

**Taxpayer Advocate Act of 2019,  
Bill 23-41**

**Before the**

**Committee on Finance and Revenue  
Council of the District of Columbia  
The Honorable Jack Evans, Chair**

**March 18, 2019, 10:00 A.M.  
John A. Wilson Building, Room 120**



**Testimony of Keith J. Richardson  
Deputy Chief Financial Officer  
Office of Tax and Revenue**

**Jeffrey S. DeWitt  
Chief Financial Officer  
Government of the District of Columbia**

Good morning, Chairman Evans, and members of the Committee on Finance and Revenue. I am Keith J. Richardson, Deputy Chief Financial Officer for the Office of Tax and Revenue (“OTR”). I am pleased to appear before you today to present testimony on Bill 23-41, the “Taxpayer Advocate Act of 2019” (the “Bill”). I am joined by Eva Liggins, OTR Director of Operations, and Elissa Borges, OTR Assistant General Counsel.

I would like to begin by thanking this Committee and the Council for their interest and support in helping us improve the services OTR provides to the residents and taxpayers of the District. We appreciate your oversight and any suggestions you may have for how OTR can provide a better taxpayer experience while carrying out our mission to enforce the District’s tax laws and collect tax revenues for the District. In particular, we welcome any feedback the Council can provide on any specific issues that you may be hearing from your constituents so that we can address them as soon as possible.

As a matter of policy and practice, the Office of the Chief Financial Officer (“OCFO”) does not typically comment on the merits of proposed legislation. However, given that the Bill could affect a core function of OTR’s administration of taxes in the District, it is important for us to provide our views today. OTR recognizes that the Bill is intended to help improve OTR, a goal we fully support,

however, for the reasons I will discuss, OTR respectfully believes the Bill cannot serve its intended purpose, and we, therefore, cannot support this Bill as written.

Over the past five years, and under the leadership of the Chief Financial Officer, Jeffrey DeWitt, OCFO has devoted considerable effort to establishing a culture of continuous improvement and accountability for all offices and employees, including OTR. I am proud to report that OTR has vastly improved over the past five years and is well on its way to becoming a best in-class state tax department.

Last year, OTR accomplished the following:

- 999,014 tax returns processed;
- 303,461 refunds processed;
- 234,899 calls answered;
- 60,995 written correspondence answered; and
- \$204,797,781 in delinquent payments collected.

Additionally, OTR has implemented a number of technological advances to increase our service levels and help District taxpayers better understand their tax obligations, including the launch of Mytax.DC.gov which allows taxpayers to do the following activities on-line:

- Access a repository of fillable tax forms
- Access individual and business tax accounts
- File electronic returns for the following tax types:
  - Alcoholic Beverage
  - Ballpark Fee
  - Business Personal Property
  - Cigarettes and other tobacco products

- Department of Healthcare Finance
- Estate
- Gross Receipts
- Motor Vehicle Fuel
- Sales and Use
- Make payments
- Track refund status
- Apply for parking exemptions
- Enter into installment agreements
- Submit questions to OTR employees online
- Access tutorials on various tax issues
- Register new businesses
- Apply for various tax exemptions (sales tax, QHTC, etc.)
- Access other relevant information regarding District taxes.

Further, OTR operates a state-of-the-art, walk-in customer service center where taxpayers can get assistance quickly and efficiently in a comfortable, professional atmosphere Monday to Friday from 8:15 a.m. through 5:30 p.m. The center is a multi-functional operation that assists with a wide variety of taxpayer inquiries, including refund status, account status, payment agreements, forms, bills, income tax preparation assistance, and business tax registration. The center has 13 customer service windows designed to accommodate several taxpayers at one time and to service taxpayers' needs quickly. OTR also employs a "Qmatic" line management system that assists in the efficient flow of customers visiting the center. Qmatic gives an estimated wait time, a number to gauge a taxpayer's place in line and filters taxpayer to the appropriate OTR representative. In 2018, OTR enhanced its Qmatic System by adding self-service kiosks. The self-

service kiosks allow taxpayers to obtain a ticket for servicing without having to visit our front desk in the walk-in center.

In addition to visiting the customer service center, taxpayers can contact OTR or obtain information through one or more of the following:

- Email: [e-services.otr@dc.gov](mailto:e-services.otr@dc.gov)
- Main Customer Service: (202) 727-4TAX (4829); E-Services: (202) 759-1946;
- Tax Practitioners Hotline: (202) 727-1435
- Newsletter: Subscribe today - <https://mytaxdc.wordpress.com/>
- Twitter: @DC\_OTR

Further, if for some reason a taxpayer is unable to obtain the information or answers they need on-line, by visiting the customer service center or contacting OTR through one of these methods or is otherwise unsatisfied with the service he or she received, the taxpayer may contact OTR's Problem Resolution Office (PRO). PRO helps taxpayers who may have complex or unique tax problems that they have been unable to satisfactorily resolve within a reasonable time frame through standard OTR contacts. PRO ensures that OTR's administration tax policies and practices are consistent, fair and equitable. Additionally, PRO works with all administrative areas to restructure departmental processes and procedures which may have created or contributed to problems for taxpayers. The telephone number for PRO is (202) 442-6348.

