South Carolina
Department of Revenue

Annual Accountability Report

Fiscal Year 2006-2007

Mark Sanford, Governor
Ray N. Stevens, Director

Accountability Report Transmittal Form

Agency Name - South Carolina Department of Revenue

Date of Submission – September 14, 2007

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I. Executive Summary

I 1. Mission and Values: The mission of the Department of Revenue (DOR/Department/ Agency) is to administer the revenue and regulatory laws of this state in a manner deserving the highest degree of public confidence in our integrity, effectiveness and fairness. To accomplish this mission, the South Carolina Department of Revenue will:

- Administer revenue and regulatory laws in a fair and impartial manner;
- Collect the revenue due the state;
- Recommend improvements to the laws administered;
- Ensure a professionally trained staff of employees;
- Continually improve the quality of services and products; and
- Provide guidance to foster compliance with revenue and regulatory laws.

The values of our department are: Customer Focus; Equal Treatment; Integrity; Accountability; Continuous Improvement; Informed Decision Making; Knowledge; Teamwork; Open Communication; and Recognition.

In concert with our mission, the Department of Revenue collects approximately 92% of the state's general fund. Total annual collections by the Department of Revenue amount to $8.8 billion through all of our collection and enforcement activities from the 32 taxes we administer and other collection activities for which we are responsible. (See Figure 7.1.1)

With approximately 94% of DOR total collections coming through voluntary compliance, the remaining 6**%** is deemed to be enforced collections which account for over **$**580 million of revenue collections. (See Figure 7.1.2)

The DOR plays a major role in the state budget process. The Director represents the DOR, in an ex-officio capacity, at meetings of the Board of Economic Advisors (BEA). The BEA is dependent on information provided by DOR in formulating budget estimates for purposes of developing guidelines for the General Assembly to establish the state budget.

The Department fulfills its legislatively mandated (§11-11-10) obligation to be represented at all meetings of legislative committees related to budget activities. The legislation reads "It shall call upon the State Department of Revenue for any information desired, and the State Department of Revenue shall furnish such information and shall be present at all hearings before the committees having charge of the appropriations in the Senate and House." The Director is called upon to address meetings of these legislative committees in order to explain and help formulate budget policies as it relates to revenue collections.

Further, the DOR and its Director are instrumental in bringing new businesses and encouraging existing businesses to expand within South Carolina. Along with the South Carolina Department of Commerce (DOC), DOR is closely involved in enhancing economic development in this state. The DOR administers most of the tax credit programs in this state and therefore, is often required to be present at meetings and presentations when new businesses are considering locating in this state. The DOR is responsible for administering over $500 million from the jobs tax credit, the economic impact zone investment tax credit, the corporate moratorium, the special allocation and apportionment of income program, the fee-in-lieu of taxes program and the license tax credit for

utilities, among other credits and incentives. The Department, in cooperation with the Commerce Department, administers the job development credit (JDC) audit program.

The South Carolina Department of Revenue continues to be a leader in the percentage of individual income tax returns received that are filed by electronic/non-paper methods. The latest available information (May, 2007) from the Federation of Tax Administrators placed South Carolina in the top four states in this area. South Carolina's percentage of 72%, up from 69% last year, trailed only Mississippi (81%), Minnesota (77%), and Iowa (75%). This is especially significant in light of the fact that individual income tax electronic filing is not required in South Carolina. It is required in some other states for certain taxpayers. With that in mind, maintaining our position as leaders in this area is a substantial accomplishment. Promoting electronic filing has been a significant cost and time saver for the Department, the State, and the taxpayer. (See Figure 7.1.4)

Electronic collection processes also have allowed the agency to collect an average of 65% of tax dollars electronically. (See Figure 7.3.4).

I 2. Major Achievements from Past Year:

This fiscal year was Director Ray Stevens' first complete year as DOR's director. During that time Mr. Stevens wholeheartedly embraced the strategic planning process that was underway and led the agency through the next iteration of not only the strategic plan, but also helped to build a strong and challenging annual business plan. The plan enables us to maintain focus on our major goals and objectives.

This year DOR made major strides in processing of tax returns from receipt of mail to processing of refunds and depositing of money to files being stored and scanned. This fiscal year, we deposited 2,129,792 checks, processed 65,381 batches, and deposited monies totaling $3,588,669,446. This represents 241,434 more checks, 5,064 batches, and $221,665,618 more dollars than last fiscal year. During this time we also reduced deposit opportunity cost dollars by $245,976, a reduction of 65%. (See Figure 7.3.3).

Our annual customer satisfaction survey found a 96% satisfaction level for the amount of time it took to receive a state income tax refund check (Figure 7.2.4). This is a remarkable statistic in any year, due in part to implementing over 120 process improvements suggested by both frontline employees and management.

Achievements related to the major strategic objectives this year included:
(Note: See section 2, Strategic Plan chart for the list of objectives and numeric references.)

<u>Find Nonfilers</u>:
Individual Nonfilers--The Filing Enforcement Section continues to issue notices based on taxpayers identified as nonfilers by the Data Warehouse. During the year the section issued approximately 32,000 notices to possible nonfilers. Over $16 million was collected in audit activities this year through the Data Warehouse partnership.

Use Tax Nonfilers--We continue to exchange information with the other Southeastern Association of Tax Administrators (SEATA) states on a monthly basis, as well as with U.S. Customs and transportation companies involved in furniture deliveries from North Carolina into this state. Through these efforts we collected $222,937 on 1,019 assessments issued.

Nexus/Discovery--For FY07 the Nexus/Discovery Section has registered 315 taxpayers and collected $14,526,596. (See Figure 7.1.3). Five hundred and fifteen questionnaires were sent out for this fiscal year for potential nonfilers. These were record totals for this unit. Emphasis has been on medical companies, software companies, and franchisors. On site hospital nexus audits continue to be productive. Routine projects involving internet research, Multistate Tax Commission (MTC) and Southeastern Association of Tax Administrators (SEATA) exchanges, and auditor referrals continue and have been consistently successful.

Establish a Data Warehouse:
The goal of this project is to use data warehouse technology to identify uncollected revenues which consist of taxes due from nonfilers, under-reporters and failure-to-pay taxpayers. This is a multi-year project. Revenue collected during FY07 of $25,990,241 exceeded the projections of $23.7 million. Total revenue collected for FY06 and FY07 was $40.6 million.

Maximize Voluntary Compliance through Fair Share Activities:
DOR recognized that there are many tax issues in South Carolina where there is general disagreement in the interpretation and application of the tax statutes. Therefore, in an effort to bring resolution to some of these issues and to establish precedence for the future, DOR assembled a team of agency staff to identify tax issues suitable for resolution through litigation. The team's other purpose was to assist the audit staff in providing constant legal support when auditing some of the specific issues identified. The team consisted of Audit Division Management and Revenue and Regulatory attorneys.

The Audit Division identified potential issues and related taxpayers in the areas of sales tax, income tax, alcohol beverage licensing, property tax and admissions tax. Revenue and Regulatory attorneys researched and prepared detailed research notebooks for each of the areas identified. Issues were identified tentatively as priority litigation projects. Audits were conducted on returns identified containing these issues. To date, a number of audits have been completed and are progressing through the appeal process.

Implement a Formal Audit Program:
As a part of the Department's "Fair Share" efforts, the Audit program formalized their audit approach this year. With the increasing capability of technology, the need to document and measure audit selection criteria, and the need to wisely use audit resources, a formal audit plan was implemented. This plan not only better structures the audit selection process, but also is allowing the audit program staff to more specifically identify and target training needs of DOR auditors.

Utilize Treatment Scenarios:
The Data Warehouse project also led DOR to implement the use of treatment scenarios in collections efforts this year. Treatment scenarios represent the way that a case should be

worked, implying different treatments for different cases. Treatment scenarios were developed to assign to cases based on the combination of risk and balance. The use of these scenarios is allowing the collections staff to more productively target collections staff resources, particularly for collections in the assessment stage.

Drive One-Stop Business Registration:

Through the Director's leadership and DOR's key role in the South Carolina Business One Stop (SCBOS) program, this enterprise project has continued to meet project milestones and significantly streamline the processes that new business owners must go through in order to begin doing business in our state. The agencies that register and issue licenses and permits to these business owners also realize cost efficiencies by allowing the SCBOS software to perform basic functions. This allows agency staff to focus on more complex functions and needs of these taxpayers. Our partners in this project include the Secretary of State's office, Employment Security Commission, Department of Health and Environmental Control, Department of Consumer Affairs, Department of Labor, Licensing, and Regulation, Office of CIO (Budget and Control Board), Department of Commerce, S.C. Chamber of Commerce, S.C. Association of Counties, and the Municipal Association of S.C.

Effectiveness of the program was evidenced by:

- Department of Consumer Affairs became active in May 2007 as the first agency having real time transactions between SCBOS and an Agency.
- Alcohol Beverage License (ABL) Renewals became available January 1, 2007. This allows Alcohol Beverage License holders eligible for renewal in the prescribed counties to renew via the Internet. The renewal covers all ABL license permits issued by DOR to both retailers and wholesalers. 802 permits were renewed and $843,421 in fees was paid. This represents 18% of the overall renewals for the period.
- The Federal Government finally provided in June 2007 the authorization and software interface for SCBOS to initiate the real time retrieval of Federal Employer Identification Numbers (FEIN). The scheduled implementation is August 2008.
- The completion of the Benefits Analysis Project in September 2007 provided vital feedback into what has been working well and where adjustments are required. Several major projects are addressing the needs.
- Functionality to change a registered agent or designated agent's name and/or address with the office of Secretary of State was completed in 2007.
- While staying within the budget, 61,782 licenses, permits and registrations were approved; 15,334 new businesses were approved; 4,555 businesses that were active prior to SCBOS activated their business for new licenses, permits or registrations under SCBOS. $2,172,895 was collected for the various licenses, permits and registrations. (See Figures 7.5.2-7.5.4).

Provide Stakeholder Education and Feedback:

DOR held a number of workshops to help taxpayers better understand the tax codes and laws, together with their filing requirements. Workshops were expanded to include venues around the state on sales and use tax for various major industries and institutions. Representatives from the Construction, Health Care, Non-Profit, and Retail industries, along with Educational Institutions, were trained on the sales and use tax laws and proper filing of tax forms. To meet the needs of the State's growing Hispanic population, DOR participated in a tax forum targeted toward these

taxpayers. DOR continues to reach thousands of taxpayers by partnering with other federal, state, and private organizations on taxpayer education.

Free monthly workshops were also held in Columbia targeted to new business owners on sales and use tax. Quarterly educational workshops are conducted on withholding taxes. The Department also collaborates on projects with other agencies such as the IRS, Social Security Administration, SC Organization of Retired Executives, Labor Licensing and Regulation, Consumer Affairs and many others.

DOR also held training events around the state on the new Liquor by the Drink requirements as they relate to the Department's role with licensing and regulation of the alcoholic beverage industry. These workshops were a major factor in bringing about a smooth transition of the tax liability moving from four major wholesalers to over 3,500 retailers.

DOR continues to provide instructors to the IRS Small Business Workshops conducted around the state. An average of three of these workshops is held each month. In addition, DOR has a longstanding relationship with Clemson University serving as instructors for their annual taxpayer education workshop that typically attracts over 1,000 participants in six locations around the state.

Develop the South Carolina Integrated Tax System (SCITS):

The agency has established several long-term projects for efficient and effective agency and enterprise services. They include a major five-year project to completely replace the existing aging computer tax system with a modern, state-of-the-art integrated tax system. This will provide enhanced services for both the taxpayer and the agency. Customers will have access to their accounts 7 days a week, 24 hours a day. The agency plans to provide real time, "once and done" processing wherever possible. Major milestones of the project were met this year through substantial work of many employees across the agency.

Provide Property Tax Training for Newly Elected County Auditors:

The Director and the agency have responsibilities with regard to the oversight of elected and appointed officials of the 46 South Carolina counties with regard to the equalized administration of property tax laws. This local government funding amounts to approximately $5 billion. In this regard, Director Stevens led the agency in a new collaborative initiative to provide property tax training for newly elected county auditors. DOR partnered with the South Carolina Association of Assessing Officials (SCAAO) and the South Carolina Auditors, Treasurers and Tax Collectors (SCATT) to design the course. The purpose of the course is to educate the newly elected officials on the operation of the county auditor's office and the tax laws they are required to administer. This course is intended to make the transition into this vital local government position more efficient. Feedback was excellent and the training will continue in the coming year.

Employ Best Practices for Efficient and Effective Processes:

DOR has a defined set of "dashboard performance measures" that give a high level look at the efficiency and effectiveness of processes tied to each of the four key results of our strategic plan. These include total collections, total enforced collections, customer satisfaction survey results,

refund cycle time, cost per dollar collected, percent of individual income tax (IIT) and sales returns received electronically, deposit opportunity cost, voluntary resignations, and EEO parity rate, among others. At the same time, we benchmark key data where possible with other state revenue departments through a hosted effort of the Federation of Tax Administrators. These results can be found in Category 7 of this report.

Upgrade Our Technology Infrastructure:
DOR has established several long-term projects for efficient and effective agency and enterprise services. Major milestones in the area of technology infrastructure upgrades included migration from the e-mail system Groupwise to Outlook/Exchange, completion of ZenWorks to Systems Management Server, and successful deployment of initial South Carolina Integrated Tax Services system development efforts. These efforts are vital to the agency's long-term effective and efficient operations.

Improve Processing Operations Performance:
The Processing area implemented approximately 120 processing enhancements from the Mail Center to Deposit since July 2006. The enhancements were implemented to reduce rework and help eliminate various errors from section to section. These resulted in significantly reduced deposit opportunity cost ($134,255 vs. $380,231) when compared to the last fiscal year. (See Figure 7.3.3) New performance records were set by the Scanner Section this fiscal year. Several forms were added to the image only process. This reduces the number of documents that are microfilmed and gives users access to the documents at their desktop computer.

The Processing project also saw improved processing time for individual income tax returns. With the 40 process improvements made this year for individual income tax processing, DOR processed an income tax return at the Department within 16 days of receipt. Note that the 16 days includes seven days for the Treasurer to print the check. 7.99 million transactions were processed, and cost per $1 collected was .00675 cents. (See Figures 7.1.9 and 7.3.1) Many more specific accomplishments were realized in this major effort to optimize our agency processing functions. DOR regularly reviewed progress and data of this major improvement effort.

Develop Procedures for County Reimbursement Under New Property Tax Legislation (H4449):
DOR has also overseen development of procedures for county reimbursement under new property tax legislation. This responsibility was transferred to DOR from the Comptroller General's office. A new system has been designed to more efficiently meet the legal requirements and ensure timeliness of reimbursement.

Guide Agency Workforce Planning Initiatives:
One hundred ten experienced employees who signed up for Teacher and Employee Retention Incentive (TERI) during the initial stages of the program have now retired. This represents approximately 16% of DOR's 692.5 authorized FTE's. In addition, approximately another 19% of DOR's workforce is now eligible or will become eligible to retire in the next five years. As would be expected, this represents a vast pool of talent and knowledge. A priority was to plan for and minimize the impact of these exits.

Agency staff has addressed this in a number of ways, including identifying critical business needs, legislative mandates, and the associated resource needs. Duties were documented in many cases with an extensive job analysis, which in some cases was also used to establish new career development plans. Approximately 55% of DOR's workforce has a formal career path that encourages growth and development of higher level skills.

Tax law training, DOR computer systems training, and leadership development were also emphasized. This year a minimum of 20,231 hours were dedicated to formal training of employees. This averages 29.2 training hours per authorized FTE position.

We employ varied strategies to make DOR an employer of choice. This year we expanded recruiting, enhanced new employee orientation processes, increased training, focused on recognition and wellness initiatives, and allowed the option of flexible work benefits such as flex time, flex work week, and telecommuting in selected job areas. For this fiscal year, DOR had a 90.5% acceptance rate of job offers. DOR's turnover rate is typically half that of the state average.

At the same time, we worked to ensure a diverse workforce. As of September, 2006, DOR was ranked first among agencies of 501-1,000 employees and ranked sixth overall in the State Human Affairs Commission Report to the Legislature. DOR had a 98.5% EEO goal attainment. (See Figure 7.4.2). At the same time, no grievances were filed by DOR employees this year.

I 3. Key Strategic Goals: Our strategic plan focuses our efforts in four Key Result areas with associated strategies. After a comprehensive strategic plan review, we implemented an updated Strategic Plan on July 1, 2006. The current Key Strategic Goals are detailed in the Strategic Planning Chart below in Category 2.

I 4. Opportunities and Barriers:

Opportunities

- Enjoying the ability to hire new employees creates opportunities for restructuring some sections, instills more awareness for generational values and opens the door for more evaluation of processes.
- Focus on measurement refinement allows for greater control of processes.
- Privatized collections continue to develop stronger supplier partnerships.
- Improved financial management is being realized through activity based costing and zero based review.
- Greater voluntary compliance and more accurate reporting are expected as a result of more extensive taxpayer education opportunities.
- Formation of an agency cross-divisional Forms Task Force has placed focus for improvement in the area of forms.
- The expansion of SCBOS (South Carolina Business One Stop) continues to provide more flexibility for taxpayers to manage their own businesses.
- Ongoing succession and workforce planning and job analysis activities are allowing us to capture and manage organizational knowledge.

