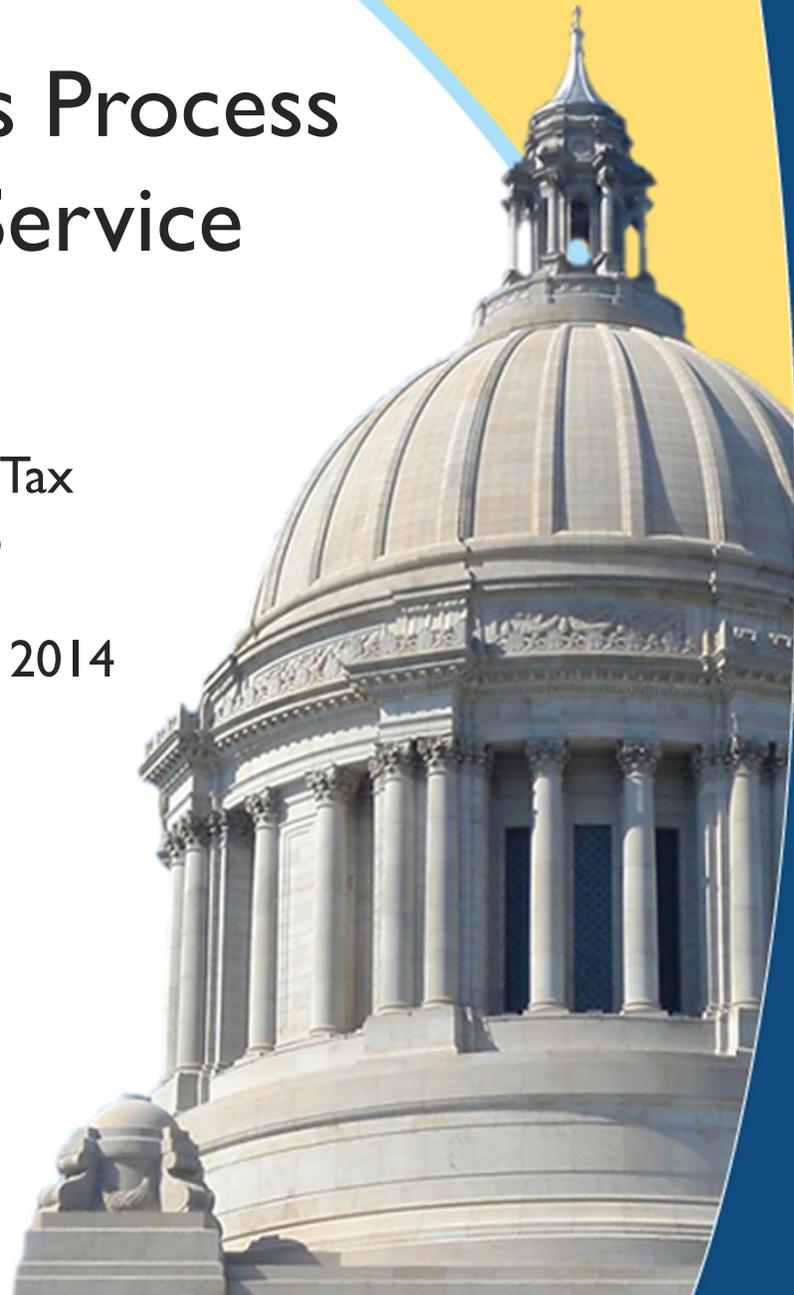


# Improving the Appeals Process Balancing Customer Service and Efficiency

Western States Association of Tax  
Administrators Boise Idaho

Mary C. Barrett, September 8, 2014



# What Does Appeals Do?



## Purpose:

- To provide a venue to fulfill the Department's statutory obligation to create a system of adequate review and address taxpayer requests/appeals in the assessment or collection of taxes.

## Objective:

- To timely resolve tax appeals and provide written guidance expressing the official position of the Department on Washington State Tax Laws.

# Washington Appeals Processes:

## WAC 458-20-100 (Rule 100) **Informal:**

- Director must provide “adequate” system of review of actions in assessment and collection of excise taxes – RCW 82.01.060(4).
  - Applies to correction of assessments, refund requests and review of letter rulings. (excise taxes)

## WAC 458-20-1000 et seq **Formal:**

- Director Is authorized to conduct reviews under the Administrative Procedures Act (APA). Chapter 34.05 RCW
  - Applies to actions involving business licenses, reseller permits, renewable energy certificates, spirits taxes and mobile home fees.