In fact, over the past three months, PRO has received several inquiries directly from Council staff or other governmental agencies on behalf of taxpayers, all of which were resolved within one to three business days.

The D.C. Council recognized the accomplishments of PRO when it officially honored Stella Hodge, the former Director, in the fall of 2018.<sup>1</sup> Following Ms. Hodge's retirement last year, OTR is reviewing PRO's mission and structure to determine whether any improvements are needed before naming Ms. Hodge's successor. In the interim, Edith Lanum, Director of OTR's Customer Service Administration is the point of contact for the resolution of any problems experienced by taxpayers that have not been resolved through normal means.

I have also put in place a new management team that heads the Compliance Administration, which includes both our audit and collection functions. Those individuals are empowered and accountable to resolve all taxpayer issues that come to their attention.

Although I am proud of these achievements and the progress that OTR has made, we always strive to do better. Consistent with our culture of continuous improvement, OTR expects to implement the following initiatives in the future that we expect will provide greater service to taxpayers:

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<sup>1</sup> Stella Hodge Recognition Resolution of 2018, Ceremonial Resolution 22-374 is attached hereto as Exhibit A.

- IVR Technology deployment
- Modernized Real Property Tax System
- Qmatic update

Fundamentally, the basis for the Bill appears to be that there are problems in OTR's responsiveness to taxpayers for which current staff, processes, systems and resources are unable to resolve. The Bill proposes to establish an Office of the Taxpayer Advocate ("Office") as an independent agency within the District government headed by a Taxpayer Advocate appointed by the Mayor. In summary, the purposes of the proposed Office are to assist taxpayers in resolving complex tax problems that have not been resolved through "normal channels;" identify areas in which taxpayers have problems in dealings with the District; propose to the Chief Financial Officer ("CFO") changes in the administration of the District's tax laws; and propose to the Mayor and Council potential legislative changes. The proposed Office will not prepare tax returns or participate in litigation on behalf of taxpayers. The Taxpayer Advocate would be required to submit an annual report to the Council without prior review by the OCFO or the Mayor containing, among other things, descriptions of the Office's initiatives, recommendations, and customer service-related information.

OTR opposes the Bill, as currently drafted, because it is not clear what problem or problems the Bill is attempting to solve and is ambiguous as to how a

Taxpayer Advocate could achieve customer service improvements given that legal and tax administrative authority cannot be delegated outside the OCFO. In fact, the Bill may be counterproductive to timely and efficiently solving taxpayer problems by creating another silo within the District government that taxpayers and other stakeholders will have to navigate to address their issues. The staff of the proposed Office would not have the ability to resolve taxpayer problems and would effectively be no different from the staff of Council, the Mayor's office or other agencies who receive inquiries from District taxpayers from time to time and forward those inquiries to OTR for resolution.

The Bill also presents administrative and legal issues as written. Most of these issues arise from the fact that the Bill differs from the structure of the National Taxpayer Advocate, upon which the Bill appears to be modeled. The Office of the Taxpayer Advocate would be established as an independent agency outside OTR. As a result, OTR will be limited in the information that it can share with the Taxpayer Advocate pursuant to federal law and agreements with the IRS that prohibit the disclosure of federal tax information to any person outside of OTR unless expressly authorized by the taxpayer. The Taxpayer Advocate would also not have the authority to access any taxpayer records through OTR's Modernized Integrated Tax System ("MITS"). Only designated employees of OTR have direct access to taxpayer information through MITS. Indeed, the states that have



established some version of a state taxpayer advocate have done so as an office within their departments of revenue or other similar agencies.

In addition, establishing an independent agency to assist in the administration of District taxes infringes on the Chief Financial Officer's duty to supervise and assume responsibility for "levying and collection of all taxes," granted under Section 424(d)(10) of the federal Home Rule Act. Therefore, affirmative Congressional legislation will be needed to authorize an Office of the Taxpayer Advocate that is not within the Office of Chief Financial Officer.

Finally, as the Bill is currently written, it is not clear which District taxes are intended to be included in the Taxpayer Advocate's purview. It appears the intent is for the Bill to apply to some or all of the taxes set forth in Title 47 of the D.C. Code but, as currently written, it could be interpreted to apply to taxes not administered by OTR, such as the paid family leave tax, which is administered by the Department of Insurance, Securities and Banking.

Thank you, Chairman Evans, for the opportunity to testify on this Bill. At this time, Eva Liggins, OTR's Director of Operations, will provide a brief summary of OTR's customer service-related changes and initiatives that have been established over the last several years and how we have improved as an agency with regard to customer service. Following her remarks, Ms. Liggins and I would be happy to address any questions you may have.