- Telecommuting continues to provide an avenue to keep expertise and provide for greater productivity.
- Motor Fuel Electronic Filing, Lottery Compliance, and the SCBOS activities continue to provide partnering opportunities with other state agencies, counties, and other entities.
- Involvement with the IRS in the fedstate corporate electronic filing program and the fedstate electronic payment program has given us the opportunity to partner in the development of electronic programs that offer better and more cohesive services to the taxpayer across federal and state lines.
- We continue to support a greater focus on electronic audit and collection techniques, proper allocation of work to private collectors, and renewed focus on return-on-investment.
- Nexus internet research and tape and data matching allow for greater discovery of areas of non-compliance.
- Data warehouse project allows greater storage and mining of internal and external data to identify nonfilers and under-reporters.
- We have the ability to accomplish high profile goals that make a difference for the state and the agency, e.g.; SC Business One Stop, the data warehouse project, updated scan imaging, e-commerce efforts and GEAR (Government Enterprise Accounts Receivable).
- Increased use of taxpayer workshops, including industry specific training, maintains our direct contact with taxpayers allowing them to get answers to questions and improve compliance.
- Use of taxpayer focus groups reinforces our commitment to meeting their needs where feasible and gives them the opportunity to aid our agency in the development of new projects.
- Growth in information sharing with counties helps both the DOR and the counties.
- Greater acceptance of electronic transactions by taxpayers, counties, other state agencies, IRS etc. assists in the utilization of our electronic processes and saves money for the agency.
- Continued development within e-commerce offers both filing and payment options as well as the eventual ability for taxpayers and their representatives to manage their own accounts electronically in a secure environment.
- The transfer of many archived records to a single site has allowed us to develop a more organized approach to archival and retrieval.
- The continued growth of scanning and imaging allows for more instantaneous retrieval of return images, cutting down on the need for paper retrieval while giving employees faster access to documentation.
- The continued growth of scanning, imaging and encoding of paper checks has streamlined the deposit of funds, given backend users access to return images at their desktop and increased speed of deposit of related funds while saving the state money by in-sourcing the processing of withholding coupons and checks.
- Maintaining a close working relationship with the US Postal Service keeps us informed of changes and allows us to take advantage of services not readily apparent.
- Maintaining relationships with other state revenue departments and the IRS through involvement in Southeastern Association of Tax Administrators (SEATA), Federation of Tax Administrators (FTA), Tax Implementation Group for E-commerce Requirements

Standardization (TIGERS), etc. has generated innovations and better contract agreements with vendors due to the sharing of information.

Barriers

- The loss of expertise/knowledge and leaders as a result of TERI and retirements continues to present management challenges. It also limits our development of comprehensive knowledge of tax laws, systems and processes.
- Increased training to provide technical skills and grow leaders for the future is needed.
- Expanded responsibilities and changing work territories result in an increased learning curve.
- The Records Warehouse is estimated to reach capacity in 2009 and approximately 50% of the warehouse inventory is records being held for a long-standing class action lawsuit.
- State procurement rules inhibit supplier partnering.
- Effective dates of tax laws affect development of forms, taxpayer education and development of systems to track, collect and report monies and returns.
- Upgrades to technology that are needed to improve revenue processing have a long project cycle.
- Use of highly experienced agency resources for the new system creation and inability to hire additional FTE's creates reliance on contractors who do not possess prior system knowledge for production system maintenance and enhancements.
- Inability to hire and retain some employees due to salary issues and the changing priorities of younger workers continues to be a challenge.
- Assimilating contract personnel to DOR's culture and values is challenging.
- Internet/Network security issues e.g. viruses, hackers, spyware all require resources to ensure DOR systems remain secure.
- Inability to work all returned mail and not being able to find taxpayers hinders collection activities.
- It is a challenge to address the issues of the ever-growing non-English speaking population.
- The ability to share information with counties is hindered due to security issues.
- Complex laws lead to complex forms and greater difficulty for taxpayers to voluntarily comply.
- Backlog of mainframe work due to demand and beginning the move to another system has caused delays in implementing changes to decrease the workload for both DOR personnel and others.

I 5. How the Accountability Report is Used to Improve Organizational Performance

The Accountability Report has been used as a tool to capture the Department's strengths and opportunities for improvement. By identifying the opportunities and barriers, we are able to capture the most immediate needs of the agency. This, coupled with the self assessment which is realized as a result of preparing the report, allows us to focus on the vital few priorities for the coming year.

II. Organizational Profile

II 1.The main products and services include:

- Taxpayer assistance
- Tax forms and instructions
- Tax information (manuals, brochures, opinions, policies, etc.)
- Taxpayer learning opportunities
- Web site
- On-line, 24/7 registration and inquiries
- Licenses
- Collection services
- Tax education, advisory, and valuation services to local governments
- Reimbursement of tax dollars to local governments
- Constituent services
- Legislative services

These products and services are delivered through face-to-face contact, direct mailings, via the internet, distribution centers and in classroom settings.

II 2 and 3. Below is a complete listing of our major customer and stakeholder groups and the various methods we employ to address their requirements and build lasting positive relationships.

All stakeholders
Publications and brochures
Taxpayer Assistance Officers
Taxpayer Advocate
Taxpayer Education
Problems Resolution Office
Automated Tax Help Line
FormsFax and Web Forms
Email systems
Five Regional Offices
Satellite office hours at 18 locations in SC
Award-winning web site
Summary of current year's new tax legislation
Policy document listserve
Experts on TV
Speakers Bureau/Public Speaking/Toastmasters
Direct Check, epay projects
Credit card payment options
Contact – Customer Research Center project

Elected Officials
Revenue collection and reporting
Legislative liaisons
Drafting assistance
Courtesy calls
Constituent services
Proactive response to issues

Other state agencies
Revenue collection and reporting
SCBOS
Job Development Credit workshops with Commerce
SC.gov coordinating payment modules and publications
Dyed Fuel Program

Use Tax compliance information
Check stuffers at filing time
Seats in our training sessions
Statewide Training Coordinators Group
GEAR
Debt set-off program

Individual taxpayers

Forms drive through
VOLUNTEER INCOME TAX ASSISTANCE volunteers
Publications for new residents, military, college tuition credits
SCNetFile, web extensions and declarations
Outreach to high schools, vocational schools, prisoners re: filing taxes
Fastfile outreach

Business taxpayers

Sales tax listserve
Various workshops
SC Business One Stop (SCBOS)
Job Development Credit (JDC) workshops
Business development
Economic Incentives book
Corporate Income Tax summary published with the Bureau of National Affairs
Special efforts related to sales tax holiday
Special efforts related to the 1% exemption on food
Special efforts related to Liquor by the Drink

Tax practitioners

Forms design teams
Joint seminars with IRS/ERO (Enrolled Agents)
White-collar crimes course
Articles in the CPA newsletter
Speakers at CPA seminars
Fed/State filers' handbooks

Regulated Businesses (bingo, alcoholic beverages)

Alcohol Beverage Licensing (ABL) tracking process
Bingo processing system
Bingo paper rules

Statewide property taxpayers (e.g., manufacturers, motor carriers, utilities, car lines)

Changes to FILOT (Fee In Lieu Of Taxes)
Adding BPP (Business Personal Property) review
Streamlining Motor Carrier Property Tax administration

Local Governments (property tax administration, local option taxes, index of taxpaying ability, exemptions)

Refund offset
Governmental Enterprise Accounts Receivable (GEAR)
Computer Assisted Mass Appraisal (CAMA)
Motor Carrier Audits
Fee in Lieu of Taxes (FILOT)
Motor Vehicle Assessment Guides
Visits to counties
Seminars sponsored for county officials
Focus groups on processes affecting counties
Adding listserves for policy documents/comment

Federal Government

IRS refund offset
IRS Fed/state liaison
IRS classes
Streamlined sales tax initiatives

Other state governments

Southeastern Association of Tax Administrators (SEATA)
Federation of Tax Administrators (FTA)
Exchange of use tax information
Benchmarking processes
Supply motor fuel training instructors nationwide

II 4. Our key suppliers are the citizens of South Carolina who supply us with tax revenues and information. We also rely on the Employment Security Commission and other state and local governmental entities to supply required information. The Chief Information Office of the Budget and Control Board is a major supplier of technology infrastructure for the agency and the Department of Corrections provides for our bulk printing and bulk shredding of documents as well as construction of cubicles for our renovated space. Traditional suppliers include Dell Computers, forms manufacturers, and other suppliers of services and supplies.

We consider our partners to be many of the same as those included in our stakeholder group but also include the many contract personnel we have working on our SCITS (South Carolina Integrated Tax System) and Data Warehouse which are key projects for the next five years. Additionally, we have numerous partners with our SCBOS (South Carolina Business One Stop) registration program. These include:

Secretary of State
Department of Revenue
Department of Health and Environmental Control
Department of Consumer Affairs
Employment Security Commission
Clemson University Extension
Department of Labor, Licensing, and Regulation
Department of Commerce
S.C. Chamber of Commerce
Municipal Association of S.C
S.C. Association of Counties
Budget and Control Board, Chief Information Office
TiBA, Inc (Contractor)
Association of Certified Public Accountants (CPA)
Internal Revenue Service (IRS)
Small Business Chamber (Cyberwoven)
Probation, Parole & Pardons Services
US Small Business Association (SBA)
Department of Insurance
SCANA
SC Education Lottery
Department of Motor Vehicles
Small Business Centers
Department of Health & Human Services
SC Commission on Higher Education
Nonpublic Postsecondary Institution Licensing
Government Finance Officers Association of SC
SC School for the Deaf and the Blind
Greater Columbia Chamber of Commerce
Richland County Public Library
SC Board of Accountancy

II 5 & 6. As of the end of FY 06-07, the agency had a total of 692.5 authorized full-time permanent slots. Of those, 674.5 are state funded and 18 are other funded. These employees work in two central offices and five taxpayer service centers throughout South Carolina. In addition, we have non-resident tax auditors stationed in six major metropolitan areas across the United States. We supplement our five taxpayer service centers by staffing eighteen "satellite" offices periodically throughout the month. Our permanent workforce has been supplemented by 88 contract employees, approximately 115 non-seasonal temporaries and 150 seasonal temporary employees during peak months.

II 7. We administer the laws under the Titles 2,4,6,11,12, 16, 23, 33, 44, 46, 48, and 61 of the South Carolina Code of Laws and comply with the Internal Revenue Service codes. Also, we adhere to OSHA, employment and leave laws as well as any other customary regulations with which organizations must comply.

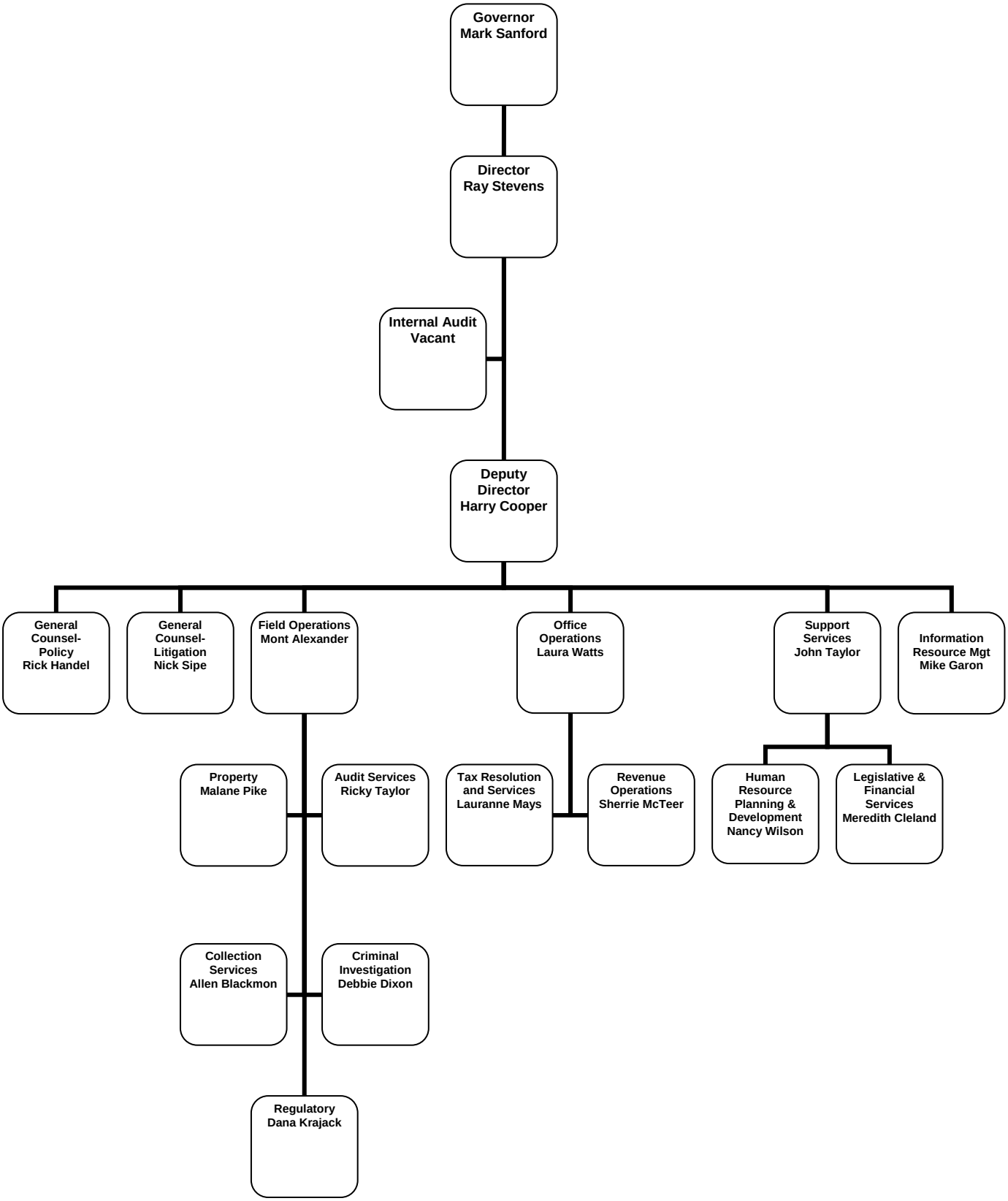
II 8. Our key strategic challenges that were revealed through our external and internal scans of the SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis for the updated strategic plan include:

- attracting and retaining candidates for employment with the state pay limitations;
- meeting the ever increasing expectations of stakeholders and customers;
- more on-line 24/7 connections for our customers;
- tax reform;
- more non-English speaking taxpayers;
- limiting growth in government; and
- the increased need for employee technical training.

II 9. We continue to use the improvement system described in Category 6.

The South Carolina Department of Revenue is also a regulatory agency. We administer 32 state taxes and numerous fee, credit, and exemption programs. We process 7.99 million transactions annually (See Figure 7.1.9) and collect approximately 92% of the state's general fund. The agency also regulates and licenses retail establishments, bingo operations, and alcoholic beverage sellers. The agency is in direct contact with almost every South Carolina resident and many non-resident taxpayers and corporations. We therefore manage our enterprise in a customer-focused, fair, and efficient manner.

Organizational Structure: Our organizational structure is shaped around core business competencies and support functions. DOR is a part of the Governor's Cabinet. The chart below shows that structure and leadership.


Governor
Mark Sanford
Director
Ray Stevens
Internal Audit
Vacant
Deputy
Director
Harry Cooper
General
Counsel-
Policy
Rick Handel
General
Counsel-
Litigation
Nick Sipe
Field Operations
Mont Alexander
Office
Operations
Laura Watts
Support
Services
John Taylor
Information
Resource Mgt
Mike Garon
Property
Malane Pike
Audit Services
Ricky Taylor
Tax Resolution
and Services
Lauranne Mays
Revenue
Operations
Sherrie McTeer
Human
Resource
Planning &
Development
Nancy Wilson
Legislative &
Financial
Services
Meredith Cleland
Collection
Services
Allen Blackmon
Criminal
Investigation
Debbie Dixon
Regulatory
Dana Krajack

Accountability Report Appropriations/Expenditures Chart

Base Budget Expenditures and Appropriations

Major Budget Categories	FY 05-06 Actual Expenditures		FY 06-07 Actual Expenditures		FY 07-08 Appropriations Act	
	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Service	$26,283,907	$ 25,403,956	$ 26,334,286	$ 25,354,402	$25,623,503	$24,330,699
Other Operating	$21,382,073	$ 10,561,551	$ 28,379,333	$ 9,268,780	$24,735,903	$10,482,664
Special Items	$ -	$ -	$ -	$ -	$ -	$ -
Permanent Improvements	$ 208,782	$ -	$ 24,620	$ -	$ -	$ -
Case Services	$ -	$ -		$ -	$ -	$ -
Distributions to Subdivisions	$ -	$ -		$ -	$ -	$ -
Fringe Benefits	$ 7,146,743	$ 6,921,438	$ 7,402,009	$ 7,151,109	$ 7,335,005	$ 7,076,955
Non-recurring	$ -	$ -	$ 943,514	$ -	$ -	
Total	$55,021,505	$ 42,886,945	$ 63,083,762	$ 41,774,291	$57,694,411	$41,890,318

Other Expenditures

Sources of Funds	FY 05-06 Actual Expenditures	FY 06-07 Actual Expenditures
Supplemental Bills	$ -	$ -
Capital Reserve Funds	$ -	$ -
Bonds	$ -	$ -

Major Program Areas

Program Number and Title	Major Program Area Purpose (Brief)	FY 05-06 Budget Expenditures	FY 06-07 Budget Expenditures	Key Cross References for Financial Results*
I.A Administrative & Program Support	Agency administration and Internal Audit functions.	**State:** $821,143 **Federal:** $0 **Other:** $0 **Total:** $821,143 **% of Total Budget:** 1%	**State:** $602,378 **Federal:** $0 **Other:** $0 **Total:** $602,378 **% of Total Budget:** 1%	7.2.1, 7.2.4, 7.3.1-7.3.3, 7.5.5
II.A Programs & Services --Support Services	Human Resources, Training and Development, Quality, Procurement & Facilities Mgmt, Budget & Finance, Information Resource & Technology Management and computerized systems management functions.	**State:** $13,234,384 **Federal:** $0 **Other:** $8,442,425 **Total:** $21,676,809 **% of Total Budget:** 34%	**State:** $12,128,406 **Federal:** $0 **Other:** $12,843,439 **Total:** $24,971,846 **% of Total Budget:** 39%	7.5.1-7.5.3
II.B Programs & Services -- Revenue & Regulatory Operations	Office and field tax audit & collection functions, tax revenue processing, Property Tax Administration and appraisal, and Regulatory (Alcoholic Beverage Licensing and Bingo) Administration.	**State:** $20,485,840 **Federal:** $0 **Other:** $3,256,479 **Total:** $23,742,319 **% of Total Budget:** 37%	**State:** 21,267,201 **Federal:** 0 **Other:** 3,493,770 **Total:** 24,760,970 **% of Total Budget:** 38%	7.1.1-7.2.5
II.C Programs & Services -- Legal Policy & Legislative Svcs	Agency General Counsel; tax policy, agency litigation and bankruptcy matters and legislative services.	**State:** $1,424,140 **Federal:** $0 **Other:** $210,492 **Total:** $1,634,632 **% of Total Budget:** 3%	**State:** 625,196.93 **Federal:** 0.00 **Other:** 0.00 **Total:** 625,196.93 **% of Total Budget:** 1%	7.5.4
III.C Employee Benefits -- State Employer Contributions	Employer (agency) share of fringe benefits paid on state employee salaries.	**State:** $6,921,438 **Federal:** $0 **Other:** $225,164 **Total:** $7,146,602 **% of Total Budget:** 11%	**State:** 7,151,108.81 **Federal:** 0.00 **Other:** 250,900.41 **Total:** 7,402,009.22 **% of Total Budget:** 11%	7.4.1, 7.4.2

Below: List any programs not included above and show the remainder of expenditures by source of funds.

