and the current state and economic recovery of businesses.

In accordance with the Stay Home, Stay Healthy (20-25) proclamation, Revenue closed its offices in March 2020, and enabled employees to work from home with state-issued laptops and equipment. The agency's website, social media, signage, and other channels were updated to communicate the change in business practice due to the COVID-19 pandemic.

Employee focus: An Incident Management Team (*IMT*), a cross-divisional group of subject matter experts, met throughout the year to document, assess, and respond to the situation.

The team focused on:

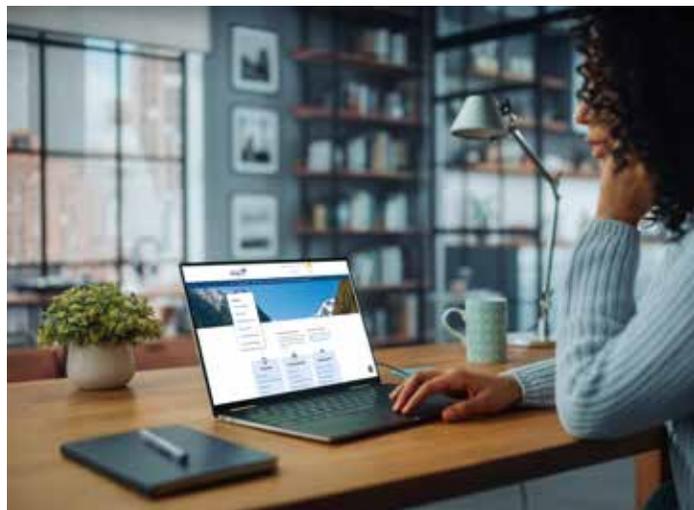
- Deploying additional IT tools to enable staff to successfully telework.
- Soliciting employee feedback to inform the decision-making process.
- Enacting specific safety plans and protocols when the agency moved to partial re-entry.
- Creating a dedicated section on the Revenue intranet to include employee resources, FAQs, and expectations.

Business focus: In response to the Governor's state of emergency, the agency took the following measures to help keep businesses operating:

- Provided a blanket 60-day extension for Quarter 1, 2020 and annual 2019 tax return due dates, and provided extensions for monthly tax returns upon request.
- Granted penalty waiver requests on excise tax returns.
- Implemented Proclamation 20-20 by waiving interest on excise tax liabilities and late fees for business license renewals and nonprofit applications/renewals for exempt property.

- Suspended automatic termination of business licenses for businesses that failed to renew timely.
- Delayed tax collection actions through August 2020.
- Modified existing payment plans as needed to allow businesses additional time to pay taxes.
- Implemented COVID-19 specific penalty-free payment plans of up to one year without the issuance and filing of a tax warrant or financial review.
- Delayed scheduling new audits until June 2020 while continuing to provide additional time to those industries hit hardest by temporary business closures.
- Provided businesses the option to delay active audits and encouraged businesses to provide records electronically to limit travel and in-person meetings.
- Expanded the existing Voluntary Disclosure program to encourage more unregistered businesses to voluntarily come forward to register and pay past tax liabilities.
- Provided extensions for certain estate tax returns.

While Revenue closed all offices to the public on March 23, 2020, all services remained available online or by telephone.



Divisions support the legislative process

The Department of Revenue is statutorily required to provide non-partisan support for lawmakers. As part of this role, the Legislation and Policy (*L&P*) division assists the Legislature, Governor's Office, and other stakeholders in drafting bills, and providing feedback on technical and policy issues. Each year, L&P tracks and analyzes bills to determine how they might impact the agency's tax, licensing, and unclaimed property programs.

Research and Fiscal Analysis (*RFA*) provides support to the agency, Governor's Office, legislators, and local governments by analyzing tax and economic impacts, compiling data, coordinating fiscal notes, and preparing fiscal estimates. RFA completes much of this work using tax and economic models that require annual updates.

For the 2021 legislative session, L&P drafted two agency-request legislation bills that were passed by the Legislature. House Bill 1095, Emergency Grants, addressed the taxability of COVID financial relief. Specifically, the bill provided business and occupation tax, public utility tax, and retail sales tax exemptions for grants received by a business that are to address the conditions arising from a national or state emergency.

Senate Bill 5220, Salmon Recovery, provides a business and occupation tax deduction and a retail sales tax exemption for government entities, nonprofit organizations, and Indian tribes for grants received to restore or to protect salmon habitat in the state.

