

Department of Revenue

2023-25 Agency Activity Inventory

Activity A001 – Administration

Internal administrative services support activities to effectively carryout agency operations and the strategic business plan. These services include: the overall management of the agency through executive oversight, internal auditing, accounting and budgeting, payroll administration, facilities management, purchasing, human resources, organizational development, and legal services provided by the Attorney General’s Office.

Statewide Results Area: **Efficient, Effective and Accountable Government**

Statewide Strategy: **Safeguard and manage public funds**

Expected Results:

Administrative services provide essential support to all activities within the agency. In addition, legal services, included in this activity, defend the state’s interests through successful litigation of tax issues.

Current Performance Measures:

- Total cash payments reported in the authorized receipting system (reported quarterly)
- Number of cash transactions reported in the authorized receipting system (reported quarterly)
- The Department’s Cost of Collecting Revenue/cents per \$100 of revenue collected (reported annually)

Activity A002 – Property Tax Administration

The Department of Revenue has a statutory obligation to ensure uniformity within the state’s property tax system and oversee the administration of property taxes at both the state and local levels. The Department also determines the state school levy; conducts complex appraisals on commercial, industrial and special use properties; administers property tax exemptions and deferral programs; and provides guidance, training, and assistance on property tax issues to county officials. The Department also performs appraisals throughout the state on inter-county and inter-state utility companies. These utilities have a combined assessed value in excess of \$15 billion and provide over \$179 million in property tax each year for local government and state schools.

Statewide Results Area: **Efficient, Effective and Accountable Government**

Statewide Strategy: **Safeguard and manage public funds**

Expected Results:

To meet the statutory obligations of RCW 84.48.080, the Department performs appraisals of real and personal property to develop ratios of assessed value to fair market value. The Department then applies these ratios to equalize utility property assessments and to equalize the state school levy that counties pay to the general fund. As a result, each county pays its fair proportion of the taxes for the state school levy. In addition to conducting appraisals and audits for the ratio, the Department seeks to ensure uniformity in assessments by conducting advisory appraisals in counties who request them and in administering property tax exemptions and deferrals across the state for senior citizens as well as exemptions for over 10,000 nonprofit organizations. In recent years, FTEs across many property tax programs have decreased which has and will continue to impact performance.

Current Performance Measures:

- Number of Real Property Appraisals and Personal Property Tax Audits Completed (reported annually)
- Increase the number of Advisory Appraisals Completed (reported annually)
- Provide assistance to County Assessors through advisory appraisals and advice (reported quarterly)

Activity A003 – State and Local Revenue Collection and Distribution

The Department of Revenue is responsible for the fair, efficient, and uniform administration of state tax law. Primary activities include taxpayer registration, tax return processing, collection activities, accounting for and distributing state and local tax revenues, promotion of voluntary compliance through taxpayer education, information and assistance, and enforcement. These activities are conducted from offices throughout the state and are supported by a statewide computer network.

Statewide Results Area: Efficient, Effective and Accountable Government
Statewide Strategy: Safeguard and manage public funds

Expected Results:

The Department provides ongoing education and assistance to taxpayers while maximizing the collection of tax dollars owing on delinquent accounts.

Current Performance Measures:

- Total Enforcement Collections (reported quarterly)

Activity A004 – Tax Auditing

Audit division activities support the voluntary reporting and payment of taxes and the administration of the tax system. Audit division staff are assigned to field offices across the state and other locations throughout the United States, or as roving out-of-state auditors based out of Washington. Auditors conduct audits of businesses that have activity in Washington State, working directly with taxpayers to verify the accuracy of taxes reported, and to identify and correct improper reporting, leveling the tax burden on Washington State businesses. In addition to educating taxpayers through the audit process, division activities also include educating taxpayers about tax reporting through business outreach seminars, consultation visits, and other speaking engagements. Internally, the Audit division assists the Department in understanding the practical application of tax law by identifying changes in technology, business activities and industries. Externally, the Audit division is, in many cases, a “face” for the Department, and often serves as a taxpayer’s first and only personal contact with the Department.

Statewide Results Area: Efficient, Effective and Accountable Government
Statewide Strategy: Safeguard and manage public funds

Expected Results:

The Department’s auditing function is intended to provide fair and uniform application of tax laws, and promote an optimal level of accurate tax reporting and payment through continuing auditing presence and taxpayer education.

Current Performance Measures:

- Maintain the percentage of active reporting taxpayer accounts contacted by the Audit Division (reported annually)

Activity A005 – Tax Policy Research, Analysis, and Interpretation

Tax policy activities focus on providing timely and accurate information for the legislature, other agencies and Executive branch decision makers, clear and consistent guidance to taxpayers, employees, and the public regarding tax law and policy application, and coordinating interdivisional policy analysis and studies. Specific functions include: responding to legislative and constituent requests; coordinating interdepartmental policy analysis and studies; preparing fiscal analysis estimates; preparing fiscal notes; analyzing and drafting legislation to ensure legislation is administrable and provides for sound tax policy; advocating for agency request legislation; developing legislation proposals; reviewing and drafting rule revisions; providing technical advice to operating divisions; coordinating with the Attorney’s General Office in litigation matters, and forecasting non-general fund revenues.