Non recurring appropriation in FY2007 to fund fuel efficiency incentives rebates. Expenditures paid from earmarked funds. Program # 98010000. Expenditures to record interest expense on tax refunds in accordance with GAAP. Expenditures recorded in program # 30050100, Support Services.

Remainder of Expenditures:	**State:**	$0		**State:**	$0
	Federal:	$220,426		**Federal:**	$173,701
	Other:	$3,926,542		**Other:**	$4,547,660
	Total:	$4,146,968		**Total:**	$4,721,362
	% of Total Budget:		7%	**% of Total Budget:**	7%

* Key Cross-References are a link to the Category 7 - Business Results. These References provide a Chart number that is included in the 7th section of this document.

III. Elements of Malcolm Baldrige Criteria

Category 1 -- Leadership

1.1a - f Senior leadership in the agency consists of the Director, Ray N. Stevens, a Deputy Director, Senior Administrators, and Administrators of each of the major operating units. The agency's leadership sets, deploys, and communicates short and long term direction and organizational priorities through the strategic planning process, the annual business planning component of that process, and the five-year business plans developed for agency level objectives. Performance expectations are detailed in each employee's Position Description and EPMS are tied to the agency's four key result areas. The updated strategic plan was implemented on July 1, 2006. The plan outlines our organizational values as described in the Executive Summary and include a focus on innovation, empowerment, knowledge, and ethical behavior.

1.2 In FY 06-07, the leadership team continued its focus on both internal and external customers by supporting activities for progress on our 14 major goals and the various underlying projects that are tracked at the agency level. These goals, objectives and projects are tied numerically to the four key results of the strategic plan. Agency-level performance measures are likewise numerically tied to the key results. Management meets each Monday morning for reporting on these and other issues by our operating divisions.

Quarterly "dashboard" performance indicators are scheduled for review by the management team. Owners of the processes involved with any agency measurements are tasked with monitoring and using the data for process improvement and decision making. Progress on each annual business plan objective is compiled and reported quarterly.

1.3 The strategic planning process we employ forces us, through the SWOT (Strengths, Weaknesses, Opportunities and Threats) process to look at the current and potential impact on the public of our products, programs, services, facilities and operations and the potential associated risks. This allows us to develop organizational objectives that will address the issues gleaned from the information and data collected. See Category 2.

1.4 The Chief Financial Officer and staff along with the internal audit staff are responsible for the accuracy and timeliness of reporting. We just completed the ninth year of agency audits that resulted in no adverse findings. Our legal counsel, senior management team, and the Internal Audit staff have policies, procedures and measures in place to ensure that the Department

maintains accountability for all revenue and regulatory requirements. Our internal audit staff periodically conducts audits of various processes within the agency to ensure no improprieties exist. Additionally, employees are required annually to certify that they have read and understand the confidentiality and disclosure requirements. Each time an employee's computer is turned on, a reminder of confidentiality appears and action is required to proceed. These safeguards are employed to ensure no unauthorized information is revealed.

1.5 We continue to refine our set of high level measures (dashboard measures) that are reported on a quarterly basis. These measures, discussed in 4.3, allow the leadership team to monitor the effectiveness and efficiency of the agency processes.

Additional measures are reviewed at the Deputy and division level. Performance measures track processes that show improvements and potential problems; track performance to specifications; and indicate processes needing change.

1.6 Quarterly coaching sessions with employees are utilized not only to review progress on objectives that are tied to our four key result areas, but also to obtain their feedback on the effectiveness of management throughout the organization. Our Leadership Development process is enhanced by the Leadership for Results year-long program that graduated another 44 participants in 2006. This program has been employed to improve leadership effectiveness. We also participate in and support the Certified Public Manager and Associate Public Manager programs, as well as the Executive Institute.

Our values represent our guiding principles or the things about which we care most as we carry out our mission. Senior leadership not only models these beliefs, but also clearly and consistently articulates these values throughout the organization. Our intent is to demonstrate these beliefs in all our dealings with our external and internal customers.

Our senior leaders have been trained in quality management principles, team leadership and performance excellence techniques. Leaders demonstrate their devotion to these principles by participating in training and teams and by using the quality tools and process.

1.7 Senior leadership continuously mentors and coaches future leaders and participates in leadership development activities to ensure the leadership succession occurs seamlessly.

1.8 Senior leaders maintain a focus on innovation and improvements through the objectives and projects developed and detailed in the annual business planning step of the strategic planning process. All employees attended a senior leadership led "roll-out" session in preparation for the implementation of the new strategic plan that was implemented in July 2006. Through this process, all employees are encouraged to look for improvement opportunities while focusing on agency wide objectives.

1.9 The agency supports and strengthens the community as well as demonstrates its public responsibilities and practices good citizenship in many ways. Public trust is a vital component of maintaining high levels of voluntary compliance with the state's tax laws. We assure ethical business practices proactively through policy and training. Several teams work annually (1) to ensure compliance with implementation of new statutes; (2) to identify suggested improvements to the laws; and (3) to communicate advisory opinions and regulations to assist taxpayers. Direct

e-mail, the Problems Resolution Office, monthly interviews, and the Taxpayer Advocate are avenues for citizens to resolve concerns. Our Contact Center is utilized not only to help the taxpayer, but to gain invaluable input to processes of the agency. We continue to train our Contact Center employees and see this as an integral part of the agency's listening and learning approach to gain input from the community at large.

The agency continues to be a leader in the government community. The GEAR (**G**overnment **E**nterprise **A**ccounts **R**eceivable) and SCBOS **(SC B**usiness **O**ne **S**top) processes are but a couple of examples in which we have taken the leadership role. These projects have a direct positive impact on reducing the burden of compliance with our tax laws. We have also maintained a leadership role in the development of the Integrated Financial System which we plan to implement in DOR. On the state level, our employees lead or participate in multi-agency teams to improve the processes of government. We have trained not only our employees, but also many from other agencies on tax topics and quality improvement subjects to include how to prepare the Annual Accountability Report. We facilitate teams in other agencies upon request. We are actively involved with professional groups in leadership roles, such as the Federation of Tax Administrators (FTA) Best Practices and Benchmarking Team. Mr. Stevens serves on the Coordinating Council for Economic Development; is a Member, South Carolina Board of Economic Advisors; and is a Member of the South Carolina Agency Directors Organization. These collaboration efforts not only help us identify best practices, but also give us the opportunity to be a partner in continuously improving all governmental services for our citizens.

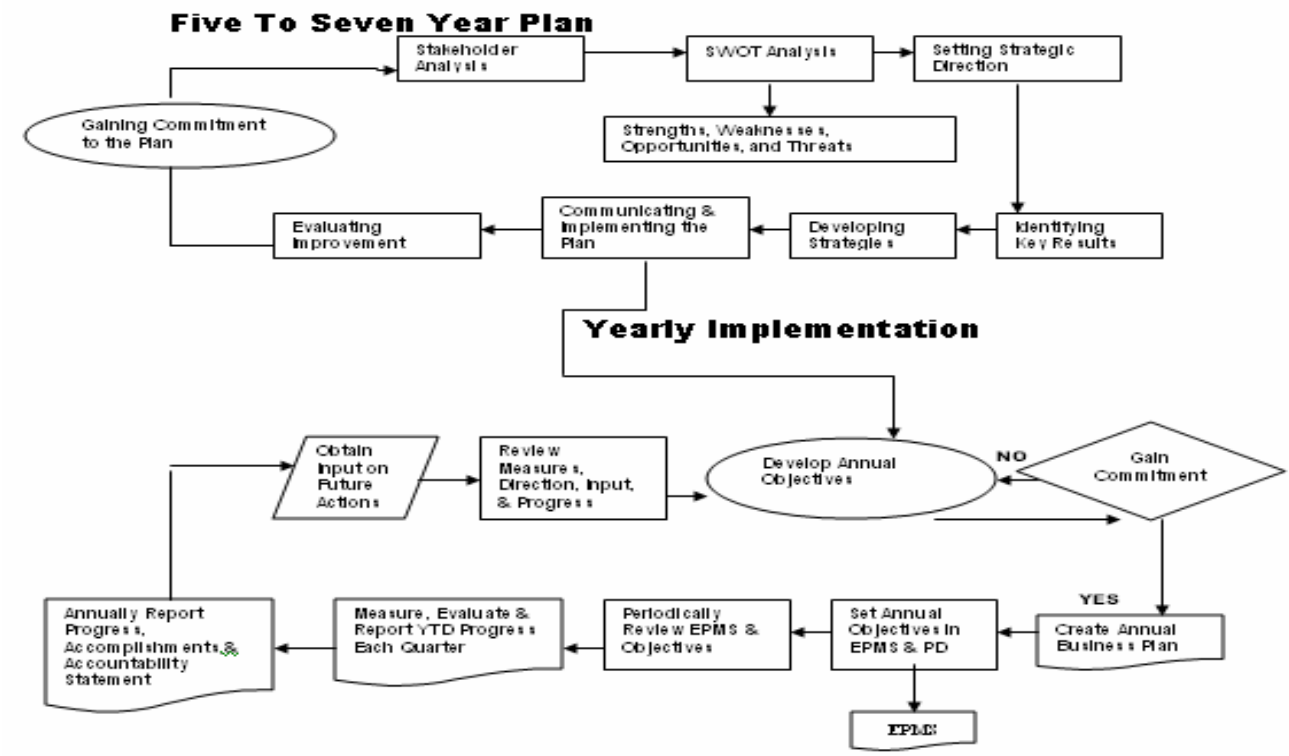
We partner with business groups, such as the State Chamber of Commerce, Municipal Association, Association of Counties, the Small Business Development Centers, the Hospitality Association, the Manufacturers Association, the SC Hospital Association, and the SC Manufacturers Alliance, and others on joint projects and provide education to these groups. Our collaboration with state partners includes the Departments of Transportation; Health and Environmental Control, Commerce, Labor, Licensing and Regulation; and the South Carolina Education Lottery, to name but a few. We regularly serve as a pilot site with the Internal Revenue Service to bring taxpayer friendly programs to South Carolina citizens, such as issuing federal employer tax identification numbers. We frequently are called upon to make presentations to a wide variety of audiences about both taxation and our quality leadership approach.

Our agency actively supports many community groups and activities such as the United Way, the Good Health Appeal, Cooperative Ministries, the Red Cross, Harvest Hope Food Bank, the Ronald McDonald House, National Multiple Sclerosis MS150 bike tour, and our community schools.

Category 2 -- Strategic Planning

2.1a The agency's strategic plan is the basis for both our long- and short-term planning processes. In July of 2006, we completed a review of the strategic issues facing us in the next five years. Our strategic planning process gives us a future-oriented basis for business decisions, resource allocation and management, and helps us stay focused on those things that are important priorities for the agency.

Below is a graphic of the Department's strategic planning model.



We continue to keep focused on our customer and stakeholders through the SWOT portion of this process. It helps us identify our **S**trengths, **W**eaknesses, **O**pportunities, and **T**hreats or risks that could impact our actions. This research and analysis process gathers input from employees, business and non-business taxpayers, elected officials from both state and local government, tax practitioners, media, other state agencies, government entities within the state, suppliers/contractors/partners and professional associations. The main themes that surfaced from the internal assessment and employee focus groups this year include the need for more technical training; a continued focus on workforce planning; salaries and benefits; and employee career paths.

Our external scan revealed issues related to increased intergovernmental interactions amid the cry for smaller government, the ability of state government in general and DOR specifically to recruit and retain the best employees and candidates, the ever increasing dependency of customers and employees alike on technology solutions and the expansion of a non-English speaking population.

2.1b – g The Key Results, strategies, objectives and projects of the strategic plan focus the agency on addressing short and longer-term priorities related to risks of any nature as well as the shifting technological and regulatory arenas. As described in 2.1a above, through the SWOT analysis we have taken into consideration our human resource needs, the opportunities and barriers we are and will be faced with, and business continuity issues that would need to be addressed in emergencies.

Having all employees' position descriptions and subsequent evaluations tied to the strategic plan enables us to seamlessly execute our strategic plan.

2.2 We develop our action plans through our annual business planning process. Each year, all natural work teams and project teams set objectives and action plans that target one or more of the strategies tied to the Key Result areas. Our Annual Business Plan addresses improvement opportunities at the team, operating division and agency level. Progress is reported quarterly. Planning is an annual process that we believe not only aligns employee efforts with the issues of most importance to our agency, but also helps us monitor progress and use resources wisely. Our agency level Annual Business Plan focuses on significant multi-year business plans, typically that involve a combination of multiple DOR divisions and external stakeholders.

The significance of aligning individual duties and accountability to the strategic plan is underlined through explicitly tying job duties to key results on each employee's position description and EPMS as mentioned in 1.1. In addition, quarterly coaching sessions are strongly encouraged for each employee during the EPMS process. Part of that coaching includes reinforcement of the key results and the employee's unique responsibilities that will help us better accomplish our mission.

These plans are then tracked through: (a) periodic presentations of the 14 agency level business objectives; (b) quarterly year-to-date progress reports; and (c) regular review of the dashboard measures which tie to our key results areas.

2.3 The strategic plan is communicated in large group meetings with all employees and reinforced by sectional meetings within each division. In addition, other types of communication include other media such as e-mail, brochures, posters, and through communicating Monday morning meeting minutes in our *This Week* publication. For new employees, an orientation session called "DOR-101" educates employees to the agency, the strategic plan, and the strategic planning process. Annual business plans are deployed throughout the agency by the division leadership teams. Individual work teams also identify continuous improvement projects that support strategic business needs.

2.4 As described in 2.2 above, we measure our progress on each action plan in the annual business plan through quarterly reporting. In addition, these are monitored by the respective leaders of the objective teams on a continual basis, and problems or obstacles are reported to the senior leadership team on a timely basis.

2.5 All of our strategic objectives were developed through thorough research and investigation of the environment and asking our stakeholders what their expectations were of the DOR and what our expectations were of them. The challenges outlined in the Organizational Profile are in part a result of this research. This information was synthesized to determine the strategic challenges we would be facing over the next five to seven years.

2.6 Evaluation and improvement of the strategic planning process occurs annually through our planning cycle. In addition, we employ the Institute for Public Service and Policy Research as strategic planning consultants as needed. Annually we look at last year's progress, evaluate current needs, and establish goals for the year that reflect the needs. Through the use of the "plan-do-check-act" improvement cycle, we not only review the plan itself but also the process as we establish new plans.

2.7 A listing of our key results and objectives is located at http://www.sctax.org then click on the Strategic Plan button.

As shown in the Strategic Planning Chart below our plan includes four Key Results areas and their associated action plans along with the key performance measures. Our Key Results are: Maximized Compliance, Strong Stakeholder Relationships, Effective and Efficient Agency and Enterprise Services, and Capable, Satisfied, and Diverse Work Team.

Program Number and Title	**Supported Agency Strategic Planning Goal/Objective**	**Related FY 06-07 Key Agency Action Plan/Initiative(s)**	**Key Cross References for Performance Measures***
I.A Administrative & Program Support	Key Result 2 - Strong Stakeholder Relationships Key Result 3 - Efficient and Effective Agency and Enterprise Services	3.5 Improving Processing Operations Performance	7.1.4-7.2.5
II. A Programs & Services - Support Services	Key Result 1 - Maximize Compliance Key Result 2 - Strong Stakeholder Relationships Key Result 3 - Efficient and Effective Agency and Enterprise Services	2.1 Drive One-Stop Business Registration 2.2 Provide Stakeholder Education and Feedback 2.4 Provide Property Tax Training for Newly Elected County Auditors 3.1 Employ Best Practices for Efficient and Effective Processes 3.6 Develop Procedures for County Reimbursement Under New Property Tax Legislation (H4449)	7.5.1-7.5.3 7.2.1, 7.2.4 All measures in category 7
II.B Programs & Services - Revenue & Regulatory Operations	Key Result 1 - Maximize Compliance Key Result 2 - Strong Stakeholder Relationships Key Result 3 - Efficient and Effective Agency and Enterprise Services	1.1 Find Nonfilers 1.3 Establish a Data Warehouse 1.5 Implement a Formal Audit Plan 1.6 Utilize Treatment Scenarios 2.3 Develop the South Carolina Integrated Tax System (SCITS) 3.2 Upgrade Technology Infrastructure	7.1.3
II.C Programs & Services - Legal Policy & Legislative Svcs.		1.4 Maximize Voluntary Compliance through Fair Share Activities	7.5.4
III.C Employee Benefits-State Employer Contributions	Key Result 4 - Capable, Satisfied, and Diverse Work Teams	4.1 Guide Agency Workforce Planning Initiatives	7.4.1,7.4.2

Category 3 -- Customer Focus

3.1 Through our strategic planning process and implementation, the agency's key customers and stakeholders have been identified as those who use state revenues; the agencies that rely upon state revenues; individual and business taxpayers of the state; tax practitioners acting on behalf of those taxpayers; regulated businesses; statewide property taxpayers; local governments; elected officials; and federal, state and local governments. We define our customer groups by the products and services they require. This allows us to determine and fulfill our customers' key requirements by asking questions, defining terms, setting standards, and employing continuous improvement methodologies. Strategies are then built to address those requirements.