In addition to agency-request legislation, two additional bills passed the Legislature that will require significant effort for the department to implement: Working Families Tax Credit and the Capital Gains Tax.

Working Families Tax Credit

The Legislature passed ESHB 1297, which expands eligibility and funding for the Working Families Tax Credit program. This program is intended to support Washington's low-to-moderate income individuals by providing payments ranging from \$300 to \$1,200. While eligibility is based on the requirements for the federal Earned Income Tax Credit, it also includes individuals who filed a federal tax return with an Individual Taxpayer Identification Number (*ITIN*). The credit amount varies depending on the number of qualifying children and income level.

Revenue created the Working Families Tax Credit division to implement this new program. People will be able to claim the credit in the form of a payment starting in 2023.

Capital Gains Tax

ESSB 5096, Capital Gains Tax, creates a 7% tax on the sale or exchange of long-term capital assets such as stocks and bonds, a large business, or a work of art, if the profits exceed \$250,000 annually. Revenue collected will go toward funding the education legacy trust account and common school construction account.

This tax applies to individuals only, though individuals can be liable for the tax as a result of their ownership interest in an entity that sells or exchanges long-term capital assets. It is only applicable to gains allocated to Washington state. The tax takes effect on Jan. 1, 2022, and the first payments are due on or before April 18, 2023.



Revenue fosters tribal relations

Key L&P statistics for the 2021 fiscal year:



578 Bills analyzed



845 Amendments analyzed



40 Constituent issues resolved



380 Miscellaneous legislative assignments completed



46 Implementation plans developed

Key RFA statistics for the 2021 fiscal year:



342 Official OFM fiscal notes



68 Draft fiscal notes



447 Revenue estimates



144 Expenditure estimates

The Department of Revenue is committed to fostering government-to-government relationships with the state's 29 federally recognized tribes. DOR created a Tribal Partnerships team to work directly with the tribes, tribal citizens, tribal businesses, and others doing business in Indian Country. This team focuses on tribal relations and tribal tax policy issues.

In addition to the Tribal Partnerships team, the agency works through the Tribal Tax Advisory Group (TTAG) to discuss a variety of government-to-government issues. TTAG is co-led by DOR's Director Vikki Smith and Ron Allen, Tribal Council Chairman of the Jamestown S'Klallam Tribe.

Over the past year, the department has prioritized the implementation of retail sales tax compacts, which allow tribes to receive a portion of the sales tax revenue generated on tribal lands involving sales transactions between nonmembers. To date, the department has compacted with seven tribes and is actively working with four others.

In 2020, the Lummi Tribe of the Lummi Reservation requested consultation on the treaty fishery exemption, which is an exemption from tax stemming from fishing rights the tribes reserved under treaties with the federal government. The department agreed to consultation and all federally recognized tribes located in Washington were invited to participate. In early 2021, this effort was expanded to include hunting and gathering. The department is committed to working with tribal governments on these important issues throughout the consultation process and beyond.

Revenue wins national award for local licensing partnership

The Federation of Tax Administrators (FTA) awarded Revenue’s Business Licensing Service (BLS) Partnership Services team the 2021 Best Practices in Tax Administration award for its efforts to connect more cities, towns, and businesses to the state’s business licensing service.

