

DEPARTMENT: REVENUE

LAST UPDATE: AUGUST 17, 2009

SECTION ONE: AGENCY OVERVIEW

The Department of Revenue (LDR) is charged with “administering, assessing, and collecting the consumer, producer, and any other state taxes specifically assigned by law to the department, and shall have authority generally for alcoholic beverage control and the regulation of charitable gaming.”

LDR strives to fairly and efficiently collect state tax revenues. It is our belief that fairness and equity are the cornerstones in achieving a high level of voluntary compliance and public trust in this institution. In keeping with the administration’s desire to communicate policy and programmatic goals in a clear and understandable manner to our stakeholders, the following “overarching” goals have been established for the agency:

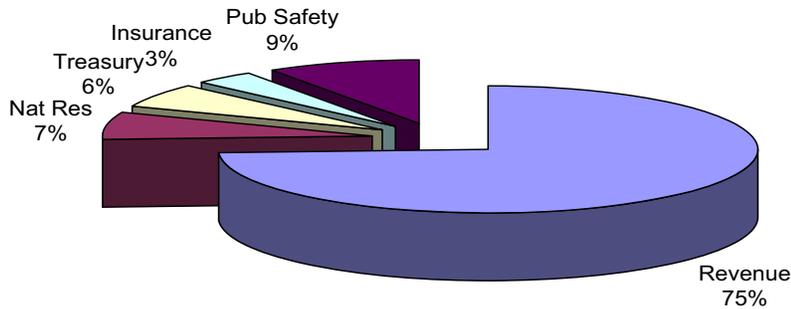
- Ensure the experience of doing business with the department is easy
- Maximize compliance

We believe that if we strive to accomplish these two goals in all that we do, we will achieve our mission in a very successful manner.

TAX COLLECTION PROGRAM

LDR’s Tax Collection Program (TCP) collects, on average, 75% of the state’s general fund dollars. General fund money collected by the department in Fiscal Year 2008-2009 totaled \$8.4 billion. These collections support various state services including all levels of education, public safety, correctional facilities, social services, roads, general government activities, and other programs that rely on general fund dollars. In addition, the department also collects a variety of dedicated taxes and fees to fund the efforts of the Public Service Commission, Department of Agriculture and Forestry, and the Department of Transportation and Development.

**FY 2008-2009 General Fund Forecast
(May '09)**



Louisiana’s tax system is based on voluntary compliance – the expectation that taxpayers will voluntarily pay the right amount of tax in a timely manner. The tax collection program engages in a range of activities that directly or indirectly promote voluntary compliance, stretching from activities that occur before the taxpayer begins to fill out his or her return to enforcement of the tax laws through litigation and criminal prosecution as shown in the chart below:

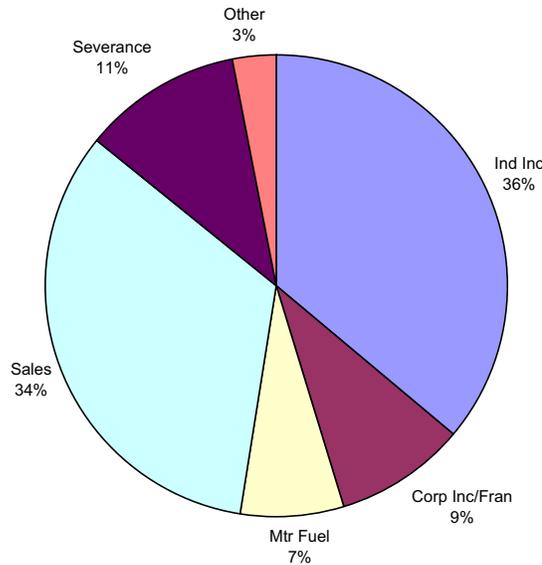
Tax Compliance Continuum

LDR	Draft & negotiate tax legislation	Publish forms, instructions, & guidance	Assist & educate taxpayers	Capture return data & process payments	Resolve exceptions	Issue bills & resolve protest	Collect	Audit	Litigate	Criminal enforcement
	Taxpayer	Elected Officials and the Legislative Process	Review instructions	Ask questions	File returns & make payments	Answer questions arising from exceptions	Review bills & file protests	Collection defense	Undergo audit	Litigation defense
More Taxpayers - Less Cost						Fewer Taxpayers - Higher Cost				

The department’s customer base is one of the largest of all state government agencies. In addition to responding to all persons and entities throughout the state and nation who have Louisiana tax responsibilities, the department interacts with all levels of state, local and federal governments, tax practitioners and business groups.

