

SOUTH DAKOTA DEPARTMENT OF REVENUE

A LOOK AT HOW THE DEPARTMENT OF REVENUE (DOR) IS STRATEGICALLY MANAGING AND MEASURING PERFORMANCE TO PROVIDE QUALITY SERVICE TO STATE OF SOUTH DAKOTA.

DOR DIVISIONS

BUSINESS TAX

COLLECTION OF SALES, USE, AND CONTRACTOR'S EXCISE TAX

MOTOR VEHICLES

TITLES & REGISTRATIONS, MOTOR FUEL AND MOTOR VEHICLE EXCISE TAXES

PROPERTY & SPECIAL TAX

BANK FRANCHISE, ALCOHOL & TOBACCO TAXES; OVERSIGHT OF PROPERTY TAX SYSTEM

AUDITS

COMPLIANCE

LOTTERY

INSTANT TICKETS, VIDEO LOTTERY, AND LOTTO GAMES

GAMING

DEADWOOD GAMING, PARI-MUTUAL WAGERING

2017 – 2020 STRATEGIC PLAN

VALUES

PROFESSIONAL | DEPENDABLE | ACCOUNTABLE | PUBLIC SERVICE

VISION

TO CREATE AN OPEN AND COLLABORATIVE ENVIRONMENT THAT PROVIDES PROFESSIONAL CUSTOMER SERVICE, CONTRIBUTES TO A FAVORABLE ECONOMIC CLIMATE AND IS ACCOUNTABLE TO THE CITIZENS OF SOUTH DAKOTA.