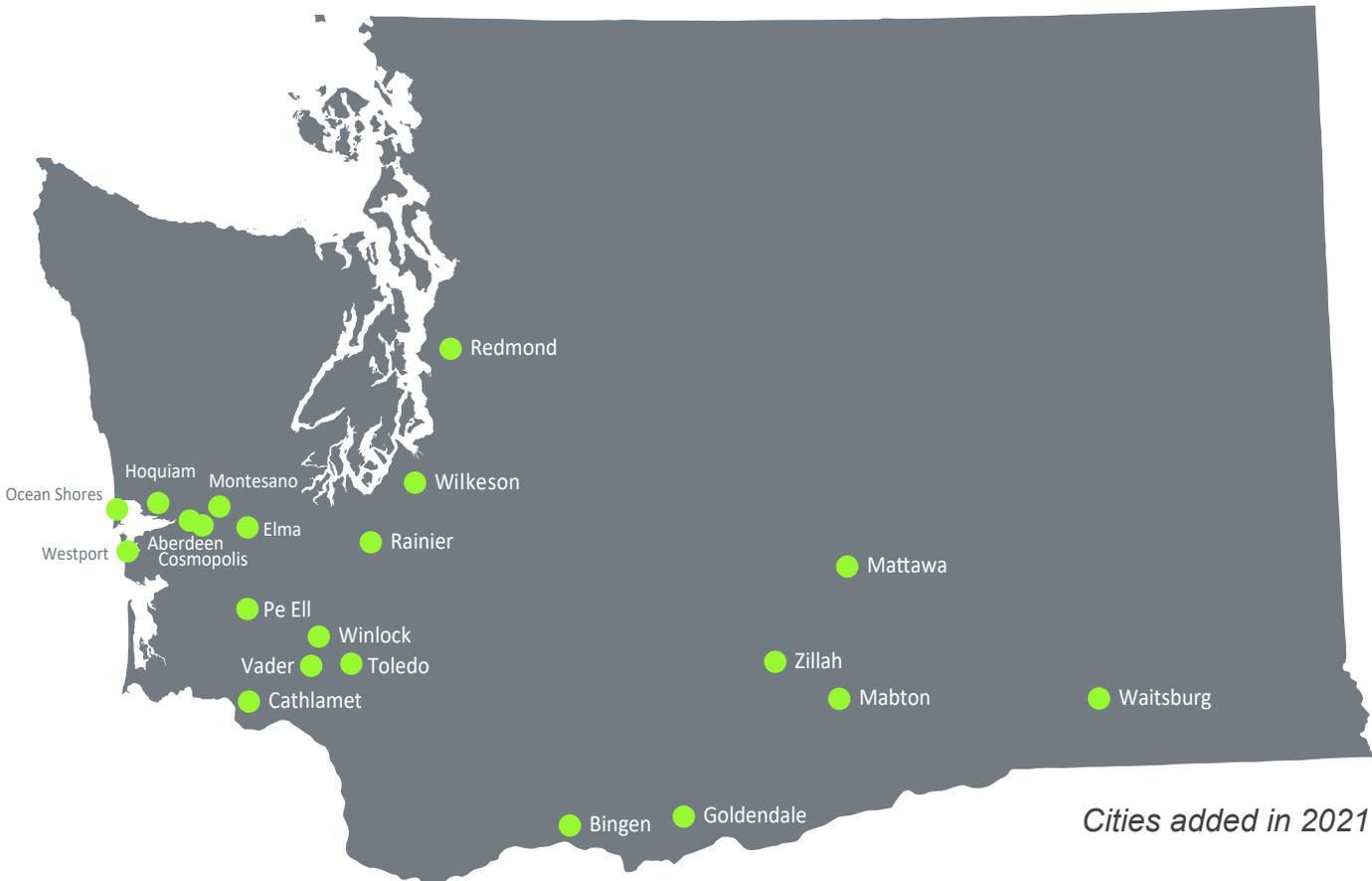
“We’re proud of the improved service we are providing our city partners and thousands of businesses,” Revenue Director Vikki Smith said. *“Finding better ways to make licensing easy and convenient is a statewide benefit.”*

BLS’s “one-stop-shop” is a single access point where business owners in partnered cities register for and renew their business licenses, including up to 400 state and city license endorsements. For business owners, this means no more going to multiple locations or web portals to manage licenses. City partners, meanwhile, get access to a free license administration tool that reduces overhead and increases compliance.

“The National Federation of Independent Businesses (NFIB) has long been a leading advocate,” said Patrick Connor, NFIB state director. *“Basically, this saves businesses time and money because they are able to get licenses and other kinds of endorsements online in minutes rather than having to travel to each separate jurisdiction.”*

The agency’s work to streamline the city “onboarding” process connected nearly 170 cities across the state.

The success is ongoing. After adding a record 39 city partners in 2020, BLS linked 37 more cities in 2021. By summer 2022, BLS will have more than 200 local partners helping to support hundreds of thousands of businesses in a unified, streamlined system.



Continuous improvement doesn't skip a beat

On a regular basis, the agency examines and refines its efforts to better serve the public. Two of those overarching focus areas include Lean, a continuous improvement program, and the Fundamentals Map, a document that provides a single-page view of the department's core business processes. Over the past year, the effects of the pandemic resulted in adjustments to how we conduct training to continue providing excellent customer service.

