North Carolina Department of Revenue

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February 1, 2008

MEMORANDUM

TO:	The Honorable Marc Basnight President Pro Tempore	The Honorable Joe Hackney Speaker of the House
FROM:	Reginald S. Hinton Secretary of Revenue	Reginald S. Hinton
SUBJECT:	NC Department of Revenue Report on Customer Service	

Overview

The NC Department of Revenue reorganized in 2001 around the core business processes of Taxpayer Assistance (TPA), Collection, Documents and Payments Processing, and Examination. Each of these areas represents a division within the Department and is focused on the primary business process that the name implies.

By creating the Taxpayer Assistance Division, the Department was able to focus more comprehensively on providing customer service. The Taxpayer Assistance Division is responsible for telephone, correspondence and walk-in assistance. In addition to the Central Section in the headquarters in Raleigh, there are 11 Service Centers that also provide assistance. The centers are strategically placed so that most taxpayers in the state live within 75 miles of a Service Center. These Service Centers generally provide one-stop service for most of the types of tax issues citizens may have.

Additionally, the Taxpayer Assistance and Collection Center (TACC) opened in October 2003. TACC is located in Rocky Mount, North Carolina and is a separate entity providing first level support for the collection and taxpayer assistance processes. Other support provided by the call center system is distributed across two other levels located in Raleigh. A more complete description of the agency's call center is included below.

NC Department of Revenue Taxpayer Assistance and Collection Center (TACC)

The TACC in Rocky Mount serves as the first point of contact for a taxpayer calling the Department's toll free lines requesting assistance. The TACC also has the responsibility of collecting on delinquent accounts. The agents are assigned blended skill sets, which allow them to assist with any tax related questions, as well as make outbound calls to collect on delinquent accounts. A predictive dialing system is used to launch outbound calls, which are then routed to the agents. In addition to the 93 agents, TACC has a Manager, two assistant managers, a Quality Analyst, a Staff Development Specialist, a Statistical Assistant and ten team leaders. One of the teams within the TACC is bilingual and provides assistance mainly to Spanish-speaking taxpayers.

Rocky Mount and Raleigh are connected by telephone technology (telephony) allowing for seamless call transfers with screen "pops." Screen pops allow taxpayer account information to be viewed by the call agent without a lengthy search for that same information after the call is connected. North Carolina has an Integrated Tax Administration System that allows anyone connected to the system to make real time changes to taxpayer accounts. In addition, the Department has a document imaging/scanning system that allows anyone connected to the system to access images of returns in real time. This technology and the organization of the system helps the call center to function almost as a single entity even though the center actually involves the participation of four separate operational divisions.

The main gateway for taxpayers calling into the Department's toll free lines is an Interactive Voice Response Unit (IVR) with various menus. The IVR system is available 24 x 7, but assistance agents are only available on business days between 8:00am. and 5:00pm. There are extended hours for some of the collections processes. Self-help features are available within the system that allow taxpayers to listen to pre-recorded messages (frequently asked questions) or to pay tax notices using their telephone, or to opt out and speak to an agent during business hours. Self-help options are provided for all of the major tax schedules (individual income, sales and use tax, withholding, and corporate income and franchise tax).

Assistance for taxpayers calling the Department's toll free assistance lines is provided across three levels:

- LEVEL 1--Rocky Mount Call Center -call assistance for collection, examination and taxpayer assistance issues

- LEVEL 2--Raleigh - Collection Division, Examination Division and Taxpayer Assistance Division assistance

- LEVEL 3--Raleigh - Taxpayer Assistance Division support for assistance issues

LEVEL 1--Rocky Mount Call Center--TACC

Taxpayers may select the appropriate option from the IVR for self-help or opt to speak with an agent depending on their specific needs. If a taxpayer opts to speak with an agent, they are routed to one of the 93 agents at TACC Rocky Mount who are apportioned into 10 teams. Level one agents are trained to provide general assistance on all of the major tax schedules. When the taxpayer's questions become more technical in nature, the call is transferred to Level 2 or Level 3, depending on established standard operating procedures (SOPs).

Level 2—Raleigh—Collection Division, Examination Division, and Taxpayer Assistance Division

Assistance calls transferred to the Taxpayer Assistance Division, Level 2 go to the Telephone Unit, which is comprised of roughly 32 tax technicians (para-professional employees who are versed in tax law for the major tax schedules, including individual income, sales and use, corporate income and franchise, and withholding taxes) organized into five teams.

Assistance calls regarding collection matters are transferred to the Collection Division's Central Collection Unit, Level 2, which is comprised of information processing technicians who handle non-standard collection activities.

Level 2 calls regarding examination issues are transferred to tax auditors in the Examination Division.

Level 3—Raleigh—Taxpayer Assistance Division

Level 3 is comprised of a professional staff of tax auditors and administrative officers possessing a high degree of technical tax knowledge. The three groups included in Level 3 assistance are divided into Taxpayer Research and Resolution Group (tax auditors), Income Technical Group (administrative officers in individual income and corporate tax) and Business Technical Group (administrative officers in Sales and Use and Withholding tax).