## **Administrative Law Judge (ALJ)**

- Both case types conducted by ALJ’s who are attorneys trained in the interpretation of Washington tax law.

# Two types of Review (con't):

## **Washington Administrative Code 458-20-100 (Rule 100)**

- Informal, non-adversarial and not independent. *Ex parte* communication is okay.
- Written decision is the final agency position.
- Taxpayer may appeal to the Independent Board of Tax Appeals (except letter rulings or future reporting instructions) and further to the courts.

## **Administrative Procedures Act (APA) cases:**

- Formal, with strict procedural requirements. (No *ex parte* communication)
- ALJ is independent final decision maker for the Department.
- May be conducted as a hearing or with documents only.
- Appeal to Superior Court.

# Process Improvements Using Lean

## What is Lean?

- A systematic approach to eliminate waste through continuous improvement.

## Lean Principles:

- Continuous improvement.
- Focus on the process, not the people.
- Maximized value to customer using minimal resources.

## Lean Impact:

- Process review focuses on the customer impact.
- Process efficiency frees up staff to do other needed work.

# Process Reform –Informal Proceedings

Focus Rule 100 (WAC 248-20-100) Lean improvements

Pilot: Automatic scheduling

- Hearing date and scheduling order sent with acknowledgement.
- Result: No increase in continuance requests, records earlier, less time coordinating calendars and no process complaints.

Pilot: all electronic workflow for small claims

- Reduced paper consumption and handling, increased speed of communication of documents and results.

Case Processing Guidelines: key deliverables.

- Set hearing/no hearing, responses due/close of record & draft due.
- Result: Steady decrease in number of backlog and hold cases.

Published Performance Measures (PM's)

- Clarifies Taxpayer's expectations for issuance of decision by case type, cases in backlog or on hold.
- Result: increased PM's for 2 case types who far exceeded prior measure over 2 Fiscal Years. Taxpayers receive decision quicker.

# Mainstream Accelerated (MSA)

Used Lean principals to create new case type

10% of mainstream cases assigned to MSA at intake:

- All tax types and legal issues.
- Spectrum of dollar amounts.
- Streamlined analysis and decision format.

## RESULTS

- All MSAs cleared timely, within 6 months.
- Increased the total number of mainstream cases clearing within 6 months by 5%.
- Expect increase in cases cleared within 6 months when program in effect for full year.

Quality has not been impacted:

- Reconsideration rate lower for MSA than all Mainstream cases.
- Tailored process frees up ALJ/Manager time to spend on more difficult cases.

With the introduction of MSA, the Department's level of customer service is improved because taxpayers receive a decision on their tax appeal quicker, and in a more concise, readable format.

Bill Pardee, ALJ

# Process Reform-APA

Focus: Brief adjudicative Proceedings (BAPs)

- A two step process.
  - Initial review conducted by Operating Division.
  - Second level appeal conducted by Administrative Law Judge as Director's Reviewing Officer.
- Appeal of initial decision changed to record review. Live hearing an exception.
- Pilot: All electronic workflow.

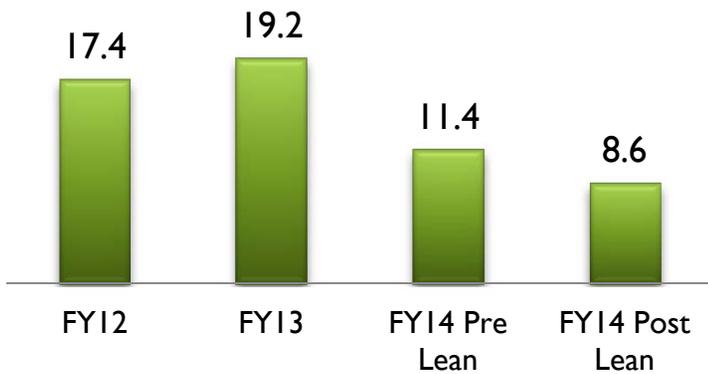
## RESULTS:

- Eliminated scheduling and reduced correspondence.
- Performance Measure: Time standard reduced from 45 days to 30 days (FY12). Average 20 days.
- Performance Measure: Issuance Rate increasing from 90% to 95% (FY15).
- No increase in appeal rate to trial court.