Virtual Lean workshops

Revenue held five full Lean workshops in 2021. Forty-two employees participated. Revenue found that remote Lean workshops are just as effective as in person workshops and will continue to provide hybrid options for those who telework. We will also continue to use customer feedback and make improvements as challenges arise.

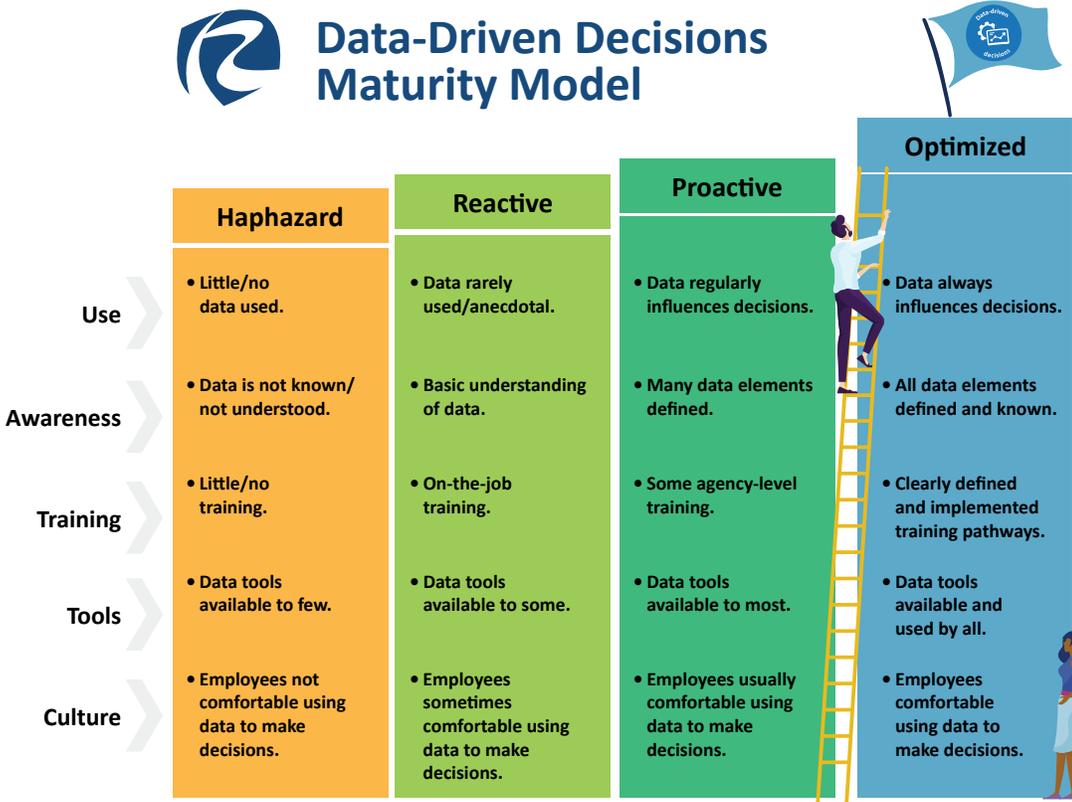
Lean Yellow Belt Certifications

Nineteen additional employees earned their yellow belts in FY 2021. Currently, 56 Revenue employees have taken the required training and use their knowledge, skills, and abilities to improve their daily work. They also joined the agency's Lean Community of Practice and share their learning and experiences using Lean tools at quarterly sessions.

Data-driven Decisions

With higher expectations and increasing workloads, the agency committed to "working smarter" by identifying new methods to meet future demands. Assessing how additional data analysis can be incorporated into the decision-making process further enhances our innovative and proactive approach to tax administration.

In FY 2021, Revenue created a maturity model to help staff visually identify where they are today and where there is opportunity for growth. The team took steps to identify data gaps, training needs, and the cultural elements necessary to enhance data-driven decisions.



Revenue supports Tax Structure Work Group

The Tax Structure Work Group (*work group*) was established by a proviso in the 2019 operating budget. The work group is comprised of seven members of the Legislature and a representative from the Governor's Office who serve as voting members. Representatives from the cities, counties, and the Department of Revenue serve as non-voting members.