3.2 We continuously search for and employ customer-friendly feedback vehicles to listen and learn what our customers' needs and expectations are. As mentioned above and in category 2, we utilized the strategic planning SWOT process to conduct focus groups with our major customers and stakeholders to ascertain future expectations of our processes and employees. These focus groups are an invaluable listening and learning mechanism. Our website is an avenue for our customers to provide feedback and access services. SCBOS, our internet registration and filing method, employs a feedback loop should a citizen wish to provide it. All notices that are sent by the agency contain a telephone number for customers to make inquiries and suggestions. Our annual Customer Satisfaction Survey conducted by the University of South Carolina is another vehicle for us to gain feedback from our customers. We also continue to utilize our Contact Center and Taxpayer Service Centers to gain insight from callers and walk-ins on problems, preferences, concerns and trends. Our monthly Sales and Use and Withholding Tax forms workshops, the Small Business Workshop and the various other taxpayer education session participants are encouraged to provide feedback via written evaluations upon conclusion of each class. Daily, we are provided with news clips from papers across the state, the *Wall Street Journal, Washington Post, Charlotte Observer* and others to keep a finger on the pulse of current events that could potentially affect our tax administration.

Annually, we are required to update our forms. Employee teams are formed each year to accomplish these updates and external focus groups are used to gain input for our Individual Income Tax, Sales and Use Tax, Corporate Tax, and Withholding Tax forms. This has proved invaluable in helping to build relationships and more importantly, gaining greater knowledge in the ever changing customer and business needs and expectations.

3.3 We view every complaint or comment as an opportunity to improve our services. Strategies for one of our agency level objectives have included holding a number of focus groups to get feedback on a number of our tax forms. The SC Department of Revenue has established a single sign on for access to all SC DOR web applications utilizing one user name and password which allows our customers access to the information about their business. Our website has been built around customer needs and expectations and allows them to make suggestions and ask questions about requirements. We have made major strides in making our website compliant with Federal Section 508 that requires electronic and information technology accessibility for citizens with disabilities. As mentioned in 3.2, we look to the advisory boards, workshop participants and a wide variety of other stakeholders to help us keep our services relevant and to identify additional opportunities for improvement. Many of the enhancements, improvements and additions to our electronic means to deal with the agency come directly from customer and stakeholder trends.

As mentioned in 3.2 above, including feedback from tax practitioners, tax accountants, CPAs,

and taxpayers for our forms design teams has proved invaluable in simplifying content and format of information on our tax forms.

3.4 The agency has employed several methods to collect customer satisfaction and dissatisfaction input to determine the strength of our relationships and to improve processes. These include:

- The University of South Carolina's Institute of Public Service and Policy Research Biannual Survey of the South Carolina Public includes our annual satisfaction survey on overall service delivery, quality of information received, and the ease of the process. (See Figures 7.2.1. and 7.2.4.)
- Taxpayer education initiatives, such as our Sales and Use Tax Workshops, our Sales and Use and Withholding Tax Forms Workshops, and our Clemson Workshops are used in part to measure customer satisfaction and gain valuable input to our forms and processes.
- The use of focus groups when developing forms and notices help us ascertain when we are doing things well or poorly.
- The Taxpayer Advocate's Report is a measure of the number of types of complaints, the resolutions of those complaints, and the processes that have been changed as a result.
- Participation with the CPA Association.

3.5 We build positive relationships with customers and stakeholders in a number of ways as identified by the various groups and methods to address their particular needs detailed in the Organizational Profile. We understand that most taxpayers will voluntarily comply with the tax laws if the instructions are clear, understandable and simple. With the expansion of the capabilities of our business registration web site, SCBOS, we have made it easier to start a business in South Carolina and provide the information needed to get the right business licenses and set up tax accounts. We are partnering with multiple entities as members of the Executive Team for this project. These are: Secretary of State's office, Employment Security Commission, Department of Health and Environmental Control, Department of Consumer Affairs, Department of Labor, Licensing, and Regulation, Office of CIO (Budget and Control Board), Department of Commerce, S.C. Chamber of Commerce, S.C. Association of Counties, and the Municipal Association of S.C. Through our collaborative efforts we have made it easier and faster for new and existing business to obtain or renew licenses, permits or registrations (LPR's), make changes to existing LPR's, and file and pay taxes on-line.

The agency holds workshops to update taxpayers on tax law changes and forms revisions (i.e., Clemson Individual Income Tax Workshops, Small Business Workshops, and Sales and Use Tax Workshops). Additionally, workshops are scheduled with local government officials, county auditors, treasurers and assessors to address new tax legislation that affects these entities. Other regional workshops are conducted on a variety of tax matters. These workshops allow us to gain valuable input to our processes as well as help to build positive relationships with these customer groups.

The agency has structured ways in which to educate and be responsive to the various needs of our customers. In addition to personal telephone assistance, responding to mail and e-mail correspondence offered on our website, the Department provides:

- News releases for information of general interest to the public and information letters for information of general interest to tax professionals;
- Advisory opinions providing the formal policy statements of the Department;

- Brochures for taxpayers, including:
  Moving to SC: A Tax Guide for New Residents
  SC Sales and Use Tax
  Guide to South Carolina Taxes for Military Personnel
  A Tax Guide to South Carolina's Accommodations Tax on Vacation and Second Home Rentals

  Publications for business tax professionals include:
  South Carolina Sales Tax Newsletter
  S.C. EFT Program Guide
  Computer Assisted Audit System (CAAS
  South Carolina Property Tax
  Summary of South Carolina Corporate Income Taxes
  South Carolina Department of Revenue Legislative Update (each year)
  South Carolina Tax Incentives for Economic Development (each year)

  All of the above material is available on the Department's web site and all of the material for tax professionals is sent to them through a listserve.

Our web site's frequently asked questions section also answers taxpayer questions. Each April, citizens greatly appreciate the agency's "forms drive-through" service at the Columbia office, which allows taxpayers the ability to pick up their state and federal tax forms without leaving their automobiles.

We offer a variety of methods for customers to file taxes, obtain forms and register a business. Our website allows for certain tax filings and credit card payments, business registration, and answering questions. Both current and past year tax forms are available. Also available via the web site and our Refund Hotline is refund status information. Internet filing is available for Individual Income Tax, Sales Tax and Withholding Tax. The internet is also available for payments for sales, withholding, corporate, individual income tax, receivables, and approved pay plans. Through our other electronic payment option of electronic funds transfer (EFT), taxpayers can also pay withholding, corporate, and a number of the miscellaneous taxes including motor fuel and deed recording, among others. Through our online Business One-Stop project (SCBOS), business owners can not only register a business, but also pay for their licenses and fees via the internet.

The method of defining our customers by the various products and services we deliver has proved to be extremely helpful in differentiating between our numerous customer groups. Our industry specific sales and use tax workshops were developed to address a particular industry's concerns.

Measurement, Analysis, and Knowledge Management

4.1 & 4.2 The agency leadership has long reviewed all types of data to ascertain the progress made in our operations, processes, and systems. Our key or "dashboard" measures are discussed in 4.3. These measures were synthesized from over 120 department measures, many of which continue to be reviewed at the operational versus executive leadership level. These measures were agreed upon by the leadership team as those that would provide an overall picture of the "health" of the agency. They are reviewed on an annual basis to ensure that they are still appropriate and adequate to manage the agency. Additionally, each strategic objective and

action plan includes measures that are developed to ascertain progress on the objective. The following characteristics of the measures are required:

Definition: *Give operational definition of measure.*
Data Source(s): *Where does the data come from? (e.g., monthly mainframe collections report) Who collects the data if it doesn't come from the mainframe?*
Why is it important? *Why this measure? What does it tell us? How does it relate to an important outcome? What decisions are affected by this measure?*
Factors Affecting Performance: *What major variables will affect this measure? This could include both controllable and uncontrollable variables.*
Analysis of Current Performance: *This section is updated each reporting period with year-to-date analysis. Describe special cause situations, trends, anomalies, or process changes that affect performance.*

4.3 Our agency dashboard performance measures align numerically to the agency strategic plan. These measures include: total collections, total enforced collections, customer satisfaction survey results, refund cycle times (various taxes), cost per dollar collected, percent of returns received electronically (various taxes), percent of returns received electronically, deposit opportunity cost, total number of transactions processed, debt collected by setoff, voluntary resignations, equal employment opportunity (EEO) parity rate, and others. These results are found in Category 7 of this report.

Measures are reported on by use of a standardized format that states the related key result, measure type (input, output, outcome), location of the data and charts, averages for the last five years, goals for this year, goals for five years hence and the individual held accountable for the data. Definitions, data sources, description of why the measure is important, factors that affect performance and analysis of current performance, as indicated above, are included for reporting. All dashboard measurement data is located in the "shared" directory of our Local Area Network and is accessible to our employees. The agency continues to use these measures in the senior leadership appraisal system as they are aligned with the strategic plan and the managers' areas of responsibility. The measures are reviewed annually to ensure that they are still relevant and serve the agency's business needs and direction.

4.4 We participate in the (FTA) Federation of Tax Administrators' Benchmarking project for our comparative data. There are very few state revenue departments that are currently participating in the benchmarking efforts, but the hope is that this initiative will expand to give revenue departments a more extensive and sound method of benchmarking similar processes. The sharing of this information allows us to analyze our processes and benchmark with those states whose results are superior to ours.

4.5 An independent security audit was completed on our computer systems to help maintain data integrity, accuracy, and security ensuring the reliability of data used for decision making.

4.6 With a quarterly review of performance data and quarterly updating of the annual business plan objectives, we are able to focus our resources on those action plans that are either not attaining their milestones or celebrate the achievement of those that remain on target. The data provided for these performance reviews allows us to target processes for improvement.

4.7 Leadership development and knowledge transfer are key parts of our strategic plan. DOR has invested significant resources in cultivating our leaders of the future. We participate in the Associate Public Manager Program, Certified Public Manager Program, and the Executive Institute on the state level. On the agency level, we designed and implemented a leadership development process for potential leaders who are earlier in their careers and who are spread across the spectrum of our agency functions. We completed the third year of this successful program and have graduated 161 employees from this class.

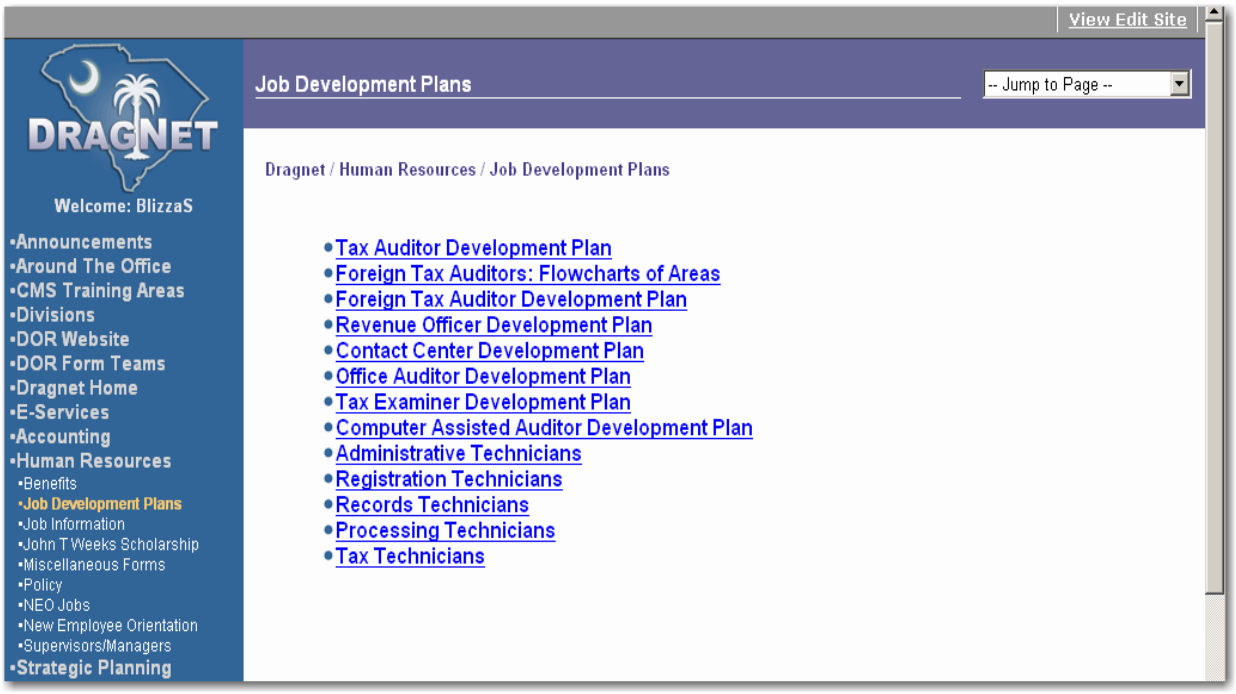
We also use our electronic means to promote employees keeping abreast of the information and data that is compiled. Our "shared" directory and internal web site, Dragnet, contains a wide variety of information on technical subjects and also includes a succession planning guide. These documents can be completed by employees to allow for the seamless transfer of knowledge.

As mentioned in the major achievements portion of the Organizational Profile, our workforce planning effort is focused on knowledge transfer. Because of the large exodus of TERI employees over the past few years, we conducted job analyses with a number of these employees to capture the duties, tasks and knowledge they have and to share best practices. Further, a job analysis process was completed with the majority of job families throughout the agency documenting their duties, tasks, knowledge, skills, equipment, supplies, future issues and concerns.

Workforce Focus

5.1 The agency is organized in each division and section by natural work teams that have specific responsibilities. These teams are empowered to cross team and division lines to communicate issues and collaborate. Cross-divisional work teams are appointed to work on substantive improvements and implementation that are projects identified through the annual business planning process and tie to one of the four key results of the strategic plan. The talents and initiative of our employees are the ultimate keys to our success. The use of teams from the process under study encourages and motivates employees to solve problems and make continuous improvements.

All Position Descriptions are written to tie directly to the mission of the organization. All EPMS documents have been rewritten to tie directly to our strategic plan. In addition, many of our frontline workforce have a Job Development Plan that ensures progression in knowledge and skills and encourages employees to develop their potential. The majority of these plans reside on our intranet, Dragnet. See below:

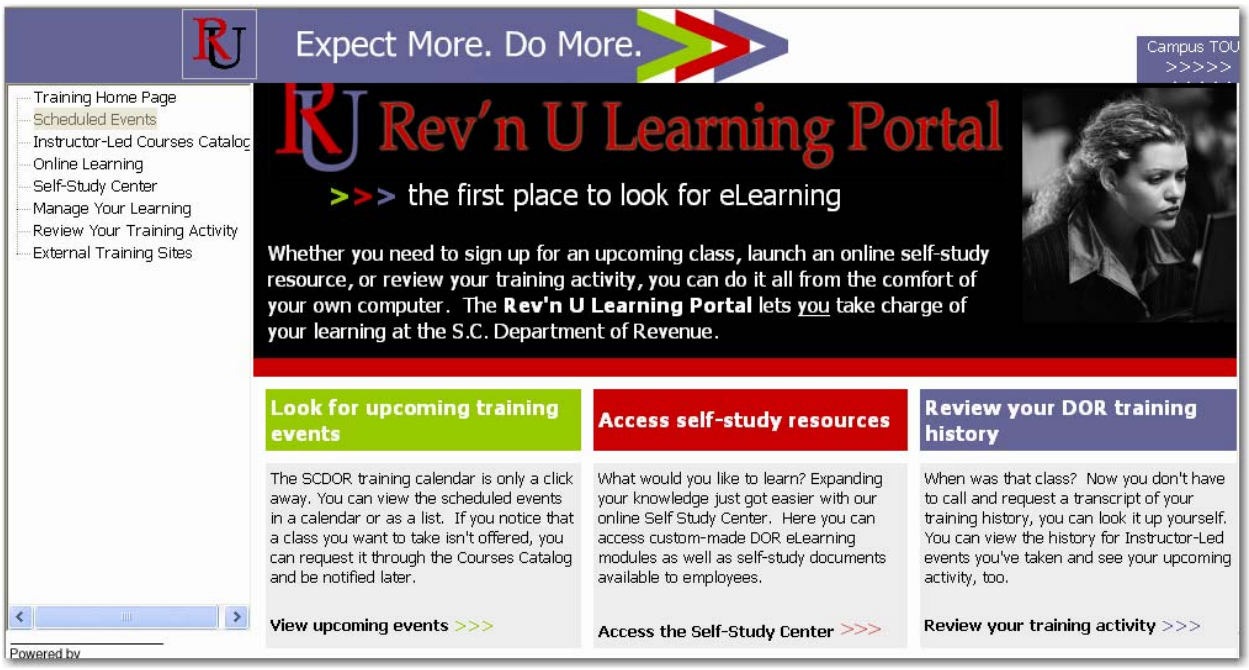


The agency has committed to providing our employees with state-of-the-art computer equipment by "bulldozing" every two years with leased equipment. We also provide up-to-date software to our employees to give them the tools they need to best serve our customers.