The majority of taxes the department collects are business taxes, as opposed to individual income taxes (36%). Therefore, the majority of its dealings with taxpayers are with business owners or their representatives. However, there are some instances, such as the gift tax, inheritance tax, and use tax, where the department deals directly with individuals.

Major Tax Collections, FY 2008-09



The department assists taxpayers with their understanding of tax laws and filing requirements through educational opportunities. Where appropriate, automated self-help options are available to taxpayers so needed information and forms can be obtained anytime. Staff resources provide technical assistance where personal assistance is most appropriate. Ongoing performance measures will be utilized to determine the right mix of services that assures taxpayer assistance needs are being met by the department.

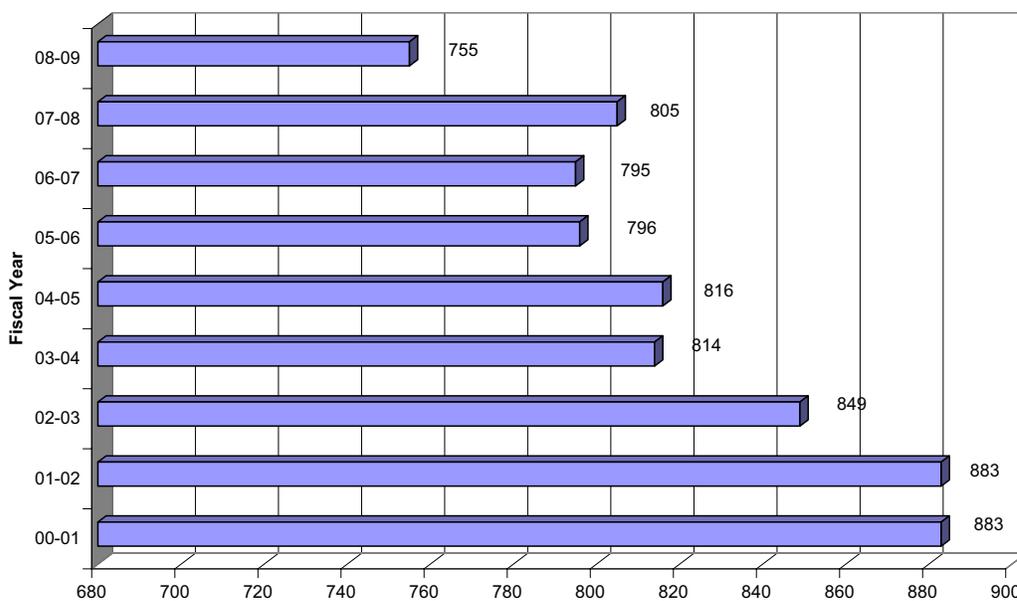
Additionally, citizens and businesses expect the department to be able to conduct business on their terms, using technology to make business interactions with the department simple and efficient. In response, the department continues to design and develop new and better technology solutions to meet this demand when financially feasible. Challenges to creating such solutions include the rapid changes in the technological environment and the different expectations that exist among different customer groups. In response, the department offers a variety of electronic services which allows taxpayers to update their account information, file returns, make payments, and access current forms and publications online.

Despite increasing mandates and workloads, the department recognizes the pressure and demands for government to improve services with fewer resources. To meet these challenges, the department is constantly seeking innovative processes and efficiencies in programs and activities.

In 1948, when the United States was primarily a manufacturing economy, many businesses operated solely within Louisiana and the taxability of their activities was clear. Sixty-one years later, the United States has shifted to a service economy and many businesses operate in multiple states and over the Internet. Our 1940s tax code does not adequately address the borderless economy. At the same time, competition among the states to attract and retain desirable businesses has become intense. Numerous tax credits, deductions, and exemptions have been enacted over the years to address Louisiana’s business climate, and changing business realities on a piecemeal basis. Each legislative session results in new amendments to the tax code further complicating it. This has resulted in a complex tax code. Taxpayers rely on the department to provide clear, concise rules and instructions. Meanwhile, the continuing globalization of business has multi-state and multi-national businesses demanding more uniformity in tax laws and central collection to reduce the burden of compliance.