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**Testimony of Eva Liggins  
Director of Operations  
Office of Tax and Revenue**

**Jeffrey S. DeWitt  
Chief Financial Officer  
Government of the District of Columbia**

Good morning Chairman Evans and members of the Committee on Finance and Revenue. I want to talk briefly about significant improvements we have made to our customer service delivery over the last 7 years.

When I arrived in December 2011, correspondence backlogs were prevalent, including e-mails and USPS. Correspondence numbered in the thousands with some inquiries over a year old. There were also hundreds of voicemails left by taxpayers on an unattended voicemailbox.

A comprehensive review of all Customer Service Administration positions was conducted to identify the required skills necessary to support the evolving culture of the informed customer. Special emphasis was placed on identifying skills and qualifications necessary for building and maintaining a technology enhanced operation of competent employees.

We created a task force to address the backlogs and closely monitored performance. We recognized the need for quality assurance and a Quality Assurance unit was established to assure adherence to established policies and procedures; that work was completed timely and accurately; identified coaching and training opportunities; and addressed any performance deficiencies. The team monitors work in all areas and works closely with the unit managers to correct errors and look for ways to improve business processes. QA also partners with the workforce management analyst to assure adequate staffing and allocation of

resources. The result was the elimination of the backlogs over time and today, correspondence (USPS) is responded to within 3 business days.

On the technology front, we implemented Phase I of a new telephony system that provided more lines and eliminated busy signals during periods of high call volume. This June, we will implement virtual hold – an enhancement that will allow customers to opt to receive a call back without losing their place in queue; thus, customers can attend to other matters while they wait to receive a call back from a customer service specialist.

We also implemented a workforce management system that provides staffing models based on call volume. This system also tracks call volumes and supervisors are able to balance the workload by assigning specialists to queues according to skill sets and peak/non-peak times. The workforce management analyst monitors the system throughout the day and notifies management when anomalies occur.

The implementation of our Modernized Integrated Tax System (MITS) allowed us to retire an outdated correspondence tracking system. All correspondence is now tracked in MITS. The new tax portal, MyTax.DC.gov led to the creation of our e-Services Unit. Taxpayers can file some returns, pay online, manage their accounts, and request payment plans, just to name a few of the online services we offer. Specialists in this unit consistently respond to emails and web

messages within 24 hours.

The customer service improvements have led to a significant decrease in both escalations and overall inquiries. In 2012, we received over 228,000 pieces of correspondence via USPS and last year we received just 60,000.

We are proud of the improvements we have made and are committed to continuous improvement. Best in class is our aim and we remain committed to continuing to provide superb customer service to all of our customers.

A CEREMONIAL RESOLUTION

22-374

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

September 18, 2018

To recognize Stella Hodge for her committed public service and 50 years of service to the District of Columbia.

WHEREAS, Stella Hodge studied at the University of the District of Columbia and Bowie State University;

WHEREAS, Stella Hodge has worked on behalf of the people of the District for half a century;

WHEREAS, during her time working for the District's Office of Tax and Revenue, Stella Hodge has gained expertise in all 21 tax types administered by the Office of Tax and Revenue;

WHEREAS, in addition to serving as the liaison between the Office of Tax and Revenue and the Council of the District of Columbia, Stella Hodge also serves as the spokesperson for the Office of Tax and Revenue;

WHEREAS, Stella Hodge led the development and implementation of the Office of Tax and Revenue's state of the art Customer Service Center, which has greatly improved the customer service experience;

WHEREAS, Stella Hodge assisted in establishing the Office of Tax and Revenue's Problem Resolution Office, which provides one-on-one assistance to residents facing complex and unique tax problems;

WHEREAS, Stella Hodge created the Tax Practitioner Institute and the Employee Tax Institute, both of which are now offered annually by the Office of Tax and Revenue;

WHEREAS, for her outstanding work and substantial contributions to the District government, Stella Hodge received both the Special Act Award and the CFO Award, and was a finalist for the Morris and Gwendolyn Cafritz Foundation Award for Distinguished DC Government Employees;

WHEREAS, Stella Hodge is highly engaged in her community, serving as a member of the Usher Board and Hospitality and Greeter ministries at Antioch Baptist Church and serving as Servant Leader and Vice Chair of Hope Center Inc., Helping Others Endure; and

WHEREAS, Stella is married to Robert Hodge and has 2 daughters, 3 grandchildren, and one great-granddaughter.

RESOLVED, BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this resolution may be cited as the “Stella Hodge Recognition Resolution of 2018”.

Sec. 2. The Council of the District of Columbia recognizes Stella Hodge’s commitment to and passion for working for and with the residents of the District of Columbia for 50 years.

Sec. 3. This resolution shall take effect immediately upon the first date of publication in the District of Columbia Register.