OUR STRATEGIC DIRECTION

ENGAGING AND DEVELOPING OUR TEAM

MANAGING RESOURCES TO MAXIMIZE RETURN ON INVESTMENT

**LEVERAGING INFORMATION THROUGH DATA ANALYTICS TO
SUPPORT DECISION MAKING**

**DEVELOPING & STRENGTHENING THE DEPARTMENT'S
RELATIONSHIPS**

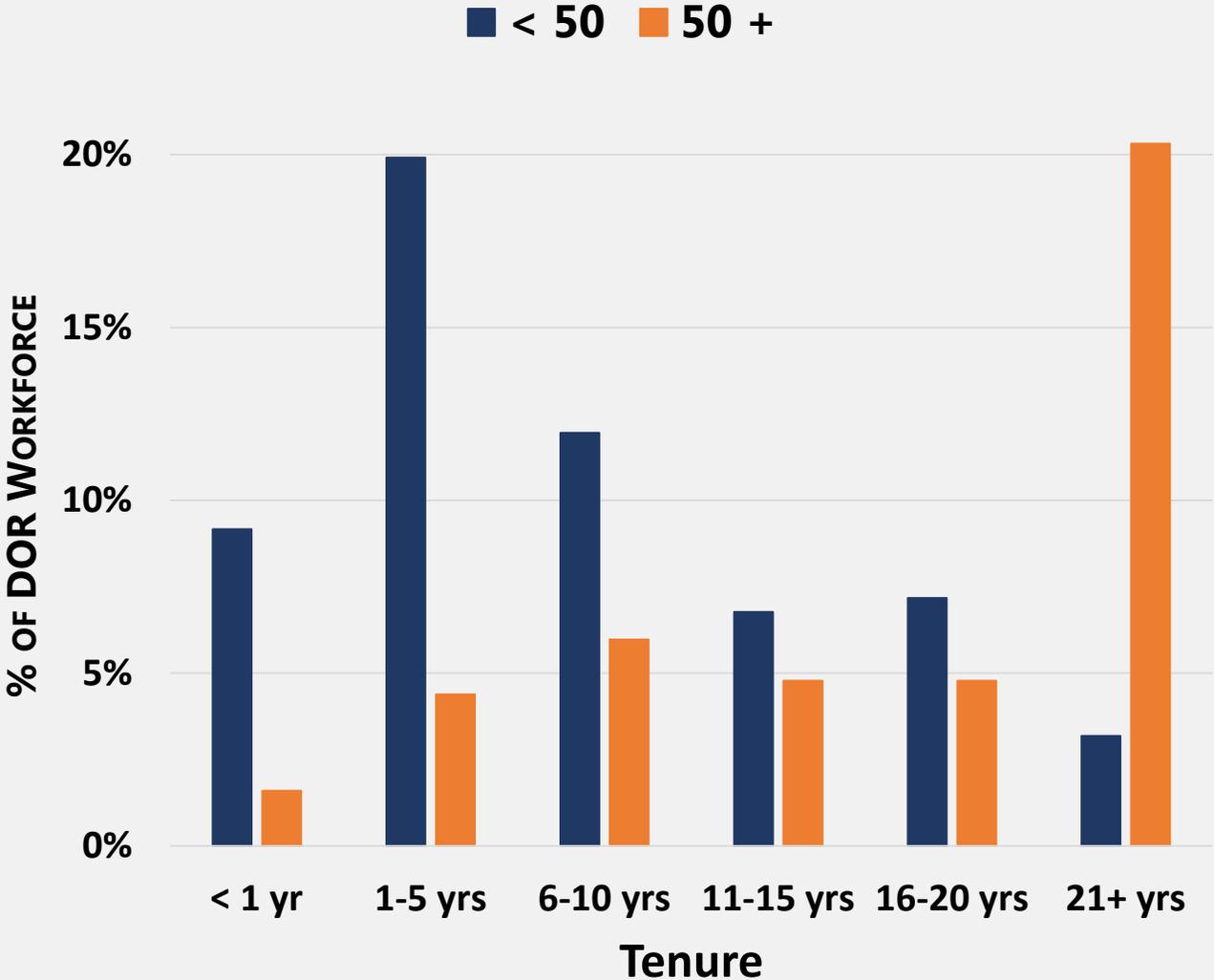
ENGAGING AND DEVELOPING OUR TEAM

- **KEEP DEPARTMENT TURNOVER UNDER 10%**
- **75% OF DOR EMPLOYEES COMPLETE LEVEL 3 LEAN TRAINING REQUIREMENTS**
- **PROVIDE STAR LEADERSHIP TRAINING TO EVERY SUPERVISOR**
- **IDENTIFY POTENTIAL TALENT GAPS USING WORKFORCE ANALYTICS**
- **DEVELOP SUCCESSION PLANS FOR KEY POSITIONS**
- **INCREASE COMMUNICATION BY REGULAR MEETINGS WITH STAFF ACROSS DIVISIONS**