The purpose of the work group is to conduct a comprehensive review of Washington's tax structure, and to make recommendations on how to make it more equitable, adequate, stable, and transparent. Revenue is charged with providing support for the work group, along with the assistance of a technical advisory group and a hired consultant. This support includes providing necessary modeling for the alternative tax sources.

The preliminary report was delivered to the Legislature by Dec. 31, 2020. The group's work, and Revenue support, is scheduled to continue at least through 2021 as they conduct business and community engagement across the state. If the gathered feedback is positive, the work could extend to 2023 to allow for additional policy development and legislation to address/implement identified solutions.



Tax Structure Work Group members:



Representative Noel Frame
Co-Chair



Senator Keith Wagoner
Co-Chair



Representative Pat Sullivan



Representative Ed Orcutt



Representative Jesse Young



Senator Joe Nguyen



Senator Lisa Wellman



Scott Merriman
Legislative Liaison



Dean Carlson
*Senior Tax Policy Coordinator
(nonvoting member)*



Anne McEnery-Ogle
*Mayor of Vancouver
(nonvoting member)*



Derek Young
*Pierce County Councilmember
(nonvoting member)*

Revenue increases multilingual outreach

Diversity, equity, and inclusion is a priority of both the state and the agency. DOR has had a continuously evolving multilingual outreach program for more than 30 years. As part of that effort, DOR offers a Multilingual Volunteer Program with more than 40 employees who speak 20 different languages. These individuals provide translation services and assist with various language-related projects.

In addition, the agency offers on demand document translation and real time interpreter services. Revenue employees who use their language skills, in addition to their regular job assignments, consider serving the Limited English Proficient (LEP) communities a highlight of their work.

Serving the public



Becky Cruz

Becky Cruz, an administrative assistant, has used her Spanish language skills since joining the agency 18 years ago.

“I like to think I am creating reliable bridges by providing understanding on both ends; a trusting voice of clarification and education, if you will. While taxes are collected in all countries, there is a learning curve for Spanish-speaking taxpayers as they get familiar with the language used in tax forms, maybe acronyms, processes, technology, and of course, overcoming the language barrier.”

Revenue continues to pursue increased opportunities to assist LEP taxpayers. Current projects include real time translation of online meetings, expanding the number of frequently translated languages, and improving the agency’s overall multilingual posture.

Helping small businesses thrive during COVID

The pandemic created a unique set of barriers for businesses, and the agency took steps to ensure language access wasn’t an additional one. Revenue held Small Business Requirements and Resources (SBRR) webinars, typically focused on topics like starting and growing a business, and added COVID-19 specific resources to help businesses navigate this unprecedented situation.

Revenue multilingual volunteers Cisco Villanueva, Andrew Garrett, and Mitzi Torres made the experience easier for customers by using their Spanish language skills. As a team, they translated English SBRR content into Spanish, presented the information to businesses in our Spanish speaking community, and answered questions in a language they understand.



Cisco Villanueva



Andrew Garrett



Mitzi Torres

When asked about using his language skills, Cisco said, *“It’s nice being able to help the community better understand some of the stuff they may not otherwise understand because of language barriers. It makes a huge difference.”* Mitzi said, *“It makes them feel like there’s a sense of community, a sense of understanding.”*

Fiscal Year 2021 highlights:

- Spanish multilingual volunteers translated vital COVID-19 pandemic related information for DOR customers.
- Multilingual Lean workshop – Brought together multilingual support personnel from across the agency and identified 16 areas to improve agency LEP posture. These areas are being addressed in a Language Access Plan to provide equitable service to all customers.
- Revenue partnered with other state agencies to present 30 Small Business Requirements & Resources (SBRR) workshops around the state including to Spanish audiences. The primary goal of the SBRR workshops is to help inform the small business community on what is needed to comply with the state’s licensing and regulatory requirements.

Business Advisory Council influences operations and policy decisions

The Business Advisory Council (BAC) is a 14-member panel appointed to provide a forum in which members of the business community, industry lobbyists, lawyers, CPAs, and small business owners, can provide direct feedback to the Director, Executive Management, and others in the department. In turn, the department uses that feedback to better understand how different administrative options affect taxpayers. The BAC also assists DOR in identifying efficiencies in the administration of state taxes and fees and offers constructive feedback regarding current or proposed tax policy.

The BAC meets on a quarterly basis and together, department executive leadership and BAC members discuss important issues that affect the state tax system.