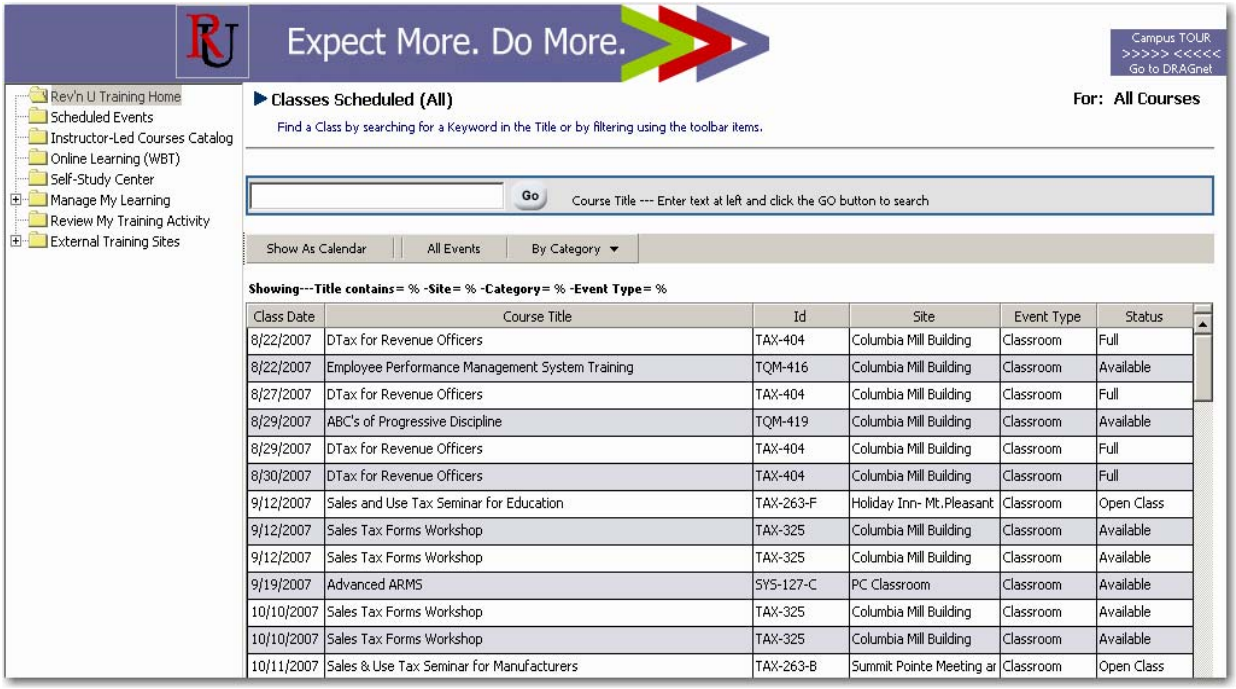
Our weekly publication, *This Week*, keeps employees informed about happenings in the agency, as well as provides a summary of weekly executive staff meetings, relevant data, upcoming events, and employee news. This communication helps to reinforce our "DOR family" culture.

5.2 The human resource processes, considered as support processes, are evaluated and improved using the same model described in Category 6.

5.3 We identify and address developmental and training needs through periodic needs assessments. During the internal scan process of the strategic plan review, employee focus groups identified a need for more technical training. We continue to focus on e-learning available through Rev'n U to provide just-in-time training without travel costs. We have developed a wide array of general tax and tax specific "on-the job" course modules available for on-line users. See our Rev'n U Learning Portal below.



When traditional classroom training is utilized, it is augmented with accelerated learning techniques. We have technical training initiatives and quality and leadership initiatives. A sample of classroom training is listed below. Courses have been developed that address job skills, performance excellence, diversity, management and leadership training. Below is a sampling of the classroom training offered.



Class Date	Course Title	Id	Site	Event Type	Status
8/22/2007	DTax for Revenue Officers	TAX-404	Columbia Mill Building	Classroom	Full
8/22/2007	Employee Performance Management System Training	TQM-416	Columbia Mill Building	Classroom	Available
8/27/2007	DTax for Revenue Officers	TAX-404	Columbia Mill Building	Classroom	Full
8/29/2007	ABC's of Progressive Discipline	TQM-419	Columbia Mill Building	Classroom	Available
8/29/2007	DTax for Revenue Officers	TAX-404	Columbia Mill Building	Classroom	Full
8/30/2007	DTax for Revenue Officers	TAX-404	Columbia Mill Building	Classroom	Full
9/12/2007	Sales and Use Tax Seminar for Education	TAX-263-F	Holiday Inn- Mt.Pleasant	Classroom	Open Class
9/12/2007	Sales Tax Forms Workshop	TAX-325	Columbia Mill Building	Classroom	Available
9/12/2007	Sales Tax Forms Workshop	TAX-325	Columbia Mill Building	Classroom	Available
9/19/2007	Advanced ARMS	SYS-127-C	PC Classroom	Classroom	Available
10/10/2007	Sales Tax Forms Workshop	TAX-325	Columbia Mill Building	Classroom	Available
10/10/2007	Sales Tax Forms Workshop	TAX-325	Columbia Mill Building	Classroom	Available
10/11/2007	Sales & Use Tax Seminar for Manufacturers	TAX-263-B	Summit Pointe Meeting ar	Classroom	Open Class

Additionally, all of the methods and materials listed in 3.5 to education our customers are also available and used to train our employees.

We evaluate the effectiveness of training and encourage the use of the new knowledge and skills primarily through our formal Job Development Plans for much of our frontline workforce that

requires development of specific skills and duties. Teaching and training are required for certification and progression to the highest step of each plan. Each employee can reach the top of the individual plan with dedicated effort.

We provided 90% tuition reimbursement for up to 12 semester hours per year for our employees seeking a higher education. Our variable work week or work hour options assist those interested in completing accounting hours or degree requirements to qualify for entry into another job area in our agency. We sponsor an on-site Toastmasters group to allow employees to acquire and polish their public speaking skills. We also offer the John T. Weeks Scholarship for employees' children as well.

The agency has long held a leadership role in the state for our quality improvement and leadership training. For the last 18 years we have introduced our employees and many from other agencies to the quality tools and process. The Leadership for Results course graduated 44 employees in January, 2007. One hundred sixty-one employees have graduated from this program over the last three years. An on-line version of each of the modules was purchased so that participants who could not attend a session had the opportunity to learn the concepts.

Additional training opportunities the agency endorses include: regional and national tax administrator courses, Motor Fuel task force classes (as trainers and participants), CPE Training, tax law, technical skills, supervisory training, quality and leadership training, Certified Public Manager, Associate Public Manager, and the Executive Institute.

When new employees are hired, we introduce them to the agency through our orientation course, DOR 101. This training day includes a tour of the processing facility at Market Pointe, a formal meeting with the Director, Deputy Director and the senior management team. All of the management team introduces themselves and gives a brief introduction to the functions of each division. Other subjects addressed in this orientation include the Strategic Plan and an overview of taxes administered by DOR, the Taxpayer Bill of Rights, customer service, tax research on the DOR intranet and the internet, bribery awareness, and penalty and interest calculations.

5.4 Employee training is a vital part of ensuring we achieve DOR goals, objectives and are able to execute the action plans. The training outlined above is evidence of DOR's commitment to giving employees the tools they need to do their jobs.

5.5 & 5.6 The agency's approach to managing employee performance is through formal quarterly EPMS coaching sessions. All employees' planning stages include specific ties to the agency strategic plan; therefore these sessions allow for a free exchange of information to support continued high performance within the agency. Other successful components of our performance management system include: training development plans, universal review date for executive management that ties to the timeline of the annual business plan, and formalized succession planning.

5.7 Employee well-being and satisfaction is a significant indicator of return on our investment. Our measures include results of focus groups, exit interview feedback, turnover, absenteeism, and grievance statistics. We couple the diversified state benefits package with other initiatives that have proven successful, such as ongoing health screenings and stress reduction programs, weight watchers, an exercise group, and the DOR golfers. Tuition reimbursement and variable

work week or work hour options assist employees in balancing their lives and professional development needs. The availability of a laundry pickup and delivery service has been well received. The Employee Assistance Program is available to all employees. Formal appreciation events included an employee appreciation barbeque lunch, meet the Director pizza lunches, lunch with the Director program, and our Director's Shining STAR reserved parking space. All continue to be popular recognition options. Many work groups organize their own recognition celebrations on an ongoing basis.

Historically, DOR's turnover is approximately one-half that of other state agencies according to data provided by the Office of Human Resources at the Budget and Control Board. We have very little turnover (See Fig. 7.4.1) and grievances are rare. This was verified through the results of our employee focus groups' answer to the question of "If your son or daughter (or someone close to you) was thinking about coming to work for the Department of Revenue, what would you tell them?" According to the Governmental Research and Service group of the Institute for Public Service and Policy Research at the University of South Carolina, the majority of employee views present a balanced picture of life at the Department of Revenue.

5.8 Initiatives in the area of maintaining a safe, secure and healthy work environment include: ergonomics and air quality studies; health screenings, flu and pneumonia shots, walking club, weight loss club, CPR training and on-site mammography as well as blood donation opportunities on-site. We developed a Business Continuity Plan that is updated periodically to address workplace preparedness for emergencies and disasters.

Process Management

6.1 – 6.5 The agency is aligned to its identified core processes. Below is a table identifying these processes. (Figure 6.1.1) **Note:** Support processes are included in the Administration category. All products and services, which are either in place or to be designed, link to one of the core processes.

Core Processes	Sub-Processes	Stakeholders
Revenue Processing & Allocation	Forms Design and Management Mail Processing Records Electronic funds transfer/electronic data interchange Electronic Filing/Payment Enforced collections deposits/cash management Payment Processing Return Processing Refund Processing Data Collection Data Management Data Dissemination Statistics Revenue allocation Local Option Taxes Property Taxes Motor Fuel Taxes Dry cleaning $9.5 million road/gas fund Accommodations Tax	Elected Officials Other state agencies Governments Non-Business Taxpayers Business Taxpayers Practitioners Citizens Comptroller General

	Index/Ratio Lists of corporate officers	
Registration, Licensing, and Exemptions	Registration Licensing Code Enforcement Determine Exemptions Oversight Local Government Assistance Question Answering	Elected Officials Other agencies Governments Business Taxpayers Practitioners Citizens
Valuations	Manufacturing Property Utilities, carlines Business personal property Fee in lieu of taxes (FILOT) Motor Vehicle guides Motor Carrier	Local Governments Department of Public Safety Department of Transportation
Compliance	Audits and collections Data Reconciliations Code Enforcement Process Regulatory Violations Criminal Investigations/Prosecutions Assist Other Agencies/Governments	Elected Officials Other state agencies Governments Non-Business Taxpayers Business Taxpayers Practitioners
Guidance, Education, Marketing, and "Answers"	Policy Decisions Problems Resolution Contact Center Taxpayer Assistance Officers Speakers Bureau Taxpayer Rights Advocate Training Rev'n U Publications New Legislation Guide Annual Report Legislative Affairs and Press Releases Forms Policy Documents Assist Other Agencies Local Government Liaison Provide Statistics/Data Education and Training	Elected Officials Governments DOR Staff Non-Business Taxpayers Business Taxpayers Practitioners Citizens
Dispute Resolution	Mediation Negotiations Error and Assessment Notices Error & problem resolution Taxpayer Advocate Appeals Administrative law court and other court cases	Elected Officials Governments Non-Business Taxpayers Business Taxpayers Practitioners
Administration	Human Resource Planning and Development Information Technology Facility Management Financial Management	Elected Officials Governments Non-Business Taxpayers Business Taxpayers Practitioners DOR Staff

Fig. 6.1.1

The agency utilizes the process where customers/stakeholders are defined by the products or services they receive, whether they are internal or external customers/stakeholders. This design

and delivery model (Figures 6.1.2 and 6.1.3) forces us to look at how we can incorporate new technology, along with changing customer and mission related requirements, and has given new insight to help us develop and implement appropriate improvements to our process. This model is the way in which we review all of our current processes for improvement opportunities or design of new processes. It shows how we ensure customer/stakeholder involvement.

Customer Service Design and Delivery Diagnosis Worksheet Instructions

Describe the system

1. Identify the product (and its producer) around which the symptoms/objectives seem to be centered.

   Product – A deliverable created by work activity. Products are nouns, countable, and can be made plural with an "s". Be as specific as possible. Examples include: PC repairs, purchase orders, financial audit reports, grant applications, strategic plans, etc.

2. Identify the end users of the product. End users are customers who actually use the product to achieve a desired outcome. They are the people we had in mind when we created the product.

3. Define the outcomes (results) expected of the product for the end user(s) and the producer.

4. List the key product attributes likely to be expected by the end user(s). Examples include easy to use, fast, simple, accurate, etc.

5. Describe the major steps of the process that produces the product.

Check Vital Signs

6. Does the product meet the end users expectations?

7. Is the product achieving the desired outcomes?

8. Is the process able to produce the product accurately?

9. Is the process able to produce the product in a timely manner?

10. Does the process take too long?

11. Does the process cost too much?

12. Is the process too complex?

Select Appropriate Change Process

© Ken Miller, The Change Agent's Guide to Radical Improvement, 2002. www.changeagents.info

Fig. 6.1.2

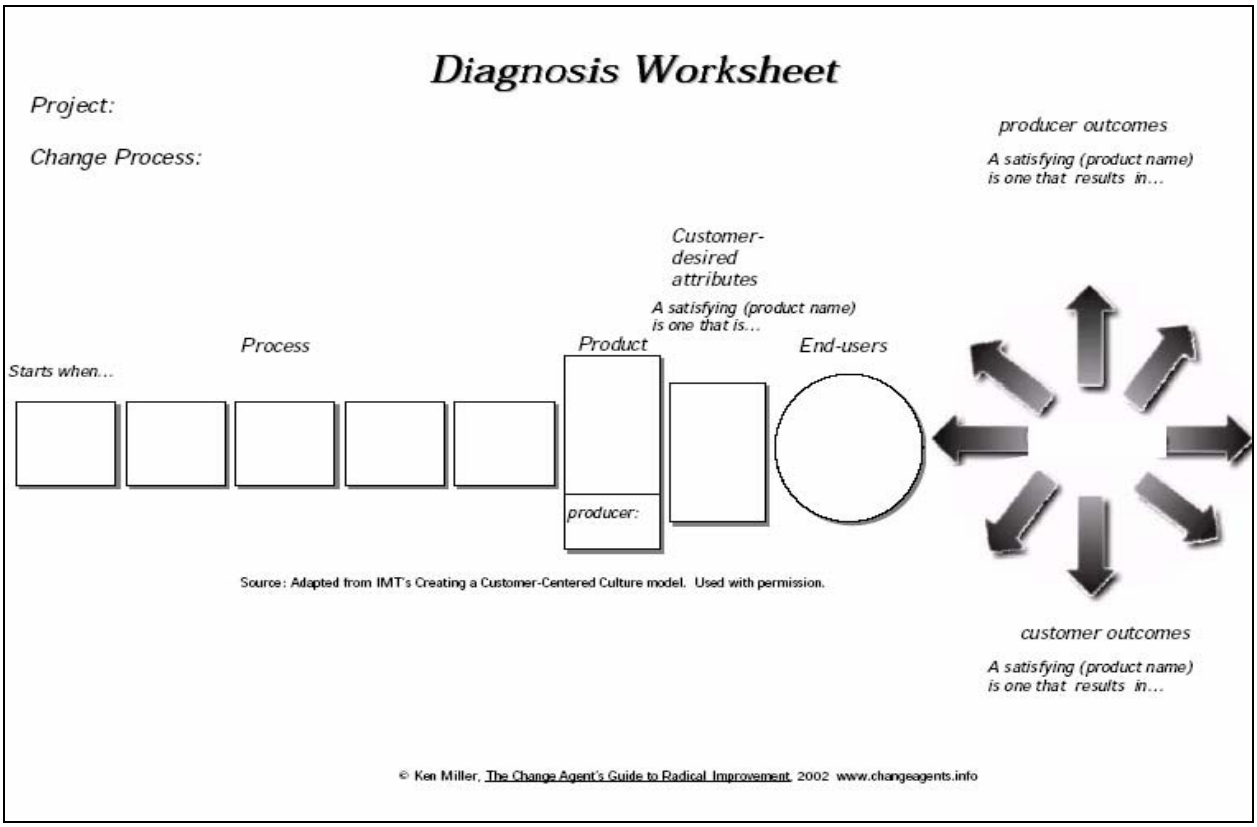


Fig. 6.1.3

6.6 As a part of identifying customer and stakeholder needs, identifying resource needs, and looking at the environmental scan of strengths, weaknesses, opportunities and threats, we determine resources needs and prioritize resources to fit within our projected budget and financial obligations. Our budget is categorized by the major activities of the agency and resources are allocated using an activity based costing process. We develop projected budgets forecasting expenditures for the next five years to allow the agency to monitor long term projects and anticipate the impact of future budgetary changes.

7.1 Mission Accomplishment Category 3.1 lists our stakeholders and customers which include other state agencies, local governments, and the General Assembly. Our measures that deal with administering the revenue and regulatory laws of the state and collecting the revenue due the state are primary components of the assessment of how well we accomplish our mission.

Figure 7.1.1 shows our collections over the prior fiscal years. For fiscal year '07 we increased our collections by 9% over the prior year.