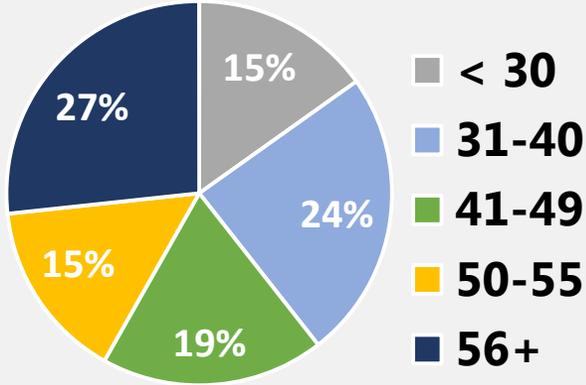
OUR WORKFORCE

ENGAGING AND DEVELOPING OUR TEAM

AGE AND TENURE OF DOR EMPLOYEES



AGE DISTRIBUTION



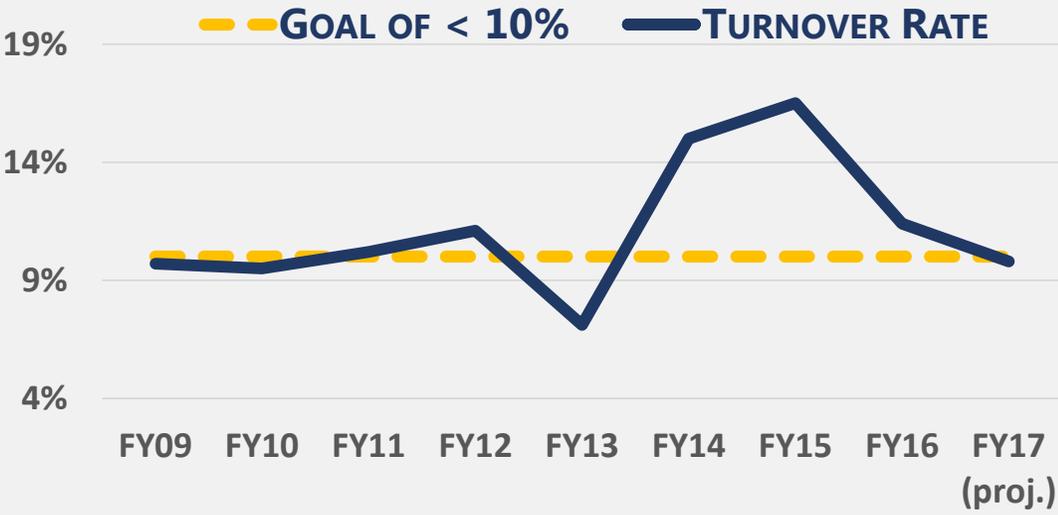
AVG. AGE

45.5 YEARS

AVG. TENURE

12.3 YEARS

TURNOVER RATE



ESTABLISHING CI/LEAN

CORE CI PROGRAMS

COMMUNICATIONS | EDUCATION | EMPLOYEE ACTIVITIES
INTERNAL CONTROLS | LEAN | TQM



TIMELINE

- 2015 CONTINUOUS IMPROVEMENT PLAN
- 2015 DOR LEAN MANAGEMENT ANALYST POSITION CREATED
- 2015 FIRST LEAN EVENT WITH AN OUTSIDE FACILITATOR FOR IFTA PROCESSES
- 2016 DOR LED EVENT FOR LOTTERY ONLINE LICENSING APP PROCESSES
- 2016 DOR LED EVENT FOR MOTOR VEHICLE CORRESPONDENCE MAIL PROCESS
- 2017 DEPARTMENT TRAINING PLAN INITIATED
- 2017 EACH DIVISION TO IDENTIFY A LEAN EVENT OPPORTUNITY