The BAC supports a constructive and mutually beneficial relationship between the department, tax practitioners, and the business community. On several occasions, BAC feedback has been incorporated into DOR's operations and policies. An example was demonstrated when the department developed an upgraded Business Licensing Application online. The BAC shared new perspectives that previously weren't considered. After considering the viewpoints provided by the BAC, the agency was able to provide a more comprehensive online application for all businesses.

Since the emergence of the COVID-19 pandemic, the BAC has been integral in many of the policy decisions that the department has had to make in response to the pandemic. The BAC has helped the department with several issues including field office accessibility, taxpayer payment plans, voluntary disclosure agreements, interest and penalty provisions, and audit procedures.



Michele Baisler



Vicki Baker



Patrick Connor



Lois Cook



James Dixon



Chris Falco



Tommy Gantz



Wendy Gillihan



Mark Johnson



Darcy Kooiker



Robert Mahon



Tarah McLaughlin



William Severson



Joe Strong

Unclaimed Property program gets money to Washingtonians, faster

The Department of Revenue administers the state's Unclaimed Property (UCP) program, a free service that reunites property and assets with its rightful owners.

Washington state law requires businesses and other organizations (*called holders*) to review their records each year to determine whether they hold any funds, securities, or other property that has remained unclaimed for the required abandonment period. Holders file a report annually and transfer the property to the state. Property is usually considered unclaimed after three years, however that time varies based on the type of property.

Revenue acts as a custodian of the reported property and stores the funds in the state's General Fund indefinitely, until the owner or their heir(s) claims the property. Over the last three fiscal years, UCP has returned approximately \$74 million on average.



Improved website

In May 2021, Revenue launched a new Unclaimed Property website—with features that make reporting and claiming lost property quicker and easier. Since launch, visitors looking for unclaimed property at claimyourcash.org have experienced a number of improvements:

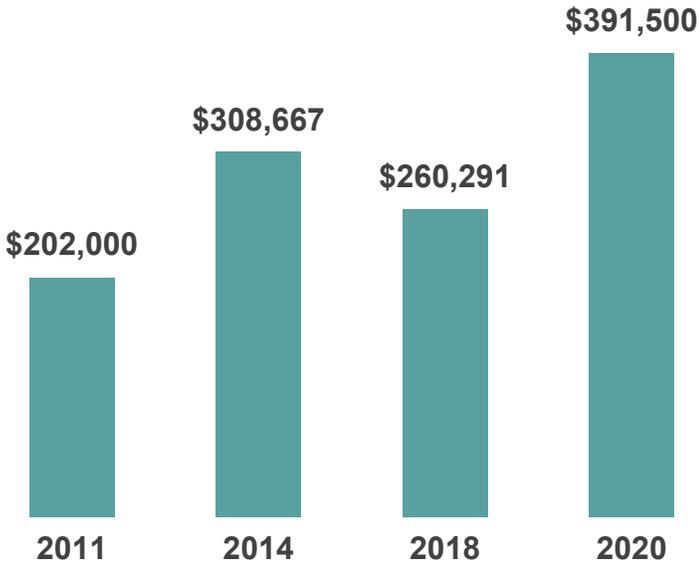
- A new fast track process automatically approves claims that meet certain criteria, allowing most fast-tracked checks to be received within five days or less. In FY21, from April through June, 8,585 claims were approved via fast track totaling \$598,000.
- Mobile friendly design means less hassle while searching from a mobile device. Nearly 60% of visits to date have been mobile.
- New “how to” videos in both English and Spanish help users navigate the site.
- Map of unclaimed property available by county and/or city.
- Ability for claimants to check their claim status.

The agency's Unclaimed Property team was selected as the 2020-21 Unclaimed Property State of the Year by the Unclaimed Property Professional Organization (UPPO). The award is given yearly to a state or staff person who has gone above and beyond to assist the companies that are required to remit unclaimed property to the state.

Safe deposit box auctions

The department holds a safe deposit box auction every two to four years, depending on the volume of deposit box items received. In November 2020, Revenue held a very successful online safe deposit box auction with two years of inventory.

The graph below displays the average safe deposit box auction proceeds per year.