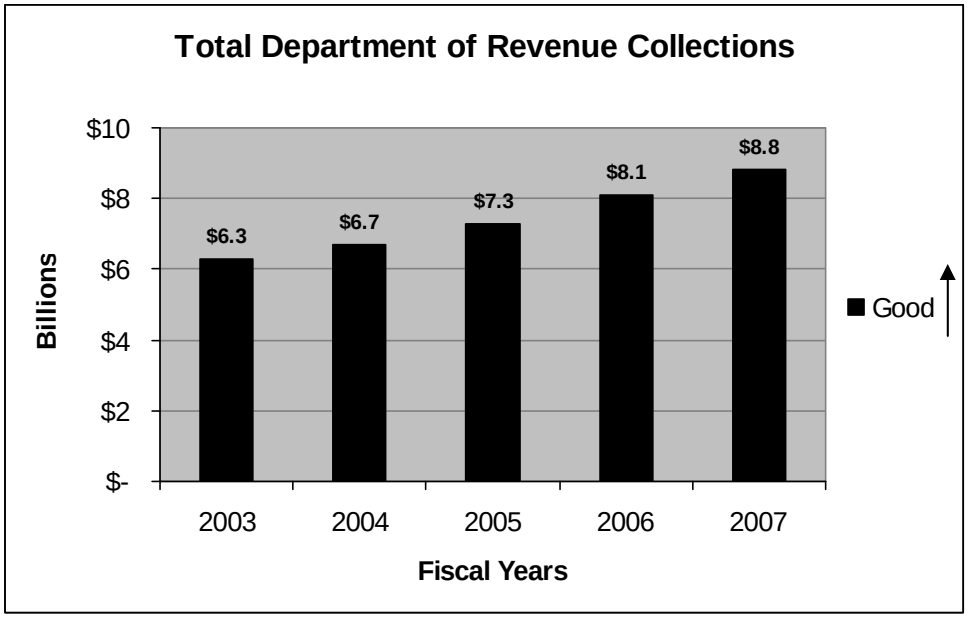


Fig. 7.1.1

With our mission of collecting the tax revenues due to the state, (Figure 7.1.2) shows the total enforced collections and its growth over prior years.

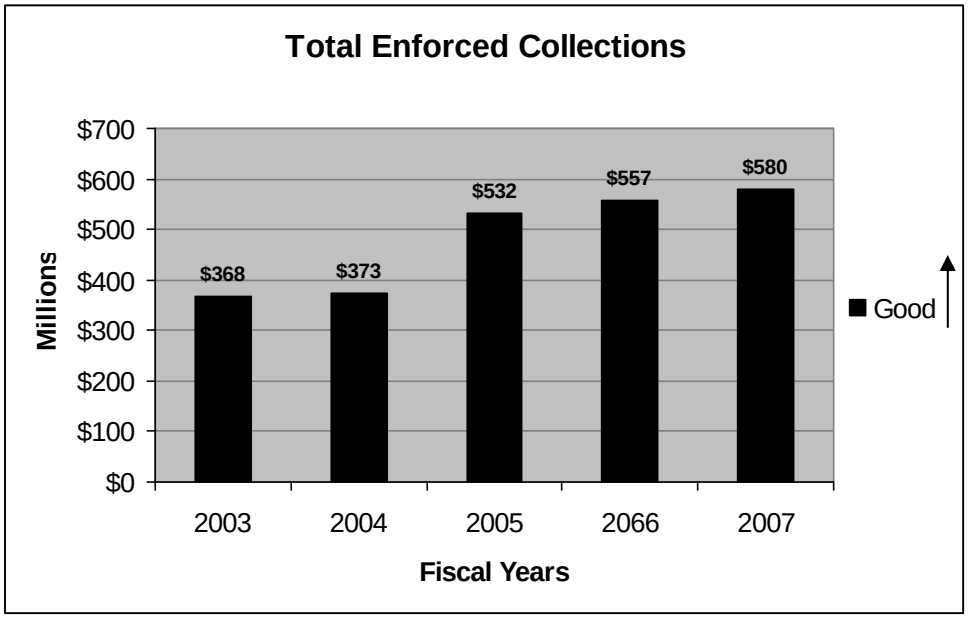


Fig. 7.1.2

For FY 07, Nexus/ Discovery unit has registered 315 nonfilers and collected $14,526,596.32. Projects this year include DOR internal database crosschecks, Employment Security Commission crosscheck, regional and national exchanges, internet research, and auditor referrals.

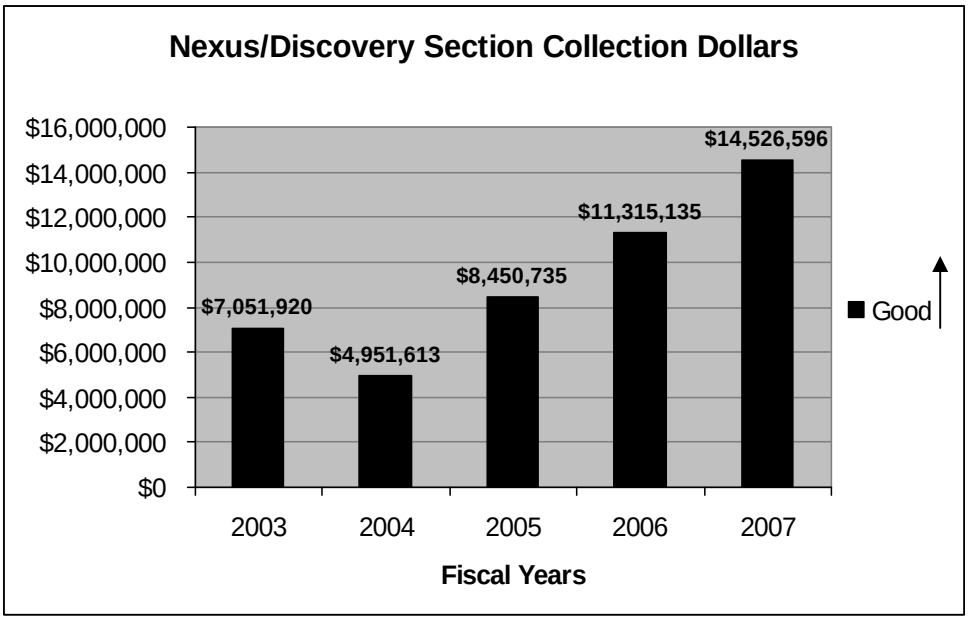


Fig. 7.1.3

This year the Federation of Tax Administrators placed South Carolina fourth among all states electronic filing of Individual Income Tax. This type of filing is not required in South Carolina. Therefore, maintaining our position as leaders is a substantial accomplishment. Promoting electronic filing has been a significant cost and time saver for the Department, the State, and the taxpayer. Figure 7.1.4 depicts our ranking with the other highest ranking states as of May 2007.

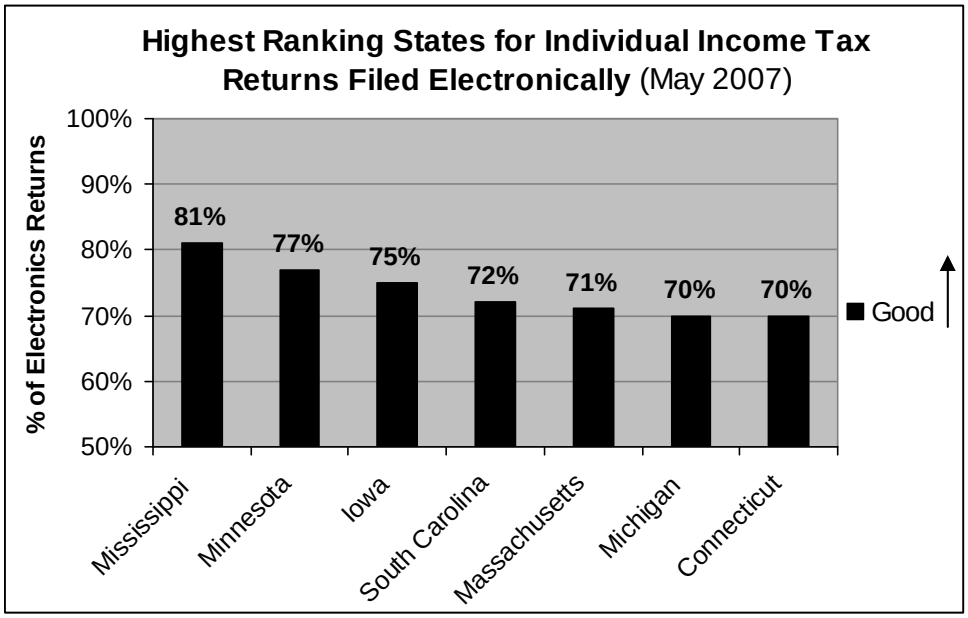


Fig. 7.1.4

Figures 7.1.5 – 7.1.8 show the increase in the total number of returns we have processed in the four top tax types.

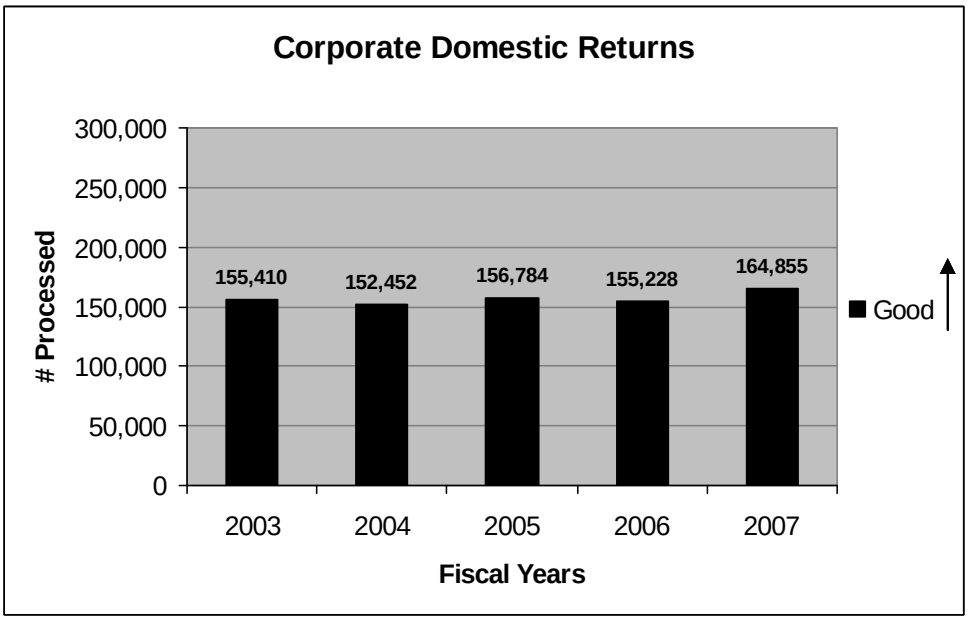


Fig. 7.1.5

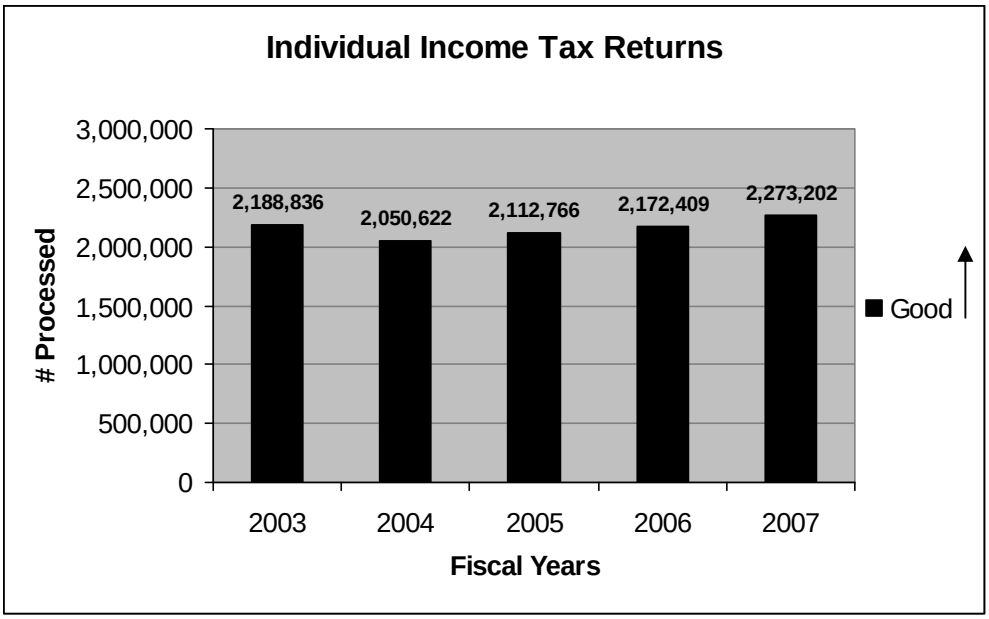


Fig. 7.1.6

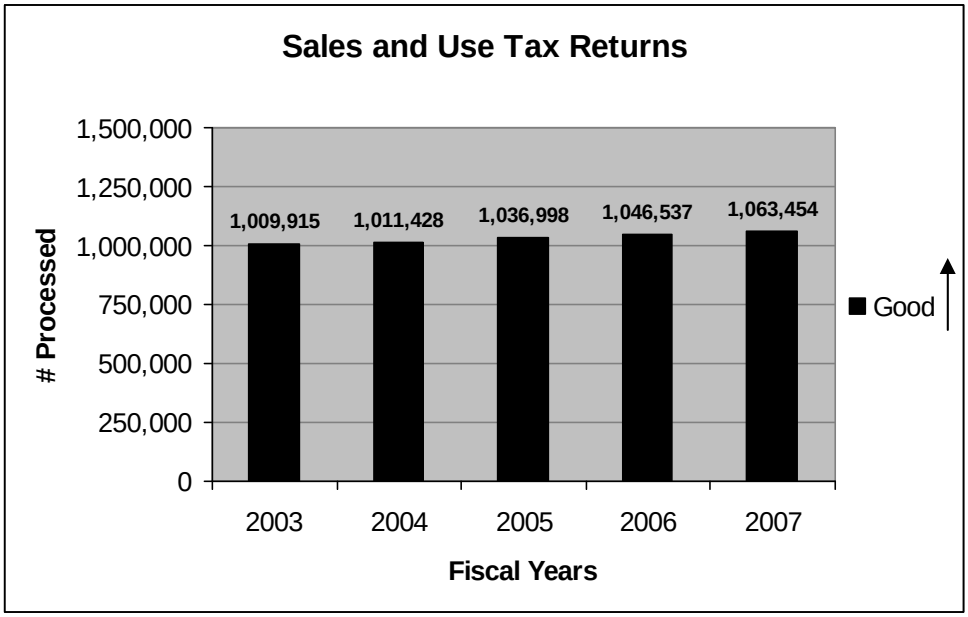


Fig. 7.1.7

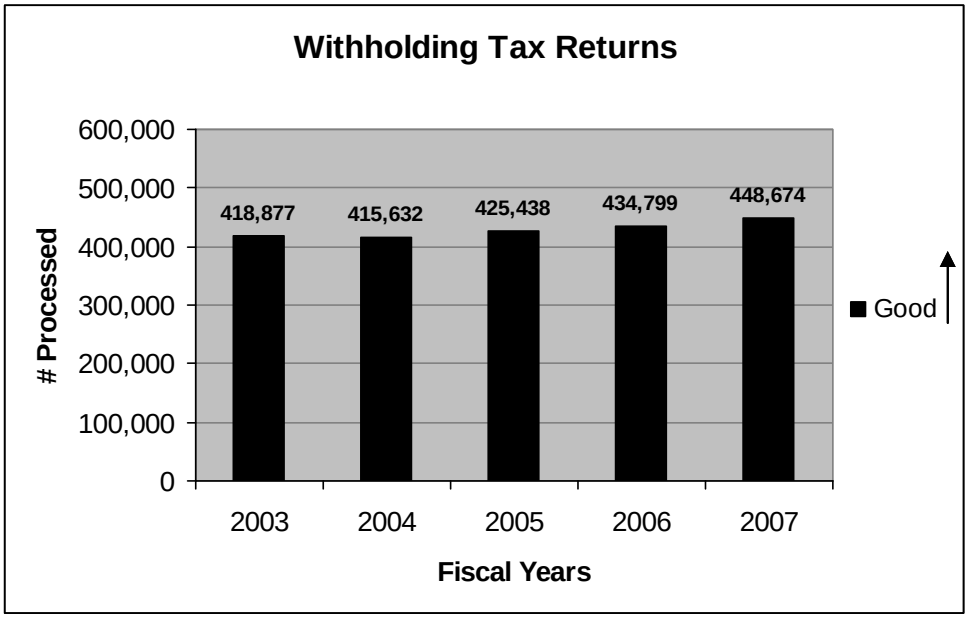


Fig. 7.1.8

Figure 7.1.9 shows the total number of transactions increasing over the last five years.

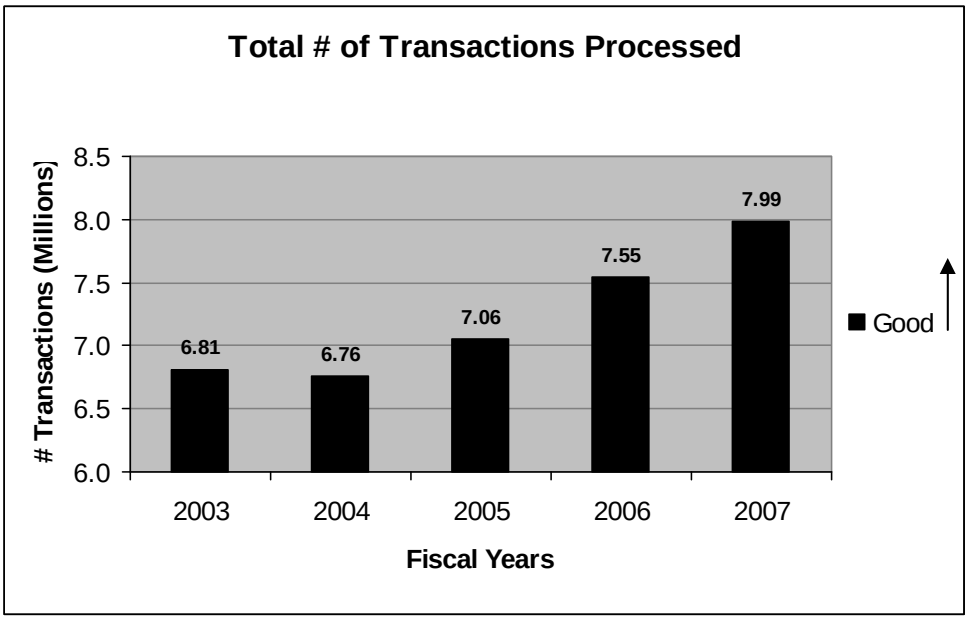


Fig. 7.1.9

7.2 Customer Satisfaction Results The agency continues to use a market based survey conducted by the University of South Carolina to determine customer satisfaction with service delivery. The results of the survey (Figure 7.2.1) indicate that 81 percent of the time the agency met or exceeded the expectations with the service delivery. The trend over the past ten years continues to show positive results with our emphasis on customer service.