LEAN STRUCTURE



TRAINING SESSIONS
LEAN CORE CONCEPTS
FOCUSED LEAN: 8 WASTES

**2 FACILITATORS
AT LEVEL 5**

ENGAGING AND DEVELOPING OUR TEAM

**FROM ALL DIVISIONS,
JUST 4 MONTHS IN TO THE TRAINING PLAN!**

PROJECTS

MOTOR VEHICLE INTERNATIONAL FUEL TAX AGREEMENT

PROCESS MAPPING & SIPOC FOR
DOCUMENTATION & SOP CREATION

ADMINISTRATION FINANCE PROCEDURES

PROCESS DOCUMENTATION FOR
SUCCESSION PLANNING
AND SOP CREATION

MOTOR VEHICLE MAIL & CORRESPONDENCE

KAIZEN EVENTS, GEMBA WALK, SIPOC USED
TO ELIMINATE WASTE AND DRASTICALLY
STREAMLINE MAIL CORRESPONDENCE PROCESS

NEW HIRE/EXIT EMPLOYEE PROCESS

PROCESS MAPPING & WASTE
REDUCTION, UTILIZED EXISTING
TECHNOLOGY TO STREAMLINE

LOTTERY LICENSING APPLICATION

IN PREPARATION FOR DEVELOPMENT, USED
PROCESS MAPPING TO SIGNIFICANTLY
STREAMLINE PROCESS FOR MANY COST-
SAVING BENEFITS

SPECIAL TAX: BANK FRANCHISE