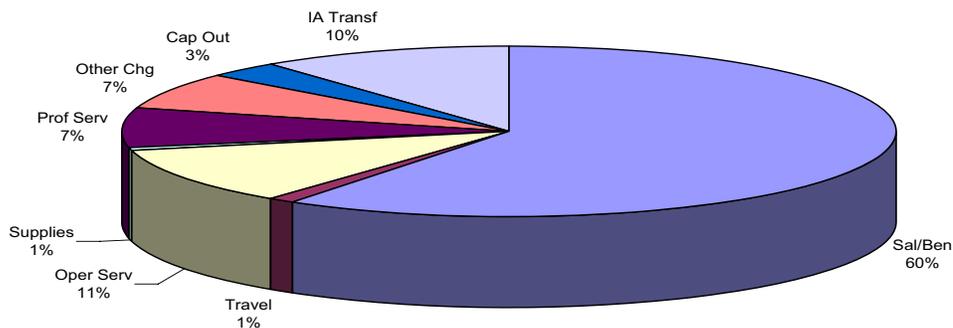
As the state’s principal tax collection agency, the TCP is almost entirely funded by self-generated revenues and fees. Approximately 60% of the TCP budget is salaries and benefits. The staffing level has declined by 15% over the past eight years while the number of registered businesses continues to increase each year.

**Table of Organization
Tax Collection Program**



Other essential expenditures are for printing and postage of tax returns and notices; contracts with technology firms and attorneys; auditor travel; staff training on emerging tax law issues and legislatively approved statutory changes; and technology hardware and software to keep up with customers' increasing expectations for efficient and effective service delivery. Funding these essential services helps to maintain a high level of voluntary compliance and preserves the department's ability to focus on revenue collection for state and local governments.

FY 2008-09 Budget



The department is deliberate in making strategic investments that optimize efficiencies and drive down overall costs. This is reflected in our overall cost of collections being \$.0079 per dollar collected for fiscal year 2008. However, because the majority of the department's budget is dedicated to these essential expenditures, any reductions in the department's budget profile quickly begins to impact staff resources and service delivery due to limited flexibility.

During the 2010 fiscal year, the department will focus on finding operational efficiencies by improving outdated processes, continuing to reduce facility costs and meeting performance expectations. The department's funding and table of organization has been reduced by a total of eighty-five FTEs over the last two fiscal years. Further budget reductions to the department could result in the need to divert resources from other areas which could negatively impact service levels, including revenue collections and erode the department's ability to operate effectively.

The department is headquartered in Baton Rouge and has six field offices throughout Louisiana. In addition, we have two district offices in Texas (one each in Houston and Dallas). Four of the facilities located outside of the Baton Rouge area are leased from private owners. The other offices are located in state-owned buildings.

Since information technology (IT) is a rapidly changing field, the department's Information Technology Division is continually looking to improve its service delivery while providing an infrastructure that supports the department's mission, vision, and business needs. Opportunities exist to implement IT industry process best practices and address systems that are grounded in older technology. While these systems meet the needs of the current business functions, they could be improved with modern technology to better meet the increasing demands of our customers and taxpayers. As improvement investments are considered, key areas of focus will include IT internal capacity needs, such as standardized processes, knowledge, skills and abilities of staff, and infrastructure.

Education is the most efficient and cost-effective way to maximize voluntary compliance. The department strives to provide taxpayers with the information they need to understand and meet their tax reporting responsibilities. This is done through numerous channels, including the department's web site, the call center, written letter rulings, publications, and workshops. The department also makes an effort to provide taxpayer assistance during one-on-one encounters such as audits, consultation visits and contacts resulting from delinquent accounts collection activities.

Because the department administers tax and other programs that result in revenue collection, it supports every state goal as well as programs at the local government level. At LDR, we understand the responsibility that has been given to us and we are prepared to demonstrate the manner in which resources entrusted have been invested. We are "outcome focused" and accept the challenge of collecting the revenues that our sister agencies need to carry out their missions. The goals established by our Governor and Legislators are contemplated and supported in all the activities performed by this agency.