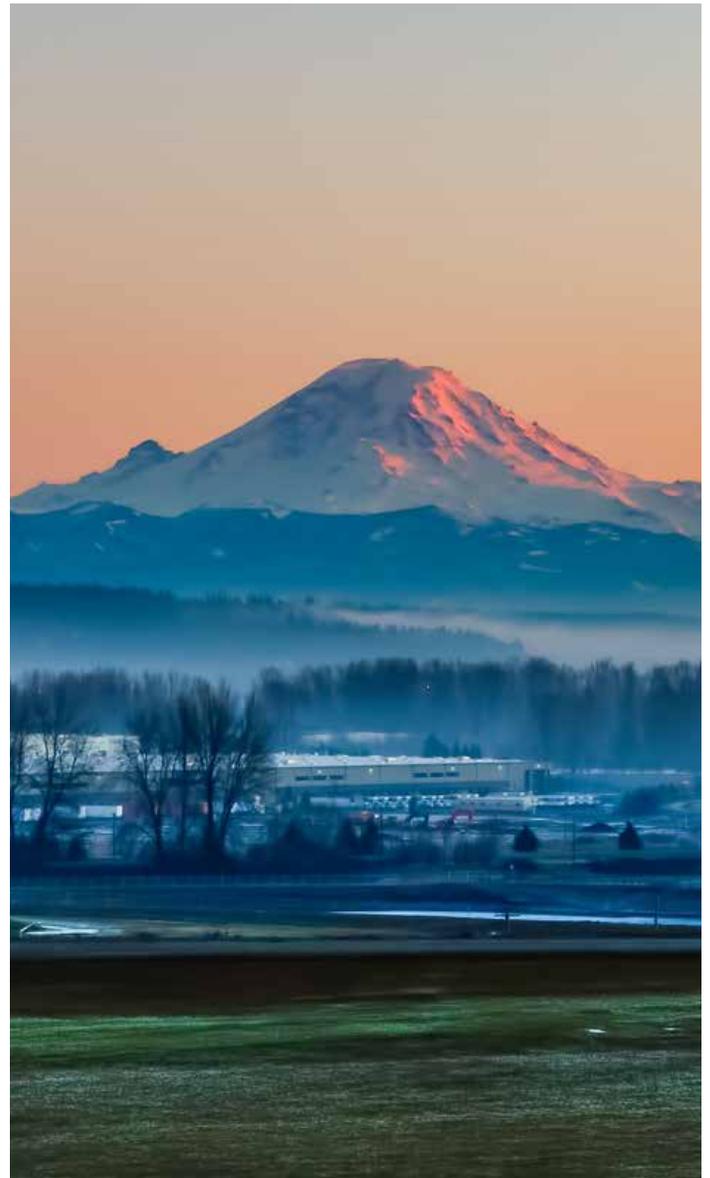


Highest single bid: 1795 Flowing Hair Silver Dollar, which sold for \$14,550.

Property Tax division adapts to virtual environment

The Property Tax division administers the Education and Accreditation program for County Assessor staff. Each year, 15-20 classes are offered to provide the necessary accreditation hours. The division coordinates the trainers, the facilities, class attendees, and class materials.

This past year, the division converted 15 classes to virtual training, and had higher than normal attendance. This work ensured that county staff received their required education and accreditation training. In addition, the team tailored presentations and materials for use virtually with county Assessors' staff, Boards of Equalization, and stakeholder groups.



Employees give for good in the community

A core function of Revenue is to assist in administering taxes through fairly and efficiently collecting state revenues to fund public services. These services are provided to the public, in communities across our state, to make Washington a better place to live. In addition to that vital work, the agency also encourages employees to support communities by participating in state-sponsored charitable activities through the Combined Fund Drive (CFD).



Revenue's CFD campaign begins early fall, where employees in all 12 field offices, as well as remote employees located throughout the country, organize various fundraising events. Traditionally, such events were held in person, and many consisted of bake sales, food competitions, and raffle baskets. Now that many are working remotely, campaigns have taken a virtual turn, and are proving to be just as successful as the in-person events.

Within the scope of the state ethics law and agency policy, employees are allowed to organize and participate in events benefiting nonprofit organizations that help communities statewide. This includes, but is not limited to, drives for donations of blood, food, gently used or new items, time, and money. These dollars are funneled right back into the communities DOR serves.

DOR 2021 Contributions:

- \$71,418 pledged.
- 393 participants (*about one-third of the agency*).
- 11 volunteer hours.
- 23 fundraising events.