SIPOC & JOB MAPPING TO INCREASE
BANK FRANCHISE AGENT EFFICIENCY

BIT COLLABORATION: ANALYSIS & DESIGN

PARTICIPATED IN BIT KAIZEN EVENT
ON SDLC REQUIREMENTS GATHERING

BIT COLLABORATION: INITIAL ESTIMATE

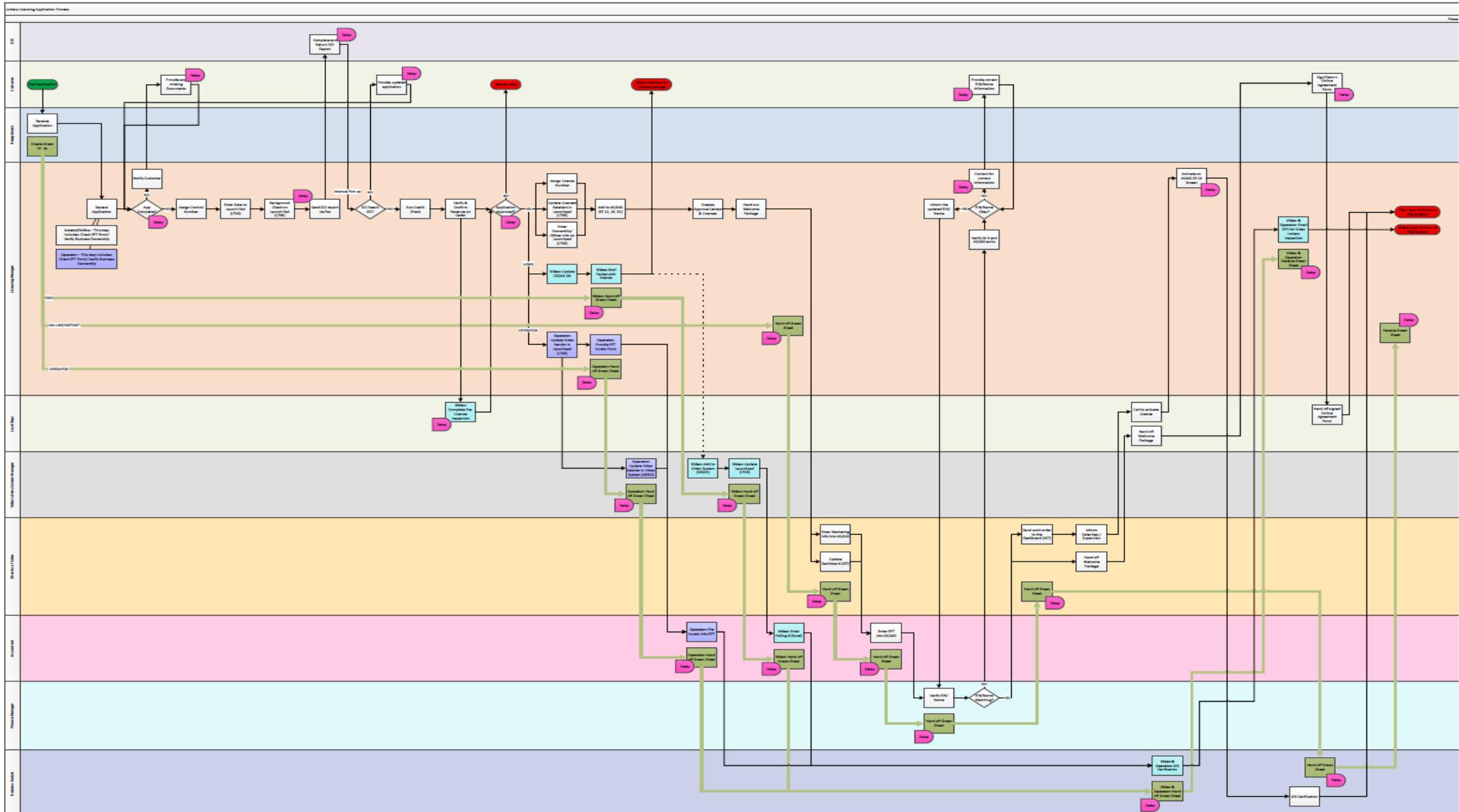
PARTICIPATED IN BIT KAIZEN EVENT
ON SDLC INITIAL ESTIMATE PHASE

BIT COLLABORATION: TRAINING

1 LEAN PRACTITIONER ATTENDED BIT
TRAININGS TO OBTAIN GREEN BELT
CERTIFICATION

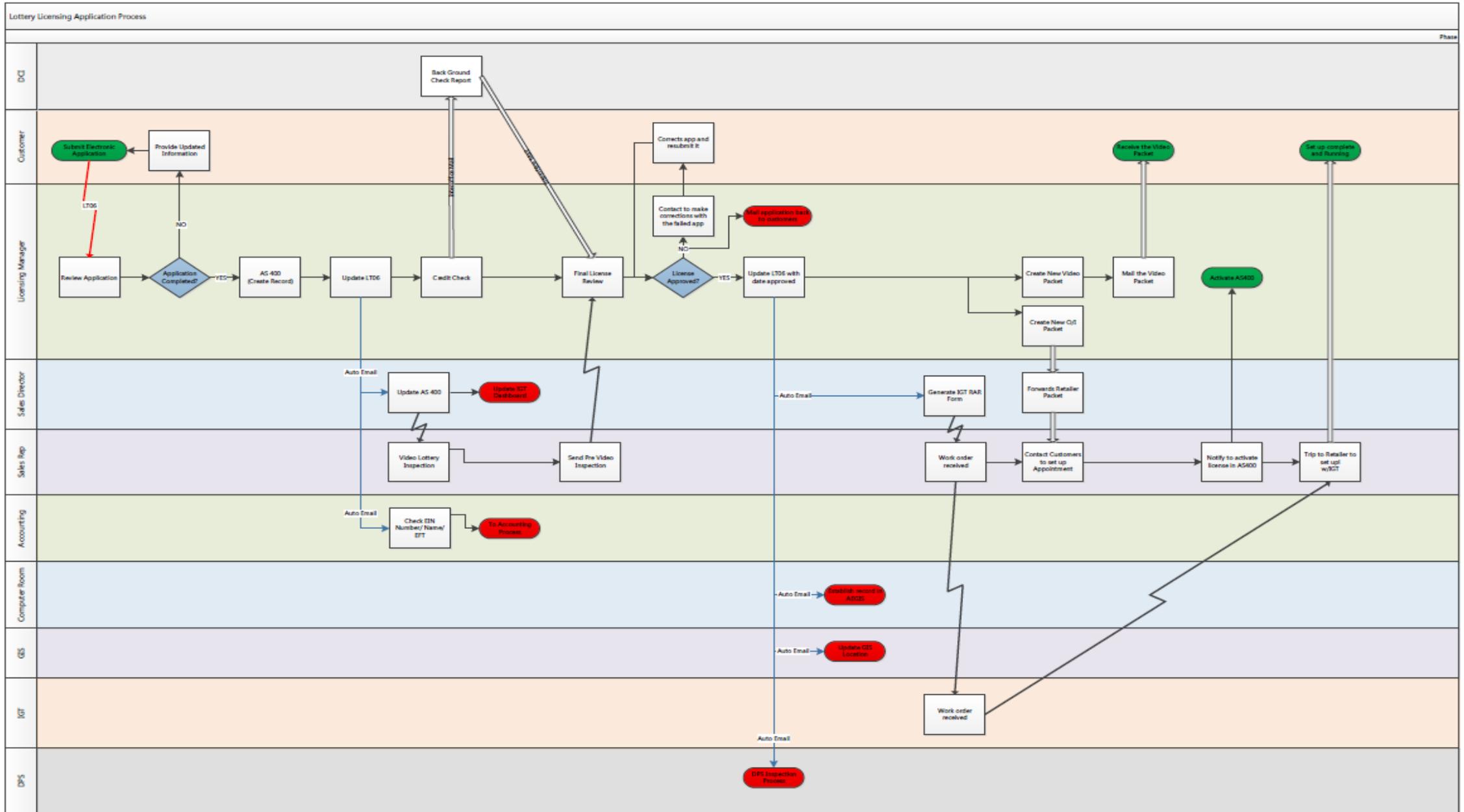
LOTTERY LICENSE APPLICATION PROCESS - BEFORE

ENGAGING AND DEVELOPING OUR TEAM



LOTTERY LICENSE APPLICATION PROCESS - AFTER

ENGAGING AND DEVELOPING OUR TEAM



LOTTERY SUMMARY SCORECARD

METRICS	CURRENT	NEW	CHANGE
# OF DECISION POINTS	6	2	67%
# OF STEPS IN PROCESS	65	31	52%
# OF HANDOFFS	17	4	76%
TOTAL EFFORT TIME (IN MINUTES) CYCLE TIME = EFFORT TIME + WAIT TIME	425	220	48%
OVERALL IMPROVEMENT			61% ↓