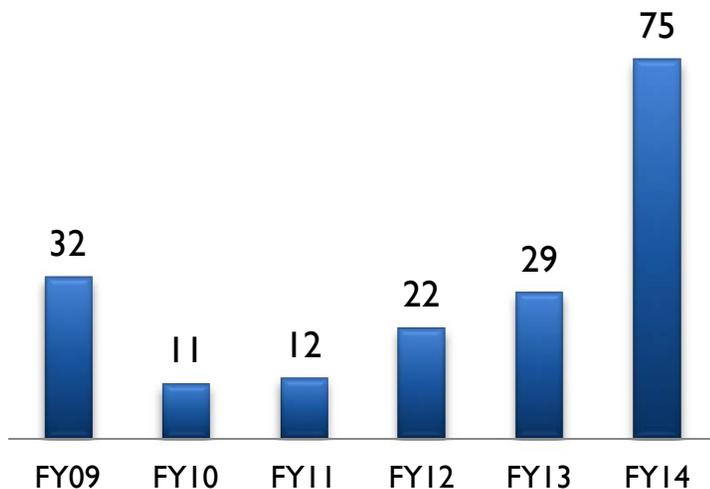


# WTD Lean

## Months to Publish WTD



## WTDs Published



- Used Lean process to decrease time and process steps while maintaining quality.
- Changed drafting for easier sanitization.
- Anticipated a 30% reduction in time to publish, achieved 50% reduction.
- Increased publication rate by 125% over prior year.
- Goal 25% of all eligible cases by FY16.

# Process Improvement: What's Next?

- **Publication:** use Lean techniques to make process more efficient with goal of increasing volume and speed of issuance
- **Case Processing:** use Lean techniques to evaluate current case management procedures for greater efficiency while maintaining customer service.
- **Satisfaction Survey:** Conduct Taxpayer and Representative Survey to assess satisfaction and ideas for process improvement.