CONSTITUTIONAL AND STATUTORY MANDATES

- I. What are the Department's main purposes and functions? (La. R.S. 36:451)
 - A. Administer and collect state taxes
 - B. Alcoholic beverage and tobacco control
 - C. Regulate charitable gaming

- II. Tax Collection Program
 - A. Collect and enforce collection of taxes, penalties, interest and other charges (La. R.S. 47:1502)
 - i. Maintain accurate record containing (La. R.S. 47:1506)
 1. Name of remitter
 2. Amount of taxes paid
 3. Type of taxes paid
 4. Reports and other records filed
 - ii. Disposition of collections (La. R.S. 47:1521)
 1. Deposit immediately upon receipt into state treasury

2. Determine correct tax due by examining, auditing, or investigating returns or reports filed (La. R.S. 47:1541)
 - iii. Assessment and enforcement of collection of taxes (La. R.S. 47:1561)
 1. Assessment
 - a. Determination and notice of tax due (La. R.S. 47:1562)
 - b. Assessment of tax, interest, and penalty (La. R.S. 47:1564)
 - i. Notice of assessment
 - ii. Taxpayer's right to appeal
 2. Summary court proceeding (La. R.S. 47:1574)
 3. Ordinary suit under general laws for enforcement of obligations
 4. Remittance under protest (La. R.S. 47:1576)
 - iv. Imposition of Interest and Penalties
 1. Interest on unpaid taxes (La. R.S. 47:1601)
 2. Penalties for failure to file, timely file, or timely pay (La. R.S. 47:1601 to 1603)
- B. Administer legislative mandates (La. R.S. 47:1502)
 - i. Bonds
 - ii. Certifications
 - iii. Credits
 - iv. Exemptions and exclusions
 - v. Fund accounting or distributions
 - vi. Permits
 - vii. Reports
 - viii. Rules and regulations
 - ix. Refunds
- III. Alcoholic Beverage and Tobacco Control Program
- IV. Charitable Gaming Program

SECTION TWO: EFFICIENCY AND BENCHMARKING

- **The Natural Disaster Sales Tax Rebate Program** – This program is mandated and consideration should be given towards improving its effectiveness in achieving the goal contemplated by the Legislature. These rebates are available to taxpayers who lost (through destruction) tangible personal property as a result of a federally declared natural disaster. A primary issue with this program is that the taxpayers claiming the refunds often do not have sufficient documentation to substantiate the amount of the refunds being claimed, primarily due to the information being lost in the disaster. An alternative might be to change the rebate program such that it is based upon a factor applied to the taxpayers' income level. This would potentially allow the taxpayer to receive monies quicker and eliminate the untenable position (substantiating a claim

when original documents have been destroyed) the taxpayer finds himself in after he has been the victim of a natural disaster.

- **Non-resident Contractor Registration Program** – LDR is required by statute to ensure that non-resident contractors are registered and pay the appropriate amount of tax. The intent is to eliminate a potential competitive advantage that a non-resident could have over a resident contractor if no state taxes are paid by the former. We have found that this program does not generate a return on investment sufficient to justify the amount of resources required to effectively register the non-resident contractors. Our desire is to have the law changed such that this responsibility is shifted to the State Licensing Board for Contractors.
- **Enterprise Zone or Quality Jobs Program Contract** – LDR recommends eliminating the sales and use tax rebate option available to contract holders of an Enterprise Zone and/or Quality Jobs Program contract. An alternative proposal is to make it mandatory that the contract holder submits his claim under the provisions related to the Refundable Investment Income Tax Credit (RIITC) section of the programs. Our data indicates that an increasing number of contract holders filing claims under these programs have selected the RIITC and a decreasing number of contract holders have selected the sales/use tax rebate from FYE 2008 to FYE 2009. The RIITC option is less documentation intensive and requires a much shorter review and approval period as compared to the sales/use tax rebate. This is beneficial to both the taxpayer and LDR in terms of the number of hours required for record keeping, reviewing and approving the documentation required to be submitted for the rebate option.
- **Streamlining the Administration of Tax Credits** – Currently there are a large number of tax incentives available to individuals and businesses that reward a vast array of activities, related to both personal and business behavior. No two of the tax incentives are administered in the same manner due to the differences in the statutes that authorize the incentives. There are credits that may be transferred to other taxpayers, credits that are claimed on the return and refunded if the credit amount exceeds the taxpayer's tax liability, credits that may be rebated directly to the taxpayer rather than being claimed on the return, credits that may be either rebated or applied against the current year tax liability at the taxpayer's option, credits that cannot reduce the tax below zero and that must be used in the year earned and credits that are not refundable but for which any excess credit may be "carried forward" to reduce a subsequent year's tax liability, and, as an additional complication the carryforward period may be three, five, ten or twenty years. All of these different administrative methods lead to confusion on the part of the taxpaying public and inefficiencies on the part of the department. Some recommended solutions to the administrative inefficiencies are as follows:
 1. Removing refundable credits from the tax return would streamline the tax return process and allow payments to the taxpayer to be made more quickly. Currently, an issue on the tax return unrelated to a refundable credit will suspend the entire

return including the credit, this delays the issuance of the refundable credit to the taxpayer and leads to the perception that economic development related tax credits are not working. In order to do this, refundable credit statutes would need to be amended by the legislature to allow them to be rebated. In addition, assigning a subject matter expert agency to all refundable credits/rebates would allow the department to act merely as the banker. This would additionally streamline the processing of these credits without creating the necessity for subject matter expertise that is already available in another agency.