ENGAGING AND DEVELOPING OUR TEAM

DMV MAIL CORRESPONDENCE SCORECARD

ENGAGING AND DEVELOPING OUR TEAM

METRICS	CURRENT	NEW	CHANGE
# OF STEPS IN PROCESS	58	40	31%
# OF DECISION POINTS	9	6	33%
# OF INFORMATION GATHERING POINTS	19	7	63%
# OF EMPLOYEES WORKING IN THE PROCESS	7	4	43%
# OF PHYSICAL MOVES	29	18	38%
OVERALL IMPROVEMENT			42% ↓

MANAGING RESOURCES TO MAXIMIZE ROI

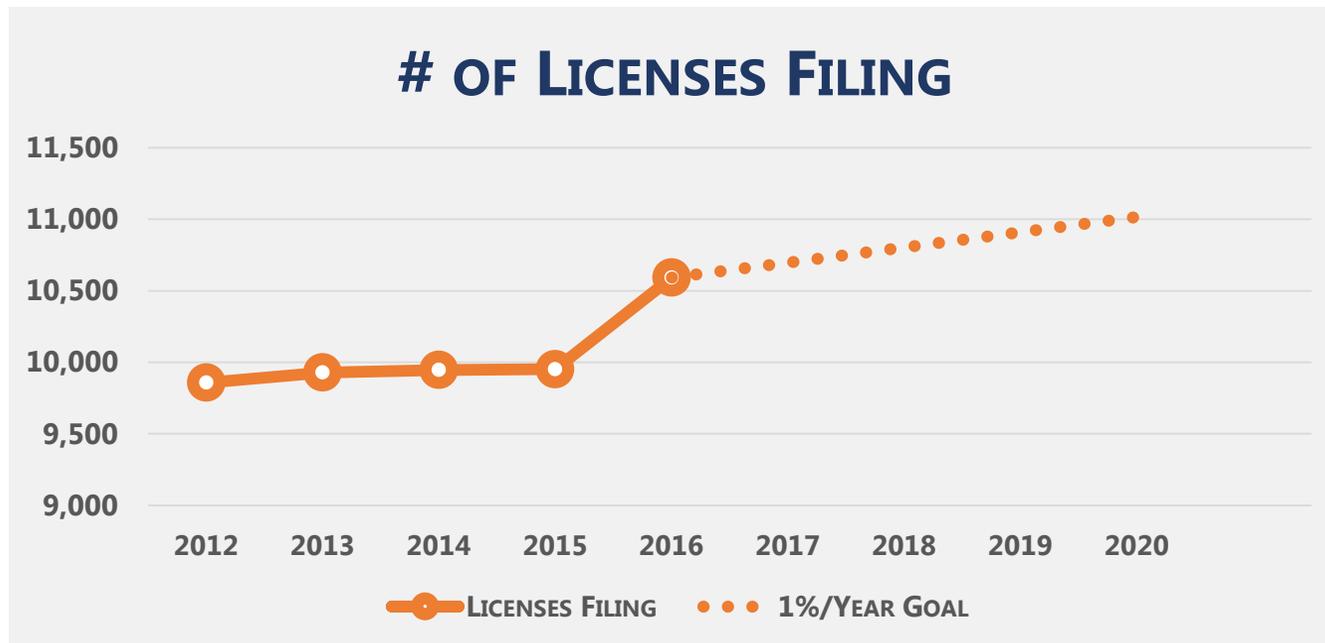
- **INCREASE VOLUNTARY COMPLIANCE OF NON-NEXUS BUSINESS PARTNERS BY 3%**
- **EXPAND INTERNAL CONTROL PROCESS DOCUMENTATION & REVIEWS BY 10 NEW PROCESSES PER YEAR**
- **DEVELOP A VIDEO LOTTERY TECHNOLOGY TRANSITION PLAN**
- **PERFORM COST/BENEFIT ANALYSIS ON DOR ACTIVITIES AND INITIATIVES**
- **USE PROJECT MANAGEMENT TO BETTER MONITOR TECHNOLOGY PROJECTS**
- **EXPAND AUDIT EFFORTS ACROSS THE DEPARTMENT**
- **INCREASE ELECTRONIC TRANSACTIONS DEPARTMENT-WIDE**