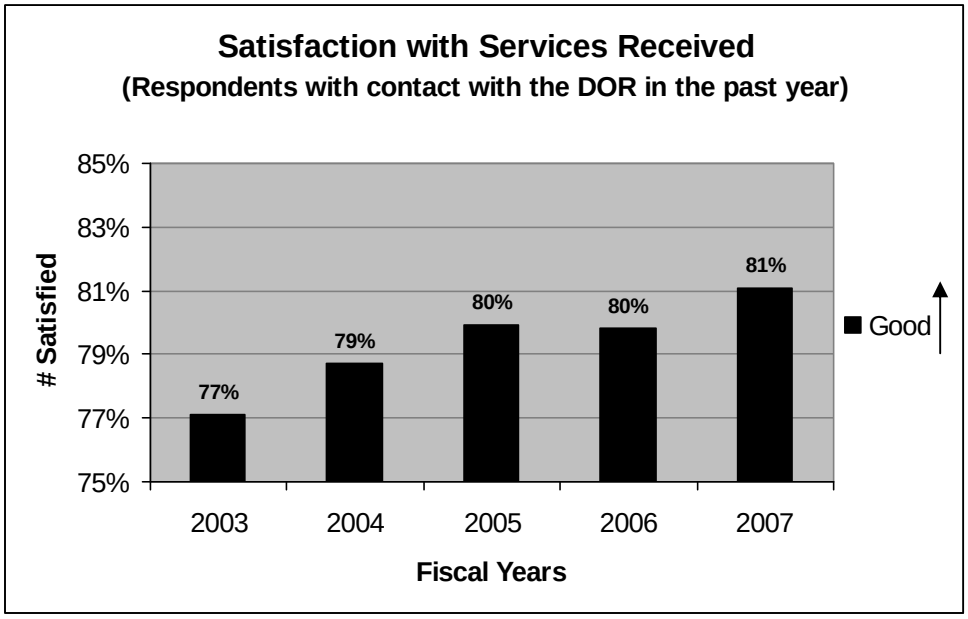


Fig. 7.2.1

Individual Income Tax filers are one of our largest customer segments. Receiving their refund quickly is their expectation and the DOR delivers. Figure 7.2.2 indicates that 99% of our income tax refunds are issued within 30 days from date of receipt in our Mail Center until the check is mailed or direct deposited. Over the past few years, many process improvements have been implemented to reduce the time it takes to process paper returns.

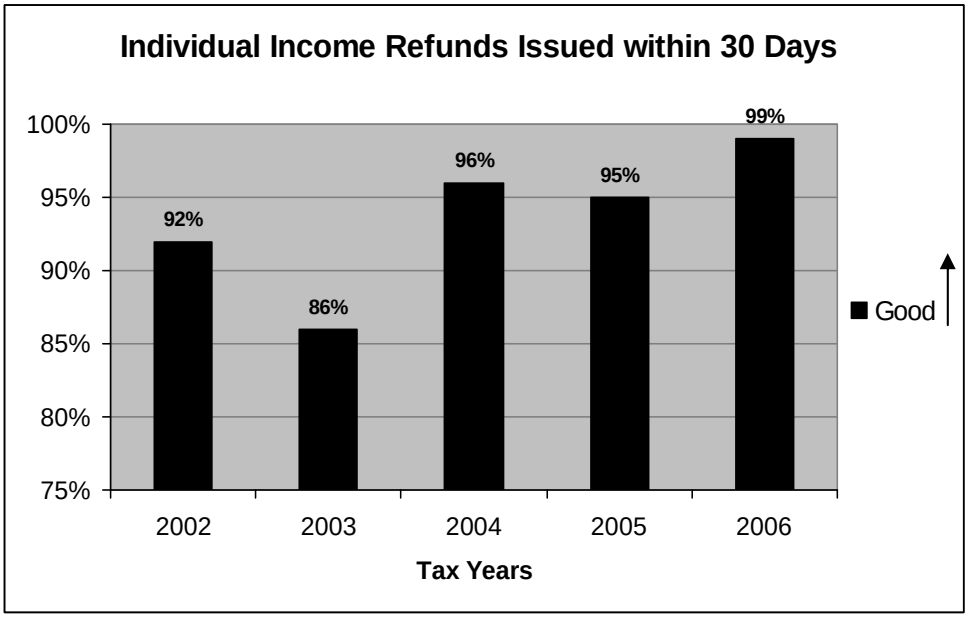


Fig. 7.2.2

In our electronic processing, Figure 7.2.3, we continue to issue refunds in a most timely fashion. 98.4% of electronically filed refunds were issued in 10 days.

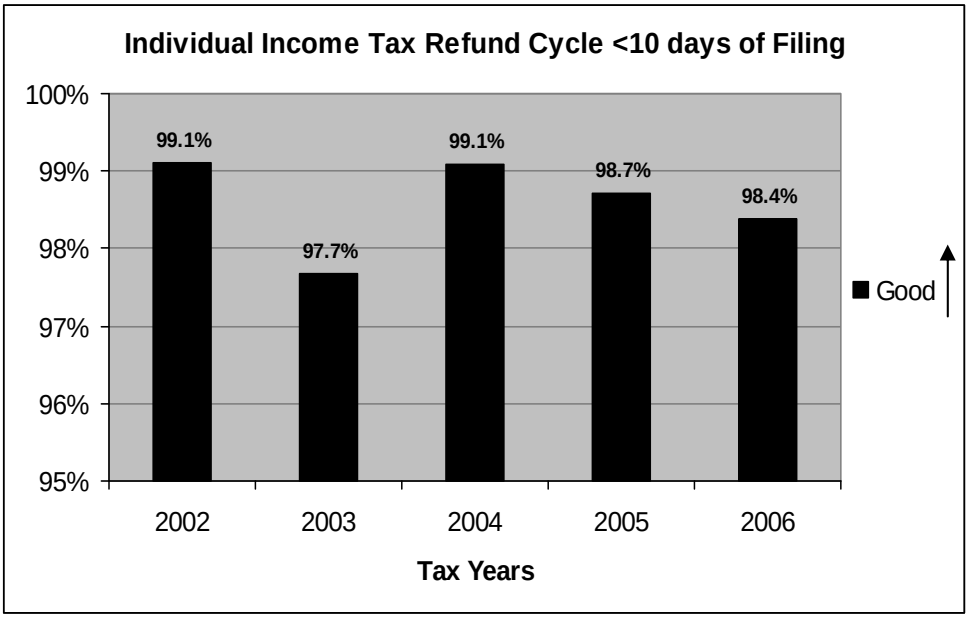


Fig.7.2.3

The USC survey, Figure 7.2.4, also showed there was an astonishing 96% satisfaction rate with the time it took respondents to receive their refunds.

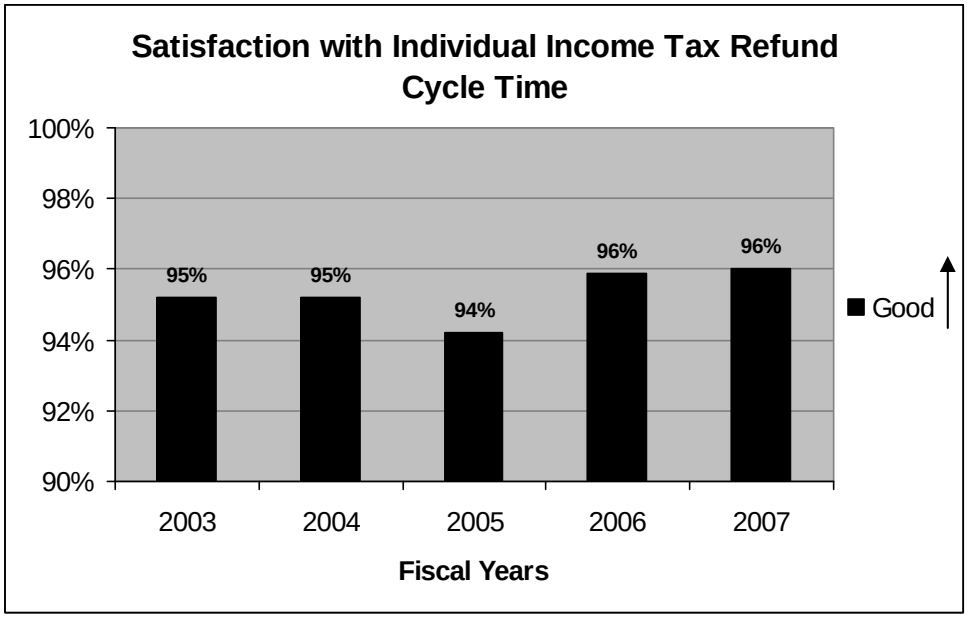


Fig. 7.2.4

Sales tax filers are our next largest customer group and refund cycle time is important to them as well. Figure 7.2.5 shows the sales refund cycle time over the past five years. The Department is actively working to improve this process to ensure refunds are issued in less than 75 days.

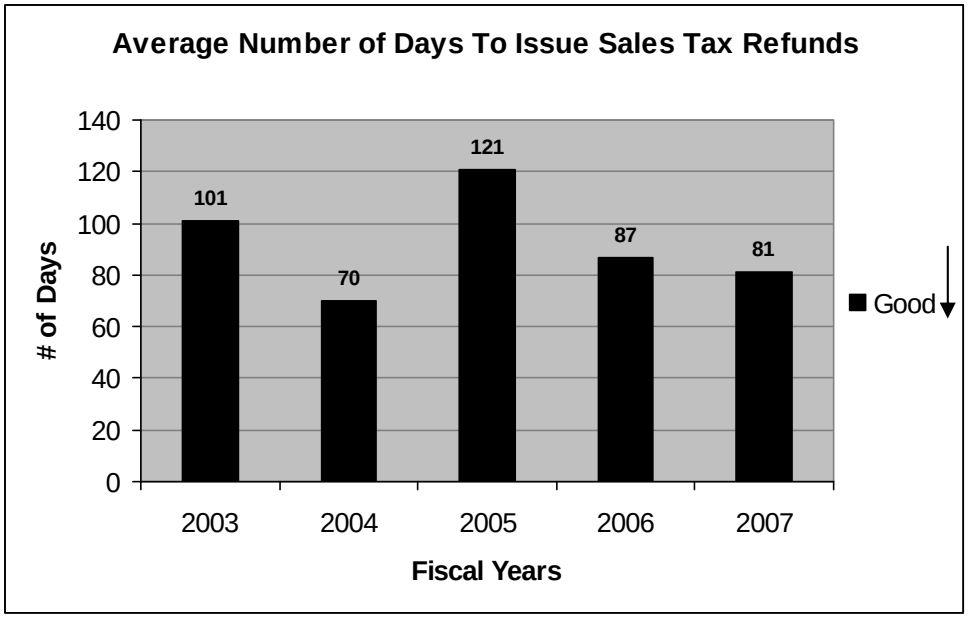


Fig. 7.2.5

7.3 Financial Performance Indicators: Figure 7.3.1 shows our cost for collecting $1.00 of tax was $.00675. This measure shows the effectiveness of our collection approaches.

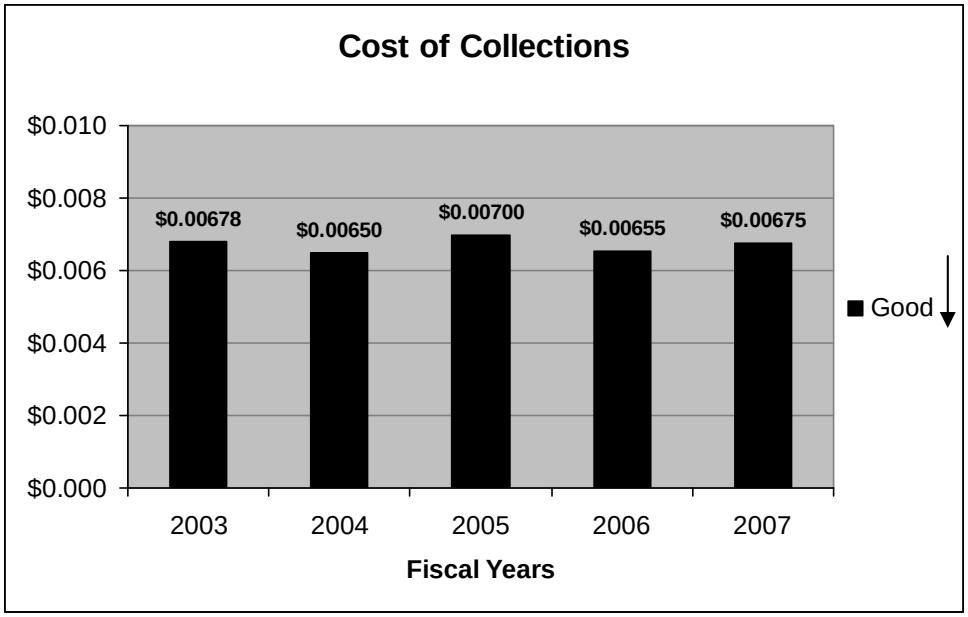


Fig. 7.3.1

The amount of dollars collected per filled full time employee, Figure 7.3.2, indicates our effectiveness and efficiency in the collection process of $14.7 million per employee.

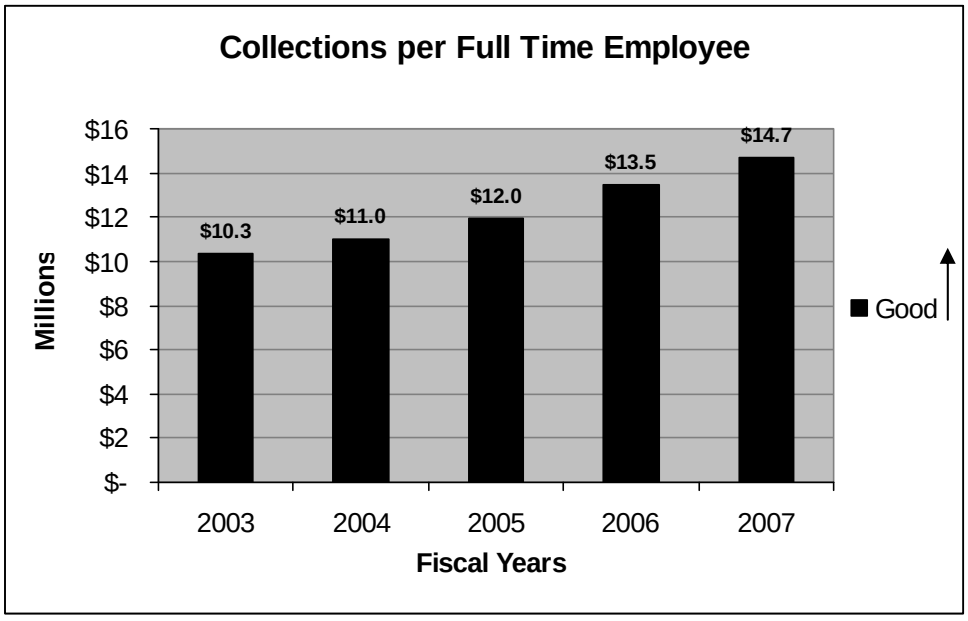


Fig. 7.3.2

The amount of interest lost monthly shows how effective and efficient we are with processing of checks and returns and getting state funds deposited. Figure 7.3.3 is a five-year comparison of the data. This information fluctuates with the changing interest rate.

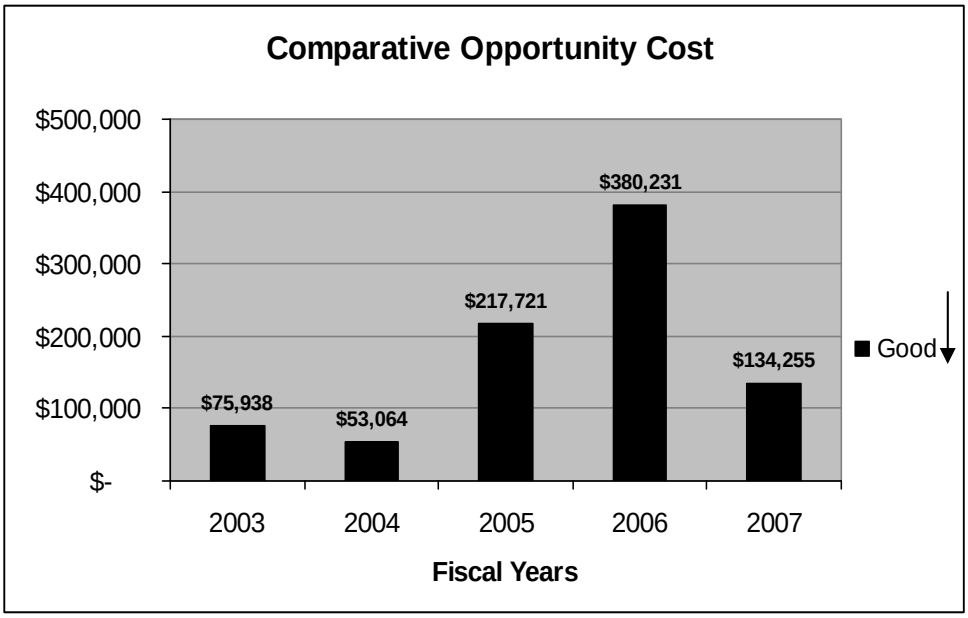


Fig. 7.3.3

Figure 7.3.4 indicates the growth in the dollars deposited electronically and in the various technological methods taxpayers used in paying their obligations this past year. Taxpayers using these alternative methods not only allow the DOR to both get the money in the bank and process transactions quicker but also to do so virtually error free.