2. Amend the administrative provisions of tax credits with similar structures to make them consistent. For example, provide one standard carryforward period of 5 years for all credits with a carryforward. This would streamline administration by the department and compliance by taxpayers.
3. Automate credit processing whenever possible – LDR is currently working on a pilot program with the Department of Economic Development (LED) to automate the payment of rebates certified by Economic Development. This will allow LED to submit rebate requests on behalf of taxpayers directly to LDR. Currently in many of the LED credit and rebate programs, LED issues a certificate to the taxpayer who then remits the certificate to LDR for payment. The pilot program looks to "eliminate the middleman" through direct contact between LED and LDR which will significantly reduce the processing time for the LED certified rebates and get the rebate to the taxpayers much quicker.

Eliminate Circular Flows of Money – Louisiana law has created a number of circular flows of money in which a citizen remits a payment to one arm of government and then seeks reimbursement of this amount from another arm of government through the Department of Revenue. An example of this is the credit for ad valorem taxes on inventory. In most local jurisdictions, a business' inventory is assessed each year and the business remits ad valorem tax to the local government based on this assessment. Manufacturers, wholesalers and retailers that pay this "inventory tax" are able to get this money back through the inventory tax credit which is claimed on income and franchise tax returns filed with the Department of Revenue. The state is in effect paying the local inventory tax on behalf of manufacturers, wholesalers and retailers and the taxpayers are put in a cash flow crunch because they must remit the money to local government in one year and wait for over a year to get the money back because the inventory tax credit must be claimed on the tax return filed for the year in which the payment was made. Ideally, this circular flow would be eliminated by having the state make a direct payment of the inventory tax to local government.

- **Eliminate Certain Taxes & Redistribution of Duties to appropriate Process Owners** - Reduce Inefficiency of Collecting Fees and Taxes - There are also taxes and fees imposed by the state that have very low annual collections. The cost of establishing and maintaining a collection and billing system for a tax or fee is very high; therefore, the cost per dollar of collections of low value taxes and fees is extremely high. Streamlining in this area might include eliminating small taxes and fees such as the Transportation and Communications tax. Additional assessments will need to be made with respect to the costs associated with the administration and enforcement of these taxes.

SECTION THREE: OUTSOURCING AND PRIVATIZATION

Potential Outsourcing Opportunities:

- **Delinquent Accounts Receivable** – Totally outsourcing delinquent accounts receivable to a private company would have the effect of reducing the size of government. The contracts with private collectors are usually set up to allow a fee to be charged to the delinquent taxpayer; thereby, eliminating any expense to the state. An alternative would be to allow state agencies and private entities to compete for this activity.
- **Paper Document and Remittance Processing** – A few private companies exist who perform these services. Some states have elected to outsource this service rather than maintain these operations themselves.
- **Call Center Operations** – These operations are common in private industry. One of the challenges would be to train personnel on tax related issues but this is not insurmountable. One of the advantages would be that agencies would not have the burden of staffing in a high-turnover environment. This has proven to be a major challenge that is quite costly.
- **Information Technology Services** – Numerous opportunities exist for outsourcing of information technology services. Services such as infrastructure hosting and management, software development, equipment maintenance, and data center management are just a few. A strategic approach should be taken if this option is selected for implementation in order to minimize the risks to data and agency day-to-day operations.
- **Training of Employees** – All training for job related and continuing professional education can be performed by private entities.
- **Buildings and Grounds Maintenance** – Private companies are available and usually perform this function more efficiently and cost-effective. This is a general observation not related to LDR activities or functions.
- **IT Help Desk Services (Statewide)** – An IT Help Desk for software products common to a significant number of agencies and employees would be more cost efficient and effective from a long-term perspective. Currently, LDR uses an outsourced vendor for

its help desk operations. This model has been employed for a few years and proven to be effective.