BUSINESS TAX: E-COMMERCE

MANAGING RESOURCES TO MAXIMIZE ROI

	LICENSES CURRENTLY ACTIVE	REVENUE (JUL 2014 – PRESENT)
REMOTE SELLERS FROM SB106	102	\$1,231,551
NON-NEXUS FILERS	11,228	\$13,325,116
STREAMLINE SALES TAX	3,444	\$19,900,108

CURRENT ACTION:
PERSONAL LETTERS TO
191 ADDITIONAL
NON-NEXUS BUSINESSES

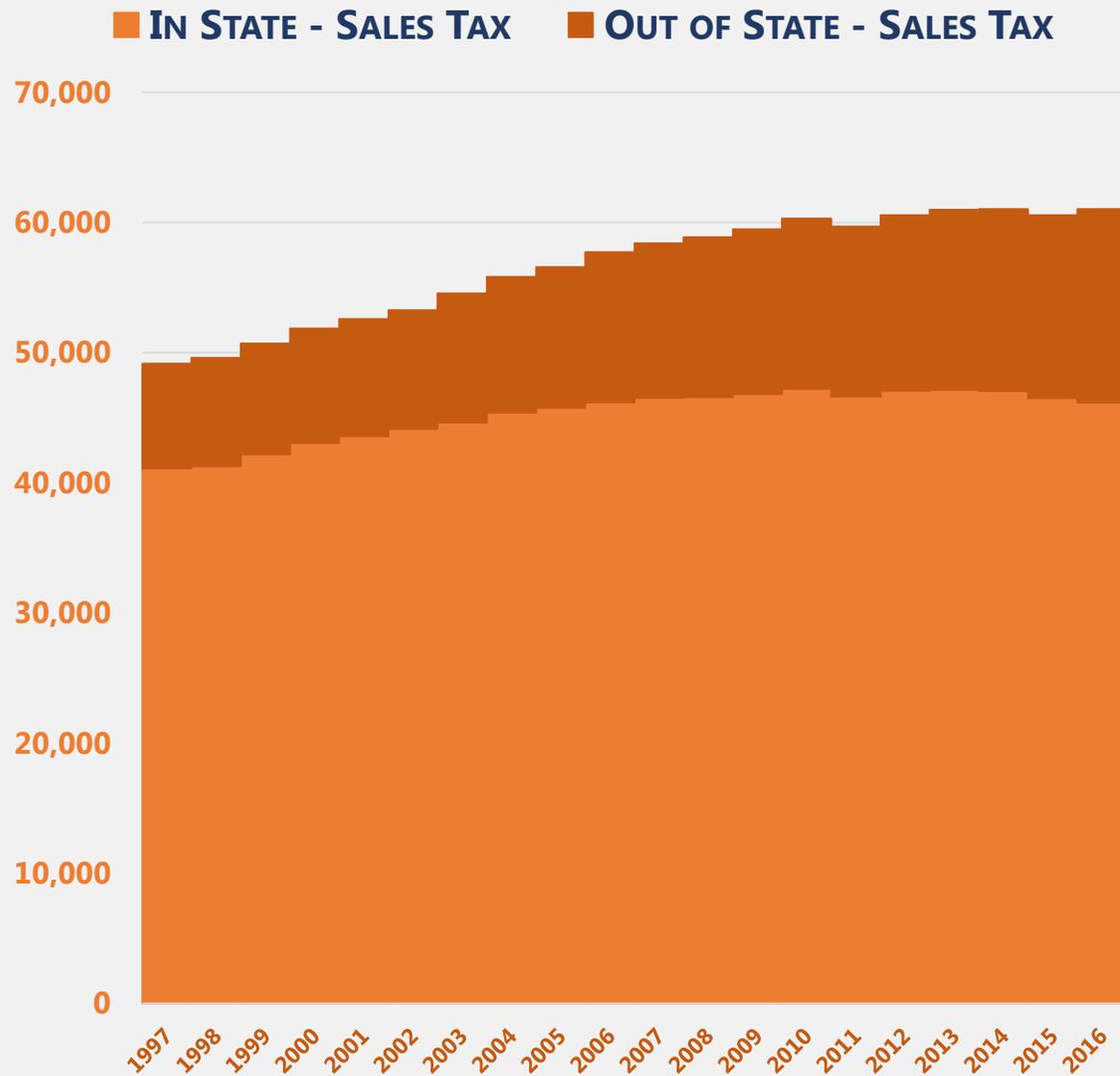


GOAL:
GAIN 100 ACTIVE
LICENSES PER YEAR

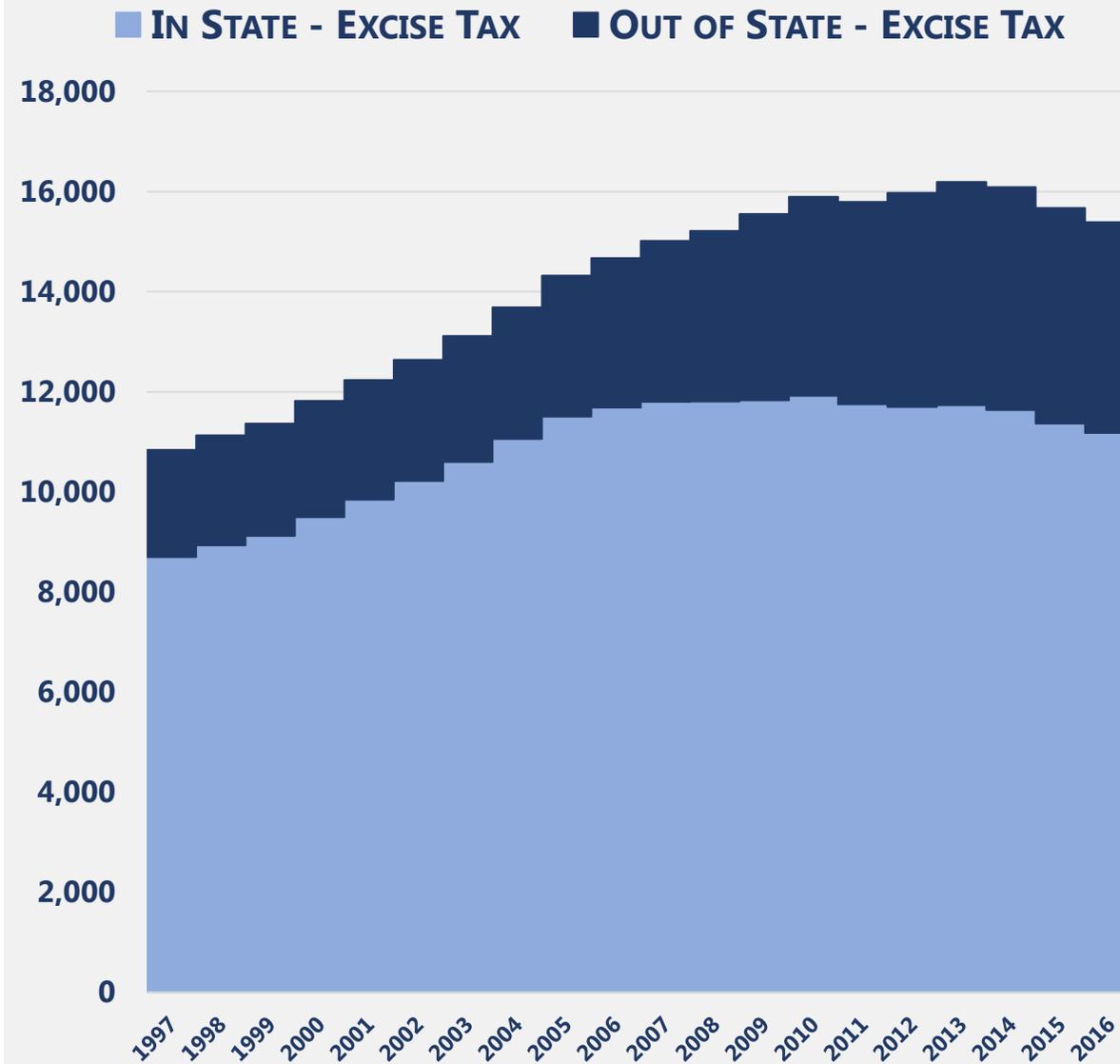
BUSINESS TAX: OUT OF STATE FILERS

MANAGING RESOURCES TO MAXIMIZE ROI

SALES TAX



EXCISE TAX