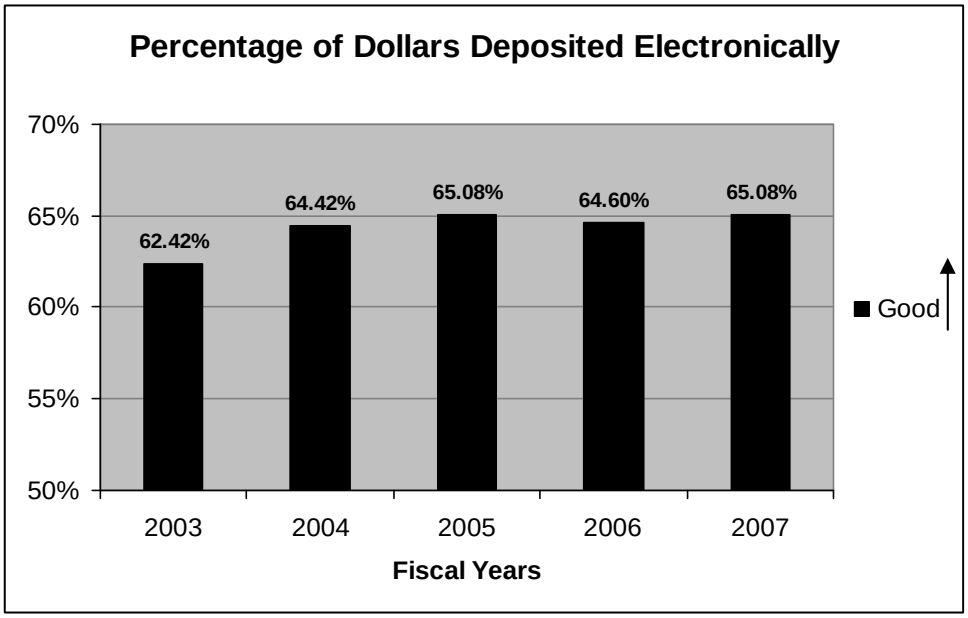


Fig 7.3.4

7.4 Human Resource Results Among the human resource measures monitored, we review the number of employees voluntarily resigning. This excludes retirees. (Figure 7.4.1) While resignations are affected by the economy, job market, employee relocation, family needs and other factors, we believe that lower turnover is one indicator of employee satisfaction. Historically DOR's turnover rate is approximately one-half the state average according to the Office of Human Resources at the Budget and Control Board.

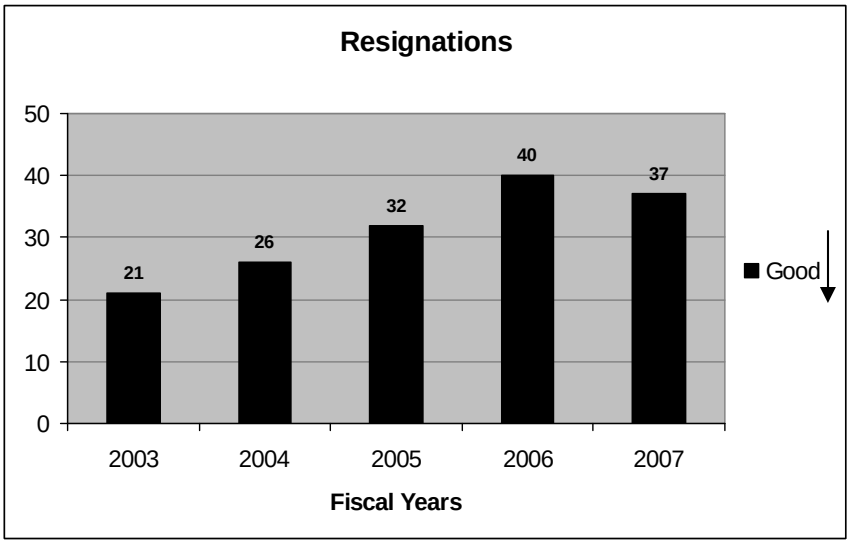


Fig. 7.4.1

Our Equal Employment Opportunity data (Figure 7.4.2) shows the agency's percent of goal attainment in promoting a diverse workforce. We exceeded our 97% goal for four of the last five years. The 2006 decrease was a result of many TERI employees leaving the agency. We took full advantage of that situation to make additional increases in the percentage of our EEO/Affirmative Action goal. The agency was ranked first among all state agencies with 501 – 1,000 employees in the report submitted to the General Assembly in February 2007. The State Human Affairs Commission commended the DOR for this accomplishment.

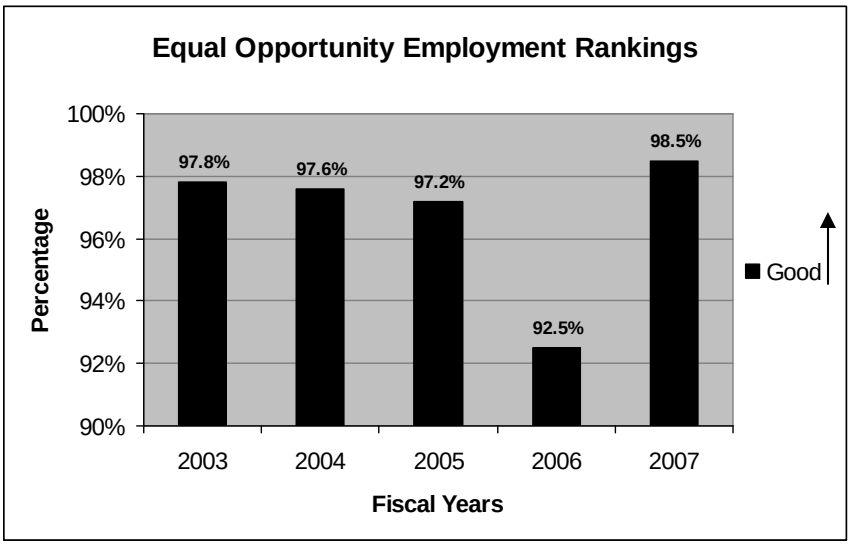


Fig. 7.4.2

7.5 Regulatory/Legal Compliance and Citizenship. The agency has had no regulatory violations or significant findings by those external entities that are in positions to do so in the past fiscal year. Some of these entities include: State Auditor; Legislative Audit Council; Internal Revenue Service; Occupational Safety and Health Organization; State Materials Management; the Budget and Control Board, and State Fire Marshal.

Statistics for our SCBOS (South Carolina Business One Stop) registration program show a significant growth in community support. The program has been available on-line to South Carolina businesses since May of 2005. SCBOS is a "one-stop" gateway for business and professional registration and licensing, for services offered by federal, state and local government within South Carolina. An estimated 300,000 South Carolina businesses are able to use SCBOS to register. From May 24, 2005 to June 30, 2007 there were a total of 143,946 SCBOS users. Also, new this year was Alcohol Beverage License Renewals which began January 1, 2007.

The Figure 7.5.1 shows new users registered in SCBOS.

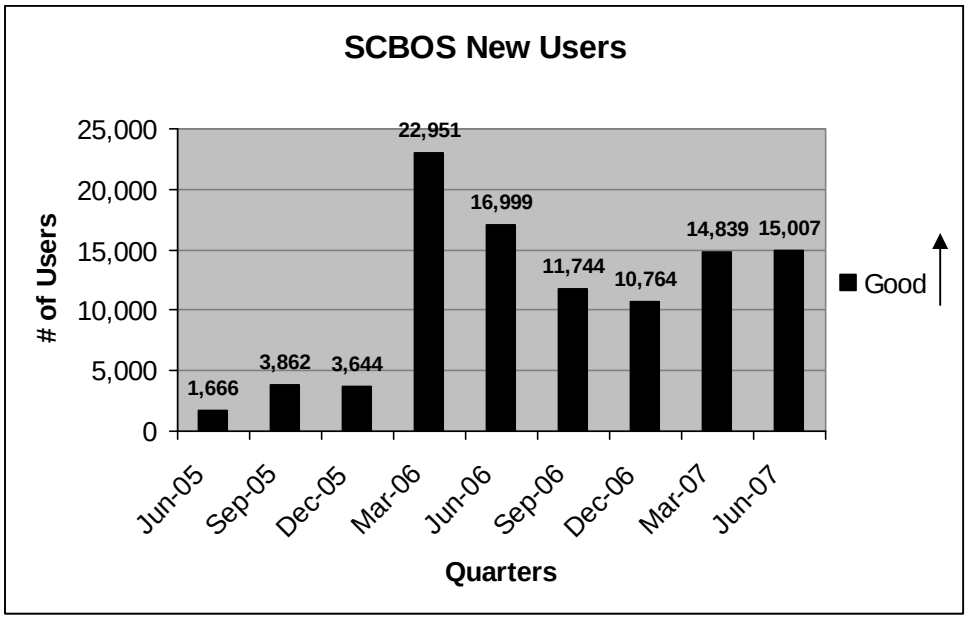


Fig. 7.5.1

The total number of businesses approved is shown in Figure 7.5.2. As of June 30, 2007, 61,782 license, permits and registrations (LPR's) have been approved for 15,251 approved businesses and 4,555 existing businesses in the program.

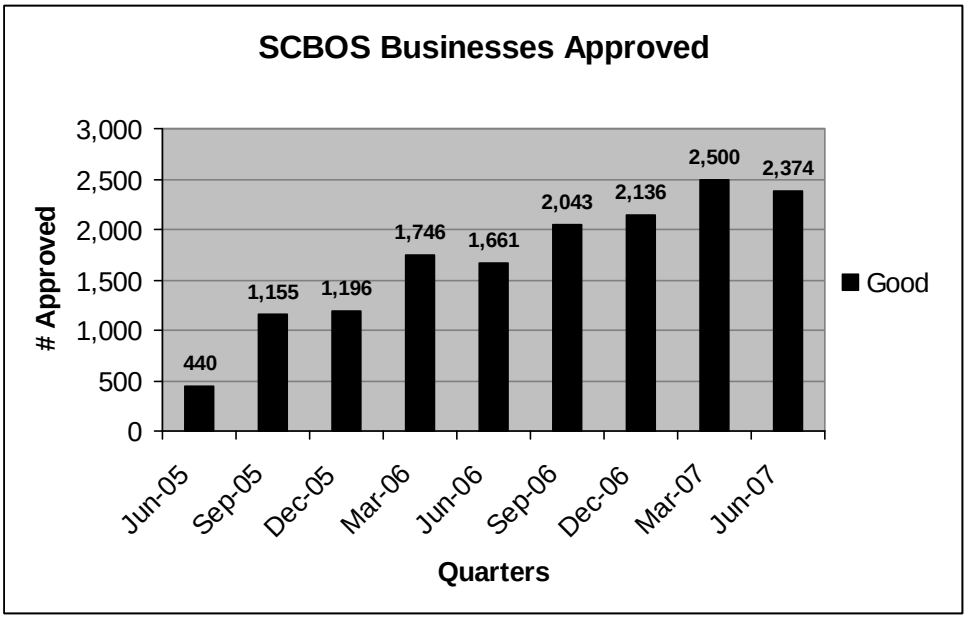


Fig. 7.5.2

Figure 7.5.3 indicates that the payments received have increased each quarter. As of June 2007 there has been $2,172,895 in license, permits, and registrations (LPR) payments.

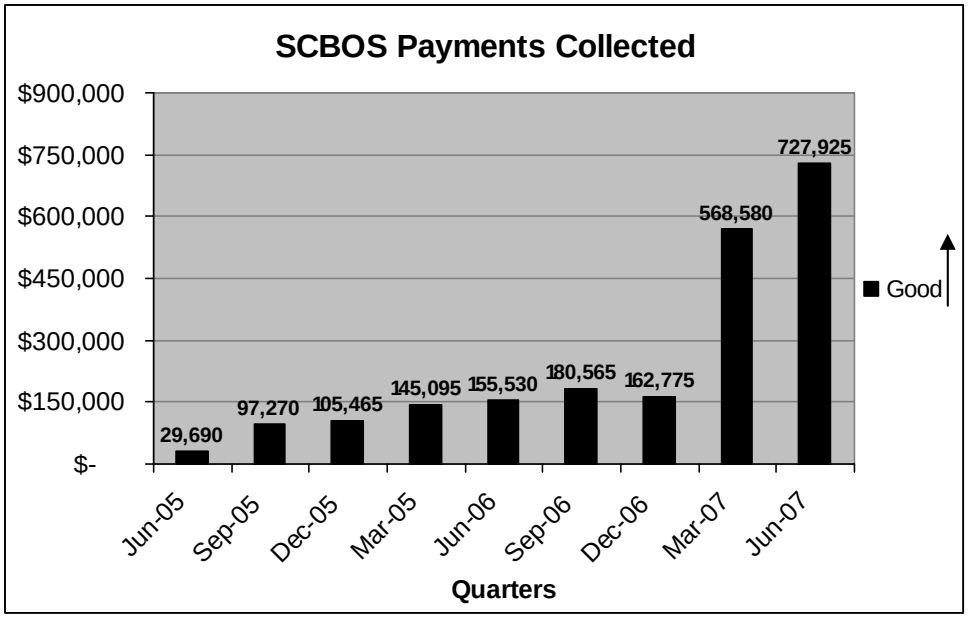


Fig. 7.5.3

We continue to support the community through our GEAR (Government Enterprise Accounts Receivable) and SCBOS programs. Currently we have 49 active entities participating in GEAR. GEAR collections for FY 06-07 amount to $4,091,250. (Figure 7.5.4)

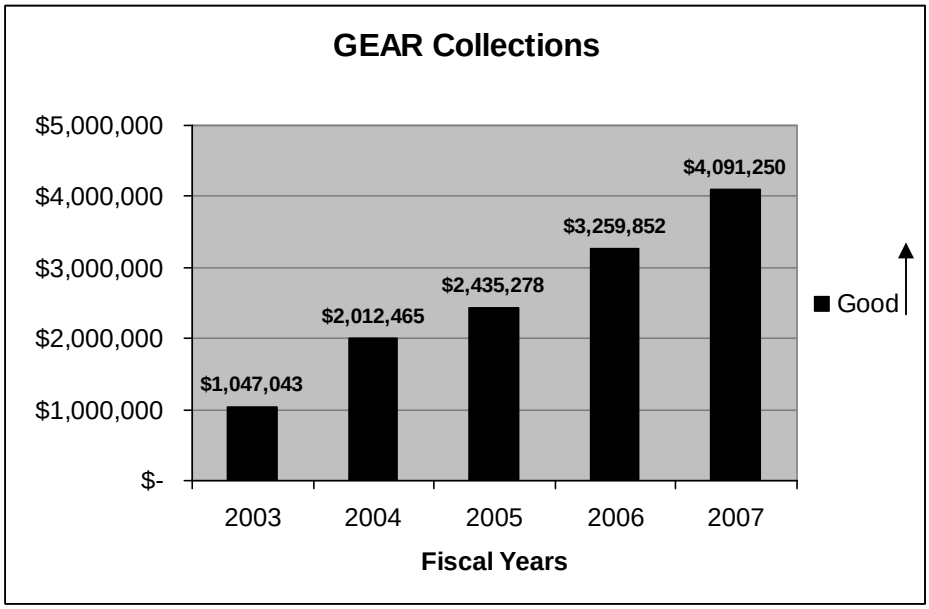


Fig. 7.5.4

The agency provides a service for stakeholders in the collection of debts for other governmental, health care and educational institutions through our debt setoff program. Under this program, these entities provide us with an electronic listing of their debtors. We match refunds against those lists to capture the refund and then send the amount owed to the appropriate institution. Figure 7.5.5 shows that there is a steady increase in the amount collected.

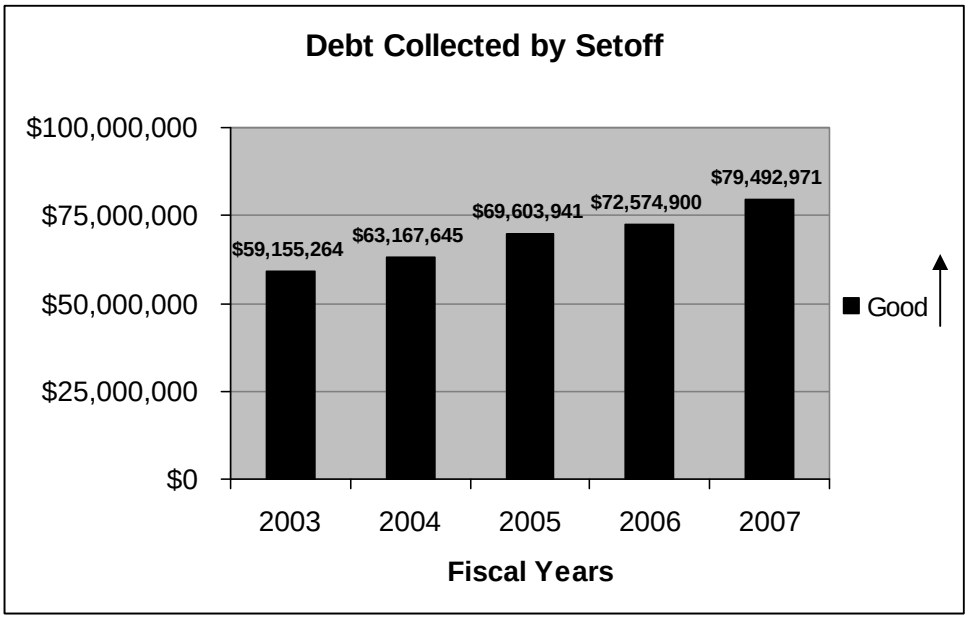


Fig. 7.5.5