Statistics for TACC Rocky Mount (Level 1): 1/1/07-12/31/07

Total Inbound Calls	Total Outbound Calls
794,980	1,265,962

Percent of Inbound Calls Answered	Average Wait Time
93.94%	1:10

Taxpayer Assistance Division

In addition to participating in the call center, the Taxpayer Assistance Division also has responsibility for handling correspondence submitted to the Department. A Correspondence Unit processes all written correspondence received by the Department. The Correspondence Unit consists of three natural work teams that use SOPs to guide the response they give to taxpayers in resolving the issues submitted by taxpayers. Correspondence beyond the scope of established SOPs is referred to professional staff (TPA tax auditors, administrative officers, or to Service Center personnel) for resolution. Other mail not handled by the Correspondence Teams is referred to the appropriate division for resolution.

Service Centers

The Department has 11 Service Centers located throughout North Carolina. Each of these centers is capable of providing the same type of assistance that a taxpayer could receive in the headquarters in Raleigh. Problem resolution activity in the Service Centers is for all tax schedules. In addition, Service Center employees assist taxpayers with filing tax returns and reports and handle taxpayer education and outreach for the Department.

Miscellaneous Statistics for Taxpayer Assistance for the period 1/1/07-12/31/07

Central Section

TACC-TPA Telephone Calls	Inbound	Outbound	Total
TPA Level 2	174,870	55,471	230,341
TPA Level 3	81,363	78,301	159,664
Totals	256,233	133,772	390,005

Pieces of Correspondence Worked	175,015
Avg. days to work Correspondence	4.10

Service Centers

Taxpayer Calls	99,924
Practitioner Calls	5,410
Walk-in Taxpayers	67,386
Average days to work Correspondence	5.63

Customer Service Surveys

The Department of Revenue is developing a process for regularly surveying customers as a part of the implementation of the agency's current strategic plan.

In an effort to gain a deeper understanding of taxpayer perception of the Department and the services provided, we conducted a taxpayer satisfaction survey through the TACC during the month of February 2007. The results of that survey were detailed in the previous customer service report dated August 1, 2007. The Department is currently preparing to conduct additional surveys in 2008. The initial surveys will assess the quality of service received by taxpayers and on the ability of the Department to resolve issues for taxpayers in a single contact.

Tax Administration

In addition to TPA and the TACC, the Department of Revenue has other areas involved with providing customer service to taxpayers. The functional area of Tax Administration, which includes the divisions of Corporate, Excise and Insurance Tax, Documents and Payments Processing, Personal Taxes, Policy Analysis and Statistics, Property Tax, and Sales and Use Tax, provides customer service to North Carolina taxpayers.

Corporate, Excise and Insurance Tax, Sales and Use Tax and Personal Taxes Divisions

The tax divisions in Tax Administration provide a variety of services that benefit customers. Those services include:

- Answering technical tax questions based on telephone contacts and correspondence.
- Working to resolve requests for hearings through informal conferences with taxpayers and their representatives.
- Providing technical responses to legislators regarding bills and other topics under consideration by the General Assembly.
- Participating in conferences, seminars, and meetings with various groups like tax practitioners, CPAs, Attorneys, trade associations, and other similar organizations.

Property Tax Division

The Property Tax Division exercises general and specific supervision over the valuation and taxation of property by counties and municipalities by offering technical assistance to local taxing authorities, appraising the property of public service companies and determining which portion should be allocated to the various local governments in the state, investigating appeals to the Property Tax Commission, preparing letter rulings as a result of Commission hearings, and making presentations to various professional organizations.

Documents and Payment Processing Division

The Documents and Payment Processing Division is responsible for timely depositing and accurately accounting for all taxpayer remittances, capturing and correcting applicable data from taxpayer documents for posting to departmental databases, and providing records management services. This division provides a variety of customer services such as:

- Providing quality document preparation services for form and software vendors.
- Working with taxpayers to correct exception returns.
- Providing records management services.
- Registering new businesses for income tax withholding, sales and privilege licenses.
- Processing tax returns and reports in a timely and accurate manner.
- Providing help desk services for taxpayers involving electronic services offered by the Department of Revenue on its website and also for Electronic Funds Transfers.

Policy Analysis and Statistics Division

The Policy Analysis and Statistics Division estimates the fiscal effect of tax policy proposals and performs research on tax policy issues. It publishes several reports including the *Statistical Abstract of North Carolina Taxes*, the *Biennial Tax Expenditure Report*, annual and monthly sales tax reports, and the annual William S. Lee Act tax credit report.

Public Information Office

The Public Information Officer (PIO) is responsible for the development and dissemination of information for internal and external purposes deemed important to the Department's mission and purpose. The PIO disseminates information either upon request or proactively to newspapers, magazines, television and radio stations and other media outlets. By disseminating information to the media, the PIO increases the public's knowledge of the agency's roles and responsibilities pertaining to tax collection, enforcement of tax laws, Departmental initiatives and other topics.

The PIO supervises the day-to-day operation of the public information office. This includes responding to calls from state and national television, newspaper, radio and magazine reporters with specific questions regarding tax issues, background and historical information regarding the agency and department policy on specific topics. In responding to media inquiries, the PIO consults with the Secretary, Deputy Secretary, Assistant Secretaries and other Department personnel as needed. The PIO is also expected to exercise good judgment when dealing with media inquiries and maintain the Department's mission of providing quality customer service to taxpayers as a guiding principle in such exchanges.

The PIO office also includes a full time Hispanic media liaison. This liaison works to disseminate information to the Spanish language media in North Carolina and helps direct the agency's public education efforts to improve tax compliance among the state's growing immigrant community.