- **Common State Car Pool in Downtown Baton Rouge** – Create a centralized car pool for infrequently used state owned vehicles. Currently, a large number of state owned vehicles are housed in the downtown Baton Rouge area. A suggestion is to assess the needs of each agency with respect to frequency of use and eliminate vehicles where there is underutilization in close proximity to occasional users. Another alternative could be to outsource this activity to a vehicle rental agency that would operate in the downtown area near the users. This could eliminate the need for the state to purchase and maintain the automobiles.
- **Consolidate Employee Recruitment Practices** – Create a single entity, or outsource to one, for the purpose of recruiting appropriate skills for state government positions. Currently, multiple agencies are attending job fairs and other forums for this purpose.
- **Sales Tax Audit Services** – This activity could potentially be outsourced to a private entity in total or used to supplement existing staff. Private firms exist who perform audits for some local governments. Over the years, a few have expressed an interest in expanding their business to the state. Additional analysis would be required to determine an hourly rate to compare to LDR cost. The department currently contracts with the Multistate Tax Commission for auditing services and in the past had a small contract with a local tax administrator. It should be noted that there is strong sentiment within the business community that tax audits should not be performed by private companies.

SECTION FOUR: INFORMATION TECHNOLOGY INTEGRATION

- **Kiosk Project** – LDR’s kiosks are currently in service in our New Orleans Regional Office. The kiosks are self-service tools available to our customers for various services previously performed by a live person. Our plan is to strategically locate these units throughout the state in order to serve customers. These kiosks may be expanded to include services provided by other state agencies.
- **E-services Projects** – Funding has been provided that allows us to update existing and develop new electronic filing applications. Developing new electronic service options will allow us to expand our 24/7/365 service delivery. In addition, electronic solutions for service delivery reduce our overall cost of services while maintaining and in some cases enhancing service levels. This is important as we move away from paper processing via human service portals.

SECTION FIVE: ELIMINATION OF DUPLICATIVE AND UNNECESSARY SERVICES

Duplication or Overlap with Other State Agencies, the Federal Government, or Public or Private Stakeholder Groups:

Other State Agencies:

- **Office of Alcohol and Tobacco Control** – Because of the nature of the enforcement activities performed by this unit, there is a long-standing debate about which agency this function should be placed under. The field enforcement activities of ATC are performed by post-certified officers who carry firearms while carrying out their duties. On occasion, these officers are required to make arrests when the need arises. In addition, these officers are first-responders on an as-needed basis when called upon.
- **DNR Mineral and Royalty Programs** – DNR has a field audit program that audits oil and gas exploration companies for royalties that are due to the state from state leases. LDR audits many of the same companies for severance taxes. There could possibly be certain efficiencies gained by allowing LDR to audit these oil and gas exploration companies for severance taxes and royalty payments at the same time.
- **Consolidated Reporting of Royalty Payments and Severance Taxes** – LDR and DNR desire certain law changes that allow for consolidated reporting of extracted mineral resources, royalty payments and severance taxes. Accomplishing this task would be a win-win situation for both the taxpayers and the state.
- **Louisiana Workforce Commission (LWC) Tax Collection and Audit Programs** – LWC has a field audit program that audits businesses for unemployment insurance taxes. LDR audits businesses for various business taxes (sales tax, withholding tax, etc.). There could be certain efficiencies gained by allowing LDR to audit these businesses for state unemployment insurance taxes at the same time that they audit businesses for other taxes.
- **Consolidate Reporting of Unemployment and Withholding Taxes** – LDR and LWC desire certain law changes that allow for consolidated reporting of unemployment and withholding taxes. Taxpayers are currently duplicating much of the information reported to the two agencies – the major exception being the withholding and unemployment tax items. The other payroll related data is basically the same.
- **Centralized Collection of Delinquent Accounts Receivable** – There are certain economies of scale that could be realized by consolidating most, if not all, delinquent accounts receivable collection activities from the various state agencies. LDR has acquired (as other agencies have also) expertise in collecting delinquent accounts over the years that could be beneficial to other agencies. Leveraging these resources in a manner that allows for a single contact for all debts to the state by a business and/or individual has obvious benefits associated with it.
- **Central Paper Document and Remittance Processor** – Currently LDR has a state of the art document and remittance processing system. Other state agencies either perform some of the same processes or they are exploring the possibility of doing so. Idle capacity exists in LDR's processing unit which could be put to use by processing documents for other state agencies. Our equipment is designed to operate on a 24/7 basis and it is idle approximately fifty-eight percent of the time. Because of the

equipment already in place at LDR, other agencies in need of these services would not have to duplicate this investment.