# Case Processing Performance Measures

## Small Claims Performance Measure

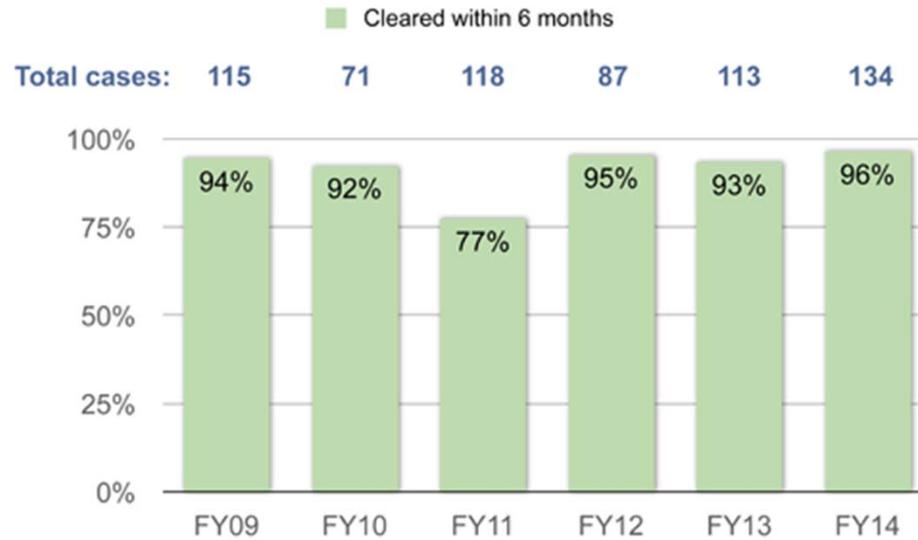


## Mainstream Original Performance Measure

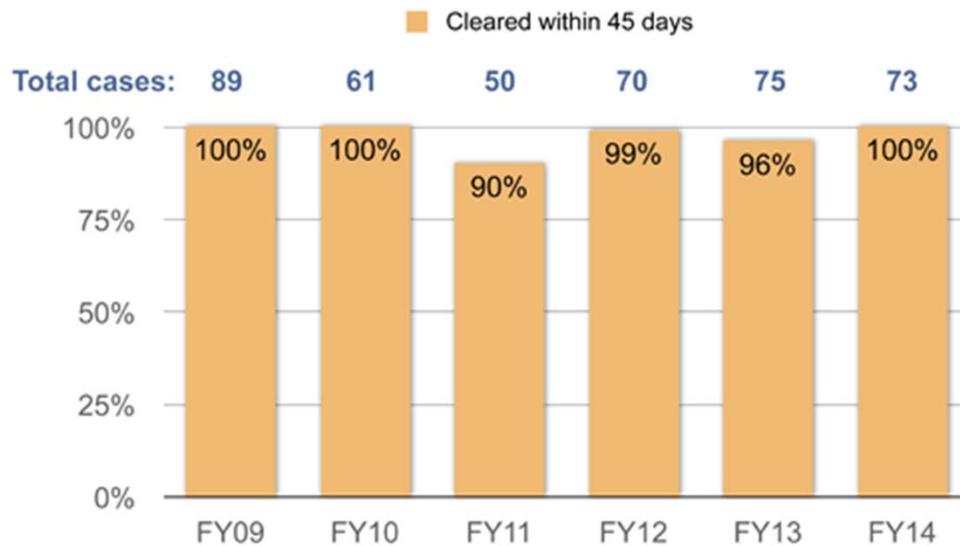


# Case Processing Performance Measures

## Mainstream Reconsideration Performance Measure

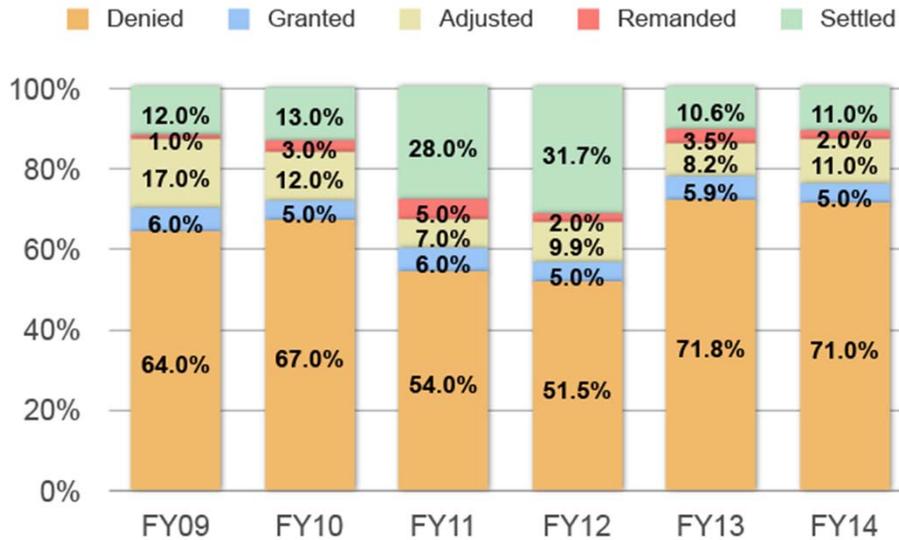


## APA Performance Measure



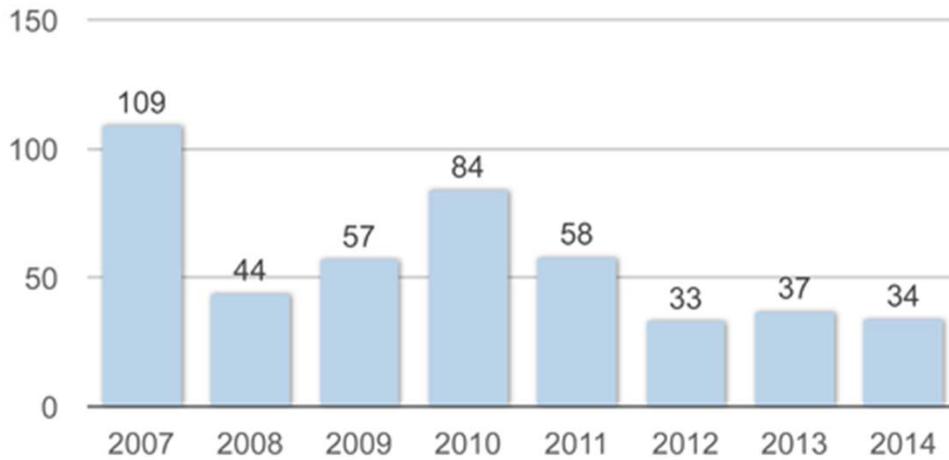
# Appeals Statistics

## Decision Results



*FY11 and FY12 settlement rates higher due to Amnesty Program*

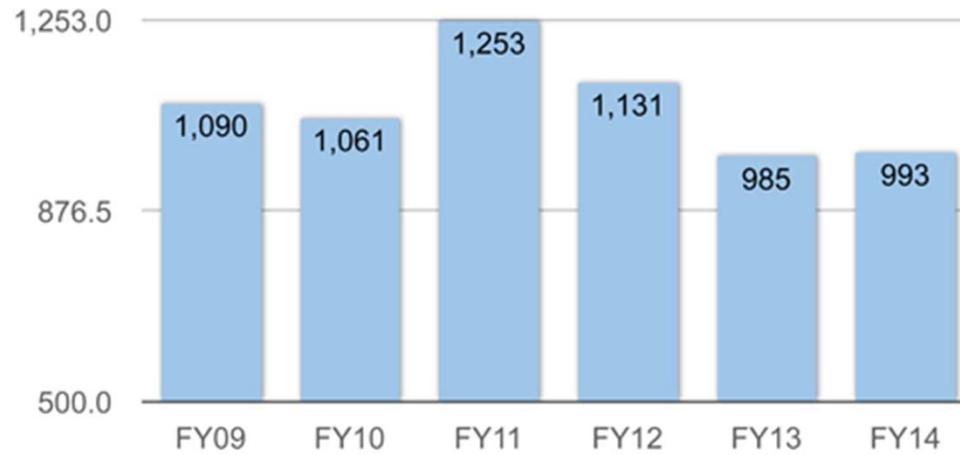
