

NCDOR

**NORTH
CAROLINA
DEPARTMENT
OF REVENUE**

Joint Appropriations Committee on General Government and Information Technology

March 20, 2019

1. Budget Priorities

- Ronald G. Penny, Secretary

2. Agency Effectiveness and Efficiency

- Ronald G. Penny, Secretary

3. Agency Accomplishments

- David Roseberry, Chief Operating Officer

4. Budget Requests

- David Roseberry, Chief Operating Officer

5. Questions from the Committee

To fund public services benefiting the people of North Carolina, we administer the tax laws and collect the taxes due in an impartial, consistent, secure, and efficient manner.

- Investment in safety and security to improve protection for our most important resource: NCDOR employees.
- Continued, recurring investment in information technology to make tax collection more impartial, consistent, secure, and efficient.

Fiscal Year 2017-2018

Total Collections	\$31.2 billion
Distributions to Local Governments	\$(3.4 billion)
Highway Funds/Other Funds (Net)	\$(2.1 billion)
Refunds & Transfers	<u>\$(3.1 billion)</u>
Net General Fund Collections	\$22.6 billion

NCDOR Total Budget **\$180.2 million**

Return on Investment:

For every \$1.00 spent, the NCDOR collects \$173.00



Total Employees:	1,300
Walk-in customers:	43,756
Phone Calls:	1.2 million
Pieces of Incoming Mail:	4.1 million
Tax Returns Processed:	12 million
Refunds Issued:	2.7 million

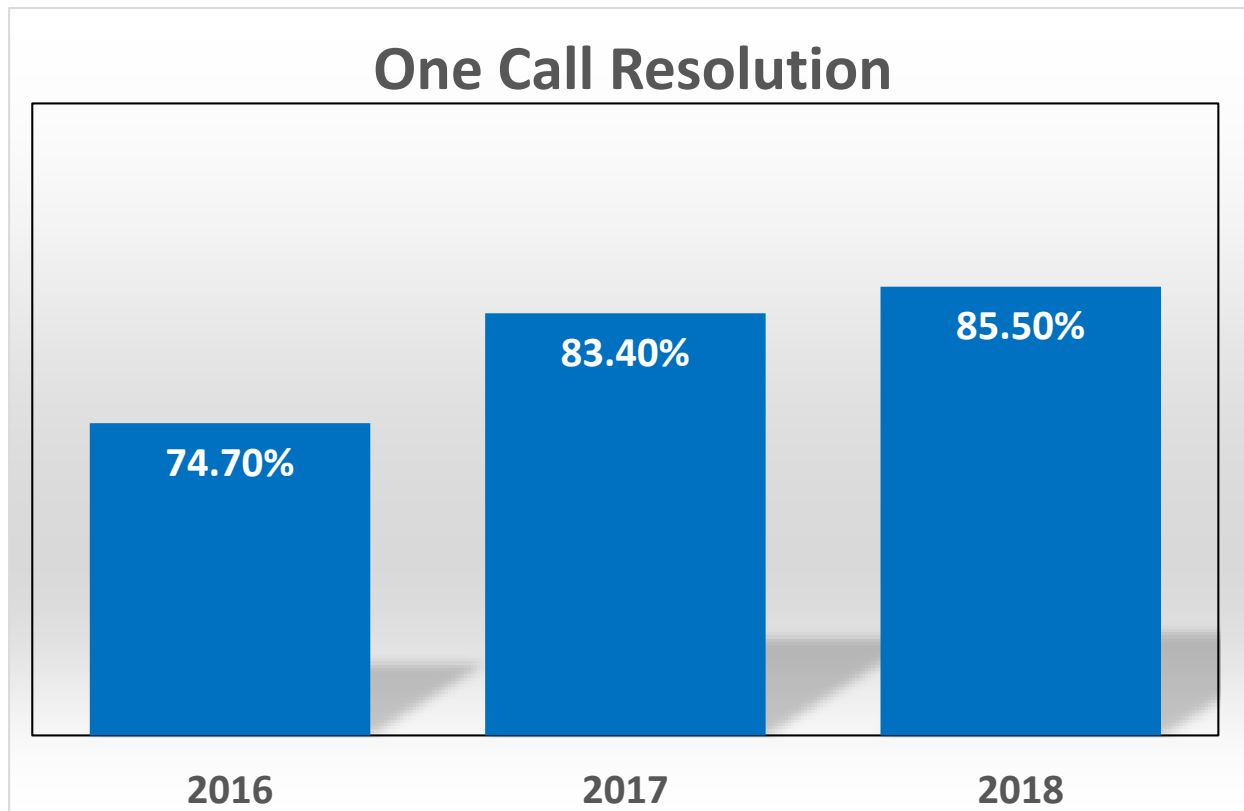
Year-Round:

Tax collections average \$2.5 billion per month
and \$4 billion in April

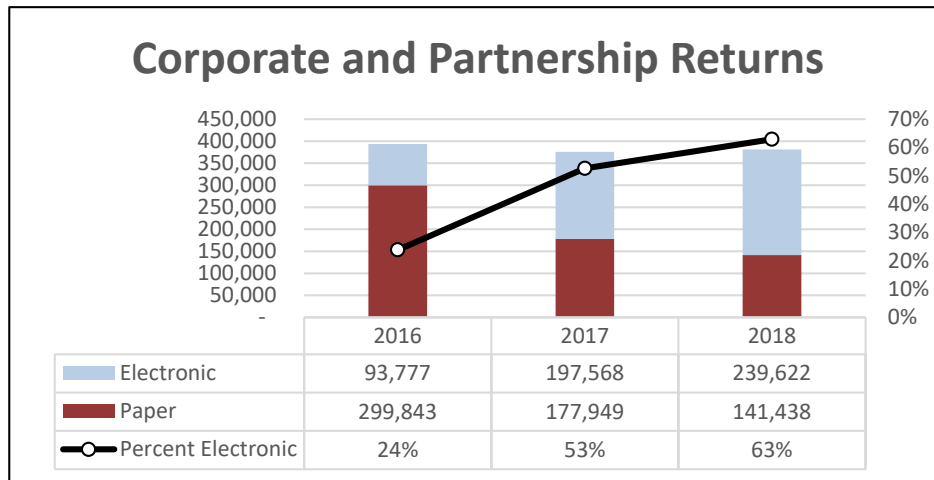
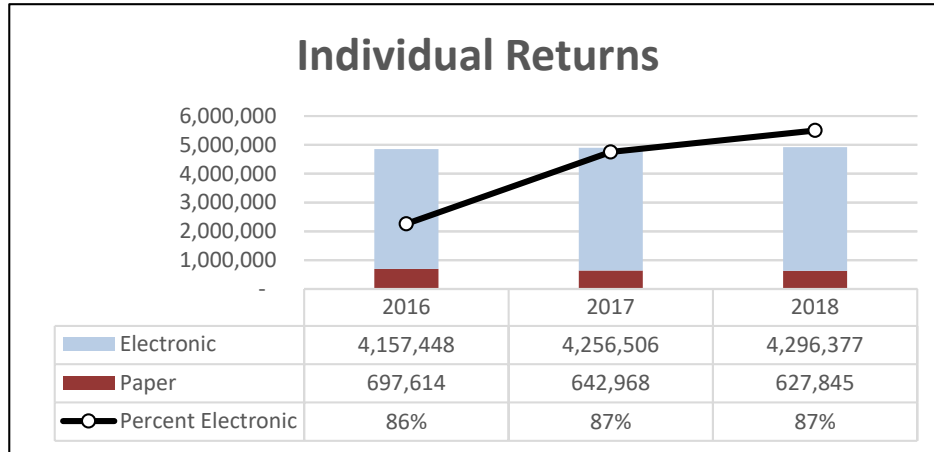


Fiscal Year 2017-2018

NCDOR's goal is to resolve taxpayer issues on the first call to our call centers.



Electronic Filing



A paper return costs NCDOR up to 3 times more to process than an electronic return.

Information based on processing year (year received)

Marketing and Outreach



- NCfreefile marketing pilot (targeted radio ads) in Edgecombe and Nash counties increased participation in the program by 66% in 2018.
- Statewide marketing for NCfreefile increased participation by 18% in 2018.
- Expanded online advertising in 2019.

Business Intelligence (Information Technology)

- Enhanced refund fraud and identify theft programs
 - **Stopped 25,260 fraudulent refunds from being issued in 2018**
 - **Saved state \$29.9 million**
- Tax assessments from audits generated by Business Intelligence/ Information Technology programs excluding refund fraud:
 - Fiscal Year 2017: \$20.04 million
 - Fiscal Year 2018: \$38.92 million
 - **Increase in assessments year over year: 94%**

Collections and Examinations (Audit)

Total Involuntary Revenue collected:

- **\$1.09 billion**

Which breaks down to:

- **Collections from Final Assessments** – collections over time through forced collection activity or payment plans:
 - **\$638.5 million**
- **Collections from Notice of Proposed Assessments** within 90 days as a result of an audit of a taxpayer (remainder is collected over time):
 - **\$448.9 million**

Collections and Examinations (Audit)

Average annual non-compliance audit assessment per auditor per year:

\$2.4 million

Average annual non-compliance collections per revenue officer per year:

\$1.99 million

**Critical Information Technology Operations and Maintenance:
\$12.5 million Recurring**

- Annual operating expenses to execute tax filing for all individuals and businesses.
- Modernized eFile: continue to provide the ability for individuals and businesses to file electronically.
- Annual adjustments to fraud detection schemes and annual data loads from various sources.
- Provide maintenance, support, and upgrades for various hardware and software.

**Identity Theft & Refund Fraud:
\$4.4 million Recurring**

- Sustained funding for identity theft products will protect taxpayer information, reduce fraudulent refunds, and assist taxpayers in the recovery of their personal information.

NCDOR receives threats by phone, mail, and in person

We reject in total your letter and refuse to let it stand
You have picked the wrong family to attempt to coerce and defraud.

we demand the immediate refund of all withholdings

You are either stupid, ignorant, or using your position to defraud NC residents.

I will not accept you hiding behind your job.

Excerpts from letters to NCDOR 2016-2018

**Kansas Department of Revenue employee shot multiple times
at Wichita tax office**



NCDOR Raleigh Headquarters, 4/3/17



Topeka Capital-Journal 9/19/17

**NCDOR Headquarters Security & Safety Upgrades:
\$2.4 million Non-Recurring**

- Enhance and upgrade security to protect employees and assets with updated protective measures such as badge readers, cameras, alarms, barriers, and doors.

**NCDOR Remote Locations Security & Safety Improvements:
\$1.24 million Non-Recurring; \$300,000 Recurring**

- Significantly enhance security to protect employees and assets with updated protective measures such as bulletproof glass, protective wall coverings, cameras, alarms, and intrusion detection.
- Recurring funds for maintenance and monitoring.

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