Statewide Results Area: Efficient, Effective and Accountable Government

Statewide Strategy: Provide data, information, and analysis to support decision-making

Expected Results:

The Department’s objective is to provide accurate, timely, and clear information that encourages accurate voluntary taxpayer reporting, consistent determinations of tax liability, and informed tax policy decisions that avoid unintended effects on revenue collections.

Current Performance Measures:

- Increase the percentage of draft fiscal notes having scheduled hearing dates that are delivered to the Legislature at least four hours before the hearing when the request is received at least 24 hours before the hearing (reported annually)

Activity A006 – Administrative Review and Hearings

The Department receives over 900 taxpayer appeals each year. These appeals are comprised of five case types: small claims (single issue, up to \$50,000 in tax, penalties and interest); executive (first impression, industry wide significance); mainstream (regular appeals); revocations (business registration revocations) and Board of Tax Appeals ((BTA) informal appeals from agency final decisions). When an appeal is concluded the Department issues written determinations, renders confidential tax law interpretations, negotiates settlements of tax disputes, executes settlement closing agreements when appropriate, and publishes select determinations. When these cases are appealed to the BTA, the appeals division presents the agency case during informal proceedings. The BTA renders the final decision.

Statewide Results Area: Efficient, Effective and Accountable Government

Statewide Strategy: Safeguard and manage public funds

Expected Results:

The Administrative Review and Hearings Division’s goals are to timely provide informal review of agency actions, resolve formal administrative appeals and provide written guidance on Washington State tax laws.

Current Performance Measures:

- Clear mainstream tax appeals that have not been placed in hold status within one year of receipt (reported annually)

Activity A007 – Unclaimed Property Management

The Department administers the provisions of the State Uniform Unclaimed Property Act (63.29 RCW). The unclaimed property program is a consumer protection program charged to return abandoned property to the proper owner. Businesses report abandoned property to the state annually and the Department attempts to locate the owners through advertising and by providing public access to abandoned property owner information. The Department’s role is to act in the interest of the property owners and return the abandoned property to the rightful owners whenever possible. Examples of abandoned property include utility deposits, insurance policies, safety deposit box contents, dividends, and savings accounts. Unclaimed property does not include real estate, vehicles, and most other physical property. (Unclaimed Personal Property Account-Nonappropriated)

Statewide Results Area: Prosperous Economy
Statewide Strategy: Provide consumer protection

Expected Results

The Department’s Unclaimed Property section efficiently administers unclaimed property programs and the return of abandoned property to proper owners. The Department notifies the reported owners of property valued at \$75 or more, and advertises the program through publications. Currently, all owners with property exceeding \$25 in value are posted to the Department’s website. Statute requires the Department to process all owner claims within 90 days of receipt.

Current Performance Measures:

- Monetary unclaimed property claims processed within 30 days of receipt (reported annually)

Activity A008 – Business Licensing Service

The Business Licensing Service within the Department of Revenue provides one-stop licensing services for more than 200 state endorsements and 70 city licenses. This service provides assistance with business registration, license renewals, change of ownership, change in business locations, registration and change of trade names, obtaining minor work permits, optional insurance coverage or hiring people to work in or around private residences.

Statewide Results Area: Efficient, Effective and Accountable Government
Statewide Strategy: Regulate the economy to ensure fairness, security and efficiency

Expected Results

Streamline the licensing processes for businesses by adding city and state agency partners which helps to create a one-stop licensing portal for state and city licensing. The portal allows businesses to apply for all appropriate licenses with one application, check the status of their license and, as applicable, renew their license. The administrative burden is eased on regulatory city and state agencies when they partner with BLS for general business licenses.

Current Performance Measures:

- Increase the number of cities participating in the BLS (reported quarterly)
- Total number of business license renewals filed (reported quarterly)
- Increase the percentage of business license renewals filed online (reported quarterly)
- Number of business applications processed (reported quarterly)
- Percent of business applications (BLAs) filed online (reported quarterly)

Activity A009 – Working Families Tax Credit

The Working Families Tax Credit (WFTC) Division provides for the administration and processing of an annual remittance of credit to eligible Washington residents who file a federal tax return and submit an application to the Washington State Department of Revenue. With the exception a few unique residency requirements, eligibility for the working families tax credit is based largely on eligibility for the federal earned income tax credit, a tax credit for working individuals and families whose earnings are below an income threshold. While the income thresholds are calculated and published by the Internal Revenue Service, the credit amounts are defined in the RCW and may increase depending on the number of eligible dependents. The successful administration of this program is intended to stimulate local economic activity, advance racial equity, and promote economic stability and well-being for low-to-moderate income working individuals.

Statewide Results Area: Prosperous Economy

Statewide Strategy: Regulate the economy to ensure fairness, security and efficiency

Expected Results:

The Department's objective is to administer the Working Families Tax Credit program efficiently and equitably and provide access to the estimated 400,000 individuals or families in Washington who are eligible for the credit.

Current Performance Measures:

- Process 80% of applications within 90 days of receipt
- Enroll 10% more applicants than the previous year