Revenue promotes diversity, equity, and inclusion

The Department of Revenue's diversity, equity, and inclusion (DEI) efforts align with its core values of integrity, cooperation, accountability, respect, and excellence. DOR continues to be a diverse organization with 23.4% of employees identifying as Persons of Color, 9.3% higher than the statewide average. The HR staffing team continues to develop and expand its network of diversity organizations and improve the accessibility of diverse candidates.



Division representatives in the agency's Inclusion, Diversity, and Equity Committee (IDEC) offer DEI information and resources in the agency's weekly newsletter and intranet website to enhance DOR's culture of respect and inclusion.

To promote DEI efforts, the agency encourages employees to participate in the statewide business resource groups (BRG): Blacks United in Leadership and Diversity, Veteran's Employee Resource Group, Rainbow Alliance and Inclusion Network, Latino Leadership Network, Disability Inclusion Network, and Washington Immigrant Network. Participation in BRGs helps the agency expand its DEI knowledge through partnerships with employees across the state.



Revenue temporarily expands Voluntary Disclosure program

Last year, Revenue temporarily expanded the criteria for the Voluntary Disclosure Agreement (VDA) program, effective July 15, 2020, through Nov. 30, 2020, to encourage more unregistered businesses to voluntarily come forward to register and pay past and future tax obligations. Participation was previously limited to those businesses that never registered with or reported taxes to the state, and those that had never been contacted for enforcement purposes.

Benefits to businesses

If a business is discovered through the department's normal investigation, examination, or audit procedures, they may be liable for tax, interest, penalties of 39% of the tax due, and a "look back" period of seven years plus the current year.

The Voluntary Disclosure program offered businesses the following benefits:

- The "look back" period for the tax liability is limited to the prior four years plus the current year.
- Up to 39% in potential penalties can be waived, which include:
 - 5% assessment penalty for substantially underpaid tax.
 - 5% unregistered penalty.
 - 29% late payment of a return penalty.
- The department can summarize the unreported tax liability in a single tax assessment.

Traditional VDA criteria vs. Expanded Voluntary Disclosure Agreement (EVDA) criteria

The program expansion not only brought in past, unreported dollars, it also allowed those businesses that took advantage to get their affairs in order and begin reporting. As a whole, it gets taxpayers into compliance and set up for regular, ongoing reporting, which means more revenue moving forward.



221

Businesses EVDA desk examinations issued



\$11.8

Million original EVDA revenue estimated



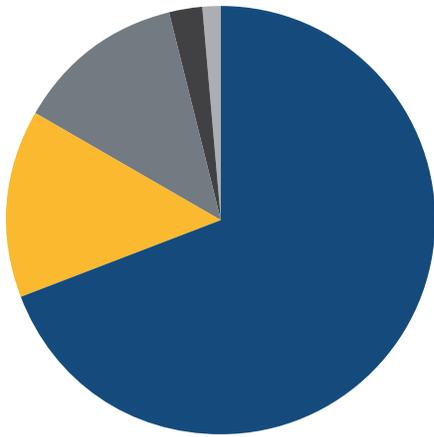
\$22.7

Million actual EVDA revenue assessed



Revenue employees serve their country

Of the agency's 1,100 employees, 8.4% have served the country in one of the military branches. To support these employees, the agency has an internal Veterans Employment Team (VET) employee resource group that works to recruit, retain, and recognize agency veterans. The DOR VET team is regarded as one of the most active and robust internal veterans' resource groups in Washington state government.



For the sixth year in a row, the YesVets campaign recognized Revenue for its efforts in helping veterans find and maintain employment. The YesVets program is a statewide campaign that acknowledges organizations that hire military veterans. To demonstrate that annual accomplishment, a YesVets decal is proudly displayed on entry doors of agency office buildings to serve as a welcome mat for veterans.



For the past three years, the VET team organized a March Madness fundraiser to benefit the local veterans' organization. The DOR VET team raised more than \$1,400 for Puget Sound Honor Flight. This local nonprofit chapter transports veterans who served in World War II, the Korean War, and the Vietnam War back to Washington, D.C. for "one last mission" – to visit and reflect at the memorials built in their honor.

During the COVID-19 pandemic, with most employees working from home, the VET team continues to support agency veterans through sharing resources, virtual monthly meetings, and open availability. They have also continued to honor the service branch birthdays, as well as Veterans Day and Memorial Day, through a video series published agencywide.





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