



North Carolina Department of Revenue

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August 1, 2008

MEMORANDUM

TO: The Honorable Marc Basnight The Honorable Joe Hackney
 President Pro Tempore Speaker of the House

FROM: Reginald S. Hinton *Reginald S. Hinton*
 Secretary of Revenue

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 12 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 92 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 92 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): 7/1/07-6/31/08

<u>Total Inbound Calls</u>	<u>Total Outbound Calls</u>
799,327	1,036,316

<u>Percent of Inbound Calls Answered</u>	<u>Average Wait Time</u>
95.35%	0:53

Customer Service Surveys

Between March 10, 2008 and April 28, 2008, TACC conducted a customer service survey. TACC agents advised taxpayers they might be randomly selected to participate in a customer service survey and taxpayers could opt out from participation. 297 taxpayers participated in the survey. The survey results are below.

Questions 1-3:	Excellent	Very Good	Good	Poor	Unacceptable
What is your opinion of the service you received today?	47%	29%	23%	1%	0%
How would you rate your representative on communicating with you in a professional and respectful manner?	54%	35%	11%	0%	0%
How would you rate the knowledge of your representative?	47%	35%	16%	1%	0%

Question 4:	Yes	No
Was your issue resolved with this one contact?	83%	17%

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 substantially all of the 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 12 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.

Statistics for Taxpayer Assistance for the period 7/1/07-6/30/08

Central Section

TACC-TPA Telephone Calls	Inbound	Outbound	Total
TPA Level 2	171,022	52,910	223,932
TPA Level 3	<u>74,371</u>	<u>75,310</u>	<u>149,681</u>
Totals	245,393	128,220	373,613

Pieces of Correspondence Worked	198,788
Avg. days to work Correspondence	3.27

Service Centers

Taxpayer Calls	145,686
Practitioner Calls	10,556
Walk-in Taxpayers	115,908
Average days to work Correspondence	4.65

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 review 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.

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.

Motor Fuels Tax Division

The primary purpose of the Motor Fuels Tax Division is the administration of the tax laws for motor fuels, alternative fuels, motor carriers and the inspection tax. Customer service is provided through various types of assistance at different locations in North Carolina. Primary comprehensive service is available at our main office in Raleigh. These services include walk-in assistance with filing returns, account registration and fuel decal renewals. The Raleigh office provides telephone assistance to taxpayer inquiries via both local and toll free lines. All written taxpayer correspondence, taxpayer newsletters, brochures and compliance manuals originate at the Raleigh office. Additional customer service is provided at our Greensboro and Charlotte field offices to assist taxpayers with basic services such as obtaining fuel decals and filing returns.

Motor carrier seminars are conducted annually in collaboration with IRS, SHP and DMV to educate taxpayers and assist them in complying with motor carrier requirements. Motor fuel seminars are made available to taxpayers as requested. Subject matter experts are available to small businesses and associations to conduct training sessions or make presentations as requested.

The Motor Fuels Tax Division provides several types of electronic customer service resources to taxpayers. Motor carrier and motor fuel electronic return filing systems are available to taxpayers 24 hours, 7 days a week. All motor fuel returns and instructions are available online to taxpayers.

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.