- **Statewide motor pool maintenance at single location** – A recommendation is being made to establish either a state-operated or outsourced motor pool maintenance garage for state agencies in the Baton Rouge area. This is a general observation not related to LDR activities or functions.

Other Local Governmental Agencies:

- **Single Sales and Use Tax Collector for the State** – This idea has been discussed for many years in Louisiana. The benefits of a single sales and use tax collector to taxpayers (both individuals and businesses) include but are not limited to: increased economic development in our state; transparent and accountable government; decrease to businesses in the cost of doing business in our state; simplification of tax compliance; and reduced overall government bureaucracy for businesses. Louisiana is one of forty-five states that do not have a single collector for sales and use taxes.
- **Centralized “Help Desk” for State Agencies** – For state agencies utilizing common software applications (such as Microsoft Office, ACL, WordPerfect, etc.), it would be beneficial to offer a single location for this much needed service. Currently, each agency coordinates its own help desk functions and training as it relates to commonly utilized software applications.
- **Single Business Registration Portal** – Businesses currently have to traverse through the maze of rules and regulations governing their operations. There is basic information that is common to most agencies when an entity expresses interest in doing business with and/or within the state. Acquiring general information about the businesses’ intent at the initial point of contact can be shared with all interested agencies. This information could either suffice in properly registering that business with a particular agency or serve as the catalyst for forwarding other necessary documents that must be filed for registration purposes.
- **Centralized Motor Pool** - For state agencies located in the downtown area, a centrally located and managed pool of automobiles that are utilized for infrequent trips could possibly reduce the number of vehicles purchased by the state. A number of vehicles are potentially under-utilized.
- **Statewide IT Disaster Contingency Site** – There is a need to establish a site that will be available on an “as needed basis” in the event that state agencies’ primary operating locations are otherwise unavailable as a result of a natural or man-made disaster. Ensuring that critical operations can continue or be restarted in the aftermath of a major catastrophe is mandatory to the economic viability of the state.

SECTION SIX: CIVIL SERVICE AND EMPLOYEE BENEFITS

- **State Employee Pay-for-Performance System** – The Civil Service Commission should adopt a pay-for-performance system that would be required to be adopted by all state agencies. This system should include a certification process and requirement that ensures that each agency’s plan is administered in a reasonable and unbiased manner. As a standard, Civil Service should require that the Performance Planning and Review method utilized by the agency focuses on objectively determined outcome-based productivity standards for employees. The new system should require that an agency meet specific standards before being allowed to use the pay-for-performance system.

SECTION SEVEN: STUDIES AND OTHER RESOURCES

National and State Studies:

Streamline Sales Tax Project – The Streamlined Sales Tax Project (Project) is a national effort created by state governments, with input from the private sector and local governments, to simplify and modernize sales and use tax collection and administration throughout the United States. The Project’s proposals include tax law simplifications, more efficient administrative procedures, and enlisting emerging technologies to substantially reduce the burden of sales tax collection. The Project’s proposals are focused on improving sales and use tax administration systems for both Main Street and remote sellers for all types of commerce and ensuring that the proper sales taxes are remitted to state and local governments. This project and the studies that have been performed in conjunction with it are significant as Louisiana assesses the direction it will take in streamlining government operations and services. Detailed reports relating to the Streamline Sales Tax Project can be found on many of the websites listed below; however, the Multistate Tax Commission, Federation of Tax Administrators, and Council on State Taxation websites are recommended by this agency.

National Organizations and Their Websites:

- **Internal Revenue Service** – <http://www.irs.org/>
- **Federation of Tax Administrators** – <http://www.taxadmin.org/>
- **Multistate Tax Commission** – <http://www.mtc.gov/>
- **Council of State Governments** – <http://www.csg.org/>
- **Center on Budget and Policy Priorities** – <http://cbpp.org/>
- **Council on State Taxation** – <http://statetax.org/>
- **National Tax Association** – <http://ntanet.org/>
- **Tax Exchange** – <http://www.taxexchange.org/>
- **Tax Foundation** – <http://taxfoundation.org/>

- **Tax Policy Center** – <http://taxpolicycenter.org/>
- **Small Business & Entrepreneurship Council** – <http://www.sbsec.org/>
- **Forbes.com** – <http://www.forbes.com/>

