

Memorandum

To : Ms. Kristine Cazadd
Interim Executive Director

Date: November 30, 2010

From : Jeffrey L. McGuire, Deputy Director
Sales and Use Tax Department



Subject : **Board Meeting, December 14-15, 2010**
Item P3- Sales and Use Tax Department's Deputy Director Report
Field Office of the Future Update

At the December 14-15, 2010 Board Meeting, I will be providing an update on the Field Office of the Future project and a more focused approach on the impacts of e-Registration and e-Payments.

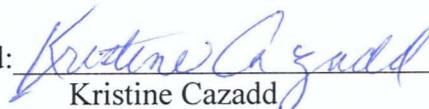
Please place this item on the December 15, 2010 Board Meeting agenda under P3.2.

JLM:tf

Attachment

cc: Ms. Diane Olson (MIC 80)

Approved: _____



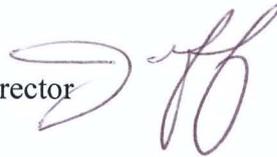
Kristine Cazadd
Interim Executive Director

Memorandum

To : Honorable Betty T. Yee, Chairwoman
Honorable Jerome E. Horton, Vice Chair
Ms. Barbara Alby, Acting Board Member
Honorable Michelle Steel
Honorable John Chiang

Date: November 30, 2010

From : Mr. Jeffrey L. McGuire, Deputy Director
Sales and Use Tax Department



Subject : **Field Office of the Future Update**

I would like to provide you with an update on the Field Office of the Future. In this project, we are focusing on ways the agency can use technology to modernize the public counter and lobby areas of each office to make them more efficient, while continuing to provide excellent service to the tax and fee payers needing assistance. We expect this to be a long term endeavor with changes phased in as office leases expire over the next several years, with our initial efforts focusing on changes needed to accommodate the upcoming implementation of Internet based registration (eRegistration) and payments (ePayments) projects.

Short-Term Plan

When the eRegistration and ePayments projects are fully implemented in February 2012, taxpayers will be able to conduct much of their business with the Board of Equalization (BOE) via the Internet. Taxpayers will be able to make payments for their existing liabilities and be able to register for all permits/licenses online. Because of this, we expect the number of taxpayers who visit a field office to conduct business with the BOE will diminish over time. These new eServices, as well as the functional reorganization, will inherently change how we interact with taxpayers, prompting both process changes and potential physical layout changes to our field offices. To adequately facilitate these changes, over the next three years we will assess the impact of the new eServices on the number of taxpayers we expect to visit our offices, as well as the type of services these visitors will seek.

The development of new business processes are critical to the successful implementation of the new eServices. We will continue to work with managers and staff from our field offices and the Property and Special Taxes Department to develop these new business processes, which we expect to roll out in conjunction with eRegistration and ePayments. Once implemented, we will evaluate the impact eServices and business process changes have on staff and workload and make adjustments accordingly. Because the new eServices will include all tax and fee programs administered by the BOE, we plan to train public counter staff to ensure in-person assistance is available for all tax and fee programs. Even though

many of the business processes will be automated, there will still be workload from assignments generated by the new processes being implemented. We will work with staff and the union to ensure the needs of all are addressed.

Additionally, as part of the ePayments implementation, we intend to test the viability of a “no-cash” environment in some offices. Since money orders are readily available for purchase, and those taxpayers who conduct business only in cash are very familiar with converting cash to money orders as payment to vendors and other businesses, we will use this opportunity to evaluate how conducive taxpayers are to this concept. We will use the results of this pilot to evaluate whether expansion to all of our offices statewide should be explored. A no-cash environment is not only the business trend of the future, but increases safety of both taxpayers and staff.

To complement the new eServices, we need to provide more permanent technology solutions in our offices’ lobbies for those taxpayers who do visit our offices for assistance. As such, we plan to install self-service terminals (PC/Kiosks) that taxpayers can readily access and utilize to make payments and/or register. The new eRegistration system available on the PC/Kiosks will be also be used by staff to register new taxpayers as it will replace the registration function in IRIS.

The addition of PC/Kiosks will likely require the remodeling of some office lobbies. In some offices, the lobby may require expansion, but we will attempt to make changes that fit within the existing confines of the current office layouts to avoid having to incur additional lease costs. Because the effect on visitor traffic is difficult to predict, we will implement changes that are scalable and that can vary from office to office, depending on need and the ability to make physical changes to each office. Any recommended physical changes will have to be negotiated when the leases are renewed.

Additionally, staff will research the public counter functions of state agencies both in California and other states, as well as non-governmental businesses to determine services offered, impact to customers, and overall best practices with respect to transitioning from an office-based customer service system to an online, self-service system. This information will be utilized for planning and implementing changes.

Long-Term Plan

Data is currently being compiled to analyze, by zip code, the concentration of open and active seller’s permits and the concentration of audits performed over the past three years. This data will assist in identifying potential future office locations to best serve the needs of our taxpayers. In making recommendations on new office locations, we will consider staff needs, availability of parking, and transportation options for office visitors. As leases expire, we will continue to work closely with you, staff, and the union in determining new office locations and design.

We will continually evaluate the effects of expanded e-services, other technology changes, the implementation of CROS, the functional reorganization, and changes to business processes on staff workload as well as the needs of our tax and fee payers. These impacts

will allow us to identify changes needed in the design of our offices, business processes and staffing needs. The next few years promise to be dynamic and exciting as we work to implement current and emerging technologies that will make our agency a frontrunner in services offered to the public. Please let me know if you have any questions regarding the direction we are heading.

JLM:tf:sb

cc: Mr. Alan LoFaso (MIC 71)
Ms. Regina Evans
Ms. Mai Harvill (MIC 78)
Mr. Louis Barnett (MIC 77)
Ms. Marcy Jo Mandel
Ms. Kristine Cazadd (MIC 73)
Mr. David Gau (MIC 63)