## Cases on Hold



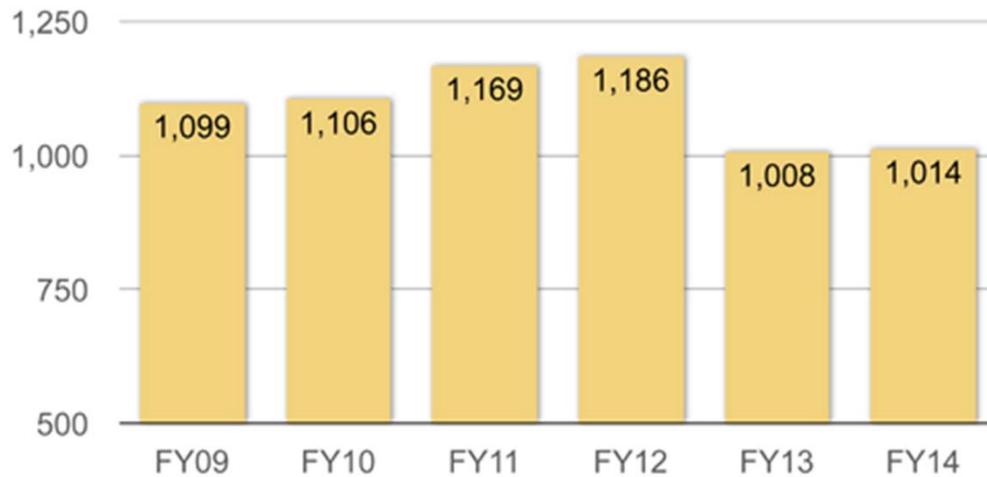
*Data pulled in January of year listed for cases on hold counts*

# Appeals Received and Cleared Statistics

## Number of Appeals Received



## Number of Appeals Cleared



# Contact Us

For information about the Washington State Appeals Division services:

- <http://dor.wa.gov/appeals>

Just the statistics:

- [dor.wa.gov/Content/FileAndPayTaxes/Appeals/Appeal\\_Statistics.aspx](http://dor.wa.gov/Content/FileAndPayTaxes/Appeals/Appeal_Statistics.aspx)

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Questions?