SECTION EIGHT: AGENCY BEST PRACTICES

- **Integrated Tax System Implementation** – LDR converted to a server-based integrated tax computer system (DELTA – Defining Excellence in Louisiana Tax Administration) a few short years ago. The project and system were recognized by Microsoft, State Tech (see article in Attachment 1) magazine and the Federation of Tax Administrators for process improvements through the use of technology. Our integrated tax system is the foundation upon which services to taxpayers are based. The system is used in all aspects of our operations, including but not limited to: processing of returns; refund administration; collection and audit management; revenue and distribution reporting; electronic image management; correspondence administration; and E-services/e-commerce support.
- **E-services/E-commerce Initiatives** - LDR has developed numerous electronic applications in order to provide services to taxpayers in a more convenient and efficient manner. Our La Tap portal allows a taxpayer to perform tax filing, payment and account inquiry activities without human intervention. The cost of providing and maintaining this service portal is more cost-effective than the traditional human service delivery model. Continuing to provide services to the taxpayer in an electronic environment is a priority of this agency.
- **Information Technology Governance Process** – LDR has established an information technology governance process in order to prioritize and align IT resources with the strategic initiatives of the agency and the state.
- **Call Center Operation** – A call center has been established utilizing modern technologies and best practices to increase efficiencies and improve communications with taxpayers and practitioners.
- **NSF Checks Collection Outsourcing** – Louisiana District Attorneys Association has been contracted with to collect NSF checks utilizing an electronic distribution system.
- **Mobile Tax Collection Program** – A system has been established that provides our field collection agents with real-time account information during visits to taxpayer sites.
- **Brownbag Lunch and Learn Outreach Program** – The Louisiana Society of CPAs and LDR partner to deliver information related to various tax topics to businesses and individuals around the state. The sessions are coordinated through our regional and district offices.
- **Underage Access to Alcohol and Tobacco Products** – Through its various enforcement and compliance initiatives, the Office of Alcohol and Tobacco Control (ATC) has maintained the highest compliance rates for underage access to alcohol and tobacco

products in the U.S. each year since 2001. In doing so, ATC was recognized as the nation's best alcohol enforcement agency by the National Liquor Law Enforcement Association and received an "Innovations in Adjudication" award from the national Conference of State Liquor Administrators for its one of a kind "Responsible Vendor Program".

- **Policy Services Division** – The establishment of this division, for the first time in the history of Louisiana tax administration, created a single source of contact for official policy guidance for the public and LDR employees. This unit is responsible for drafting and promulgating rules; issuing policy statements (such as Revenue Rulings, Private Letter Rulings and Revenue Information Bulletins); and providing information to the executive and legislative branches of government relative to the effect of proposed and enacted legislation.
- **Computer Assisted Audit Program** – This program is designed to offer technical computer hardware and software support services to the audit process. Created as a result of benchmarking the best practices of other state and federal governmental agencies, this program has allowed LDR to increase its efficiency in performing sales and use tax audits. The basic premise of the program is to incorporate statistical sampling theories and principles into the auditing process. LDR credits this program with increased productivity in spite of declining human resources over the past years.
- **Federal Refund Offsets Program** – A primary tool utilized by LDR in collecting delinquent individual income tax accounts is the U.S. Treasury's Financial Management Service (FMS) central disbursements program called "Treasury Offset Program" (TOPS). The TOPS program levies against federal refunds or credits due to taxpayers in order to offset state tax debts. This program is strictly voluntary and requires that a participating agency adhere to stringent federal guidelines in order to participate. Since January 1, 2009 alone, LDR has collected on more than \$50 million in delinquent receivables through this program.
- **Reorganization of Tax Divisions** – The tax divisions within the Department were reduced in number, reorganized, and streamlined to avoid duplication of services while increasing efficiency. The reorganization was completed after a comprehensive study by the Department's administration to identify the services and work processes within each tax division. As a result of this study, LDR was able to eliminate supervisory and management layers that no longer added value to the operations of the agency. The agency eliminated the Deputy Assistant(s) and Undersecretary positions as well as a few mid-level management and front-line supervisory positions.
- **Committee for a SECURE Louisiana** – This committee issued a report on the department's operations in 2002 (see Attachment 2). The report stated that the Department was headed in the right direction. Subsequent to the issuance of that report, the department has continued to streamline and improve its operations. The department realizes that the fiscal challenges facing the state currently, and in the immediate future, maybe significantly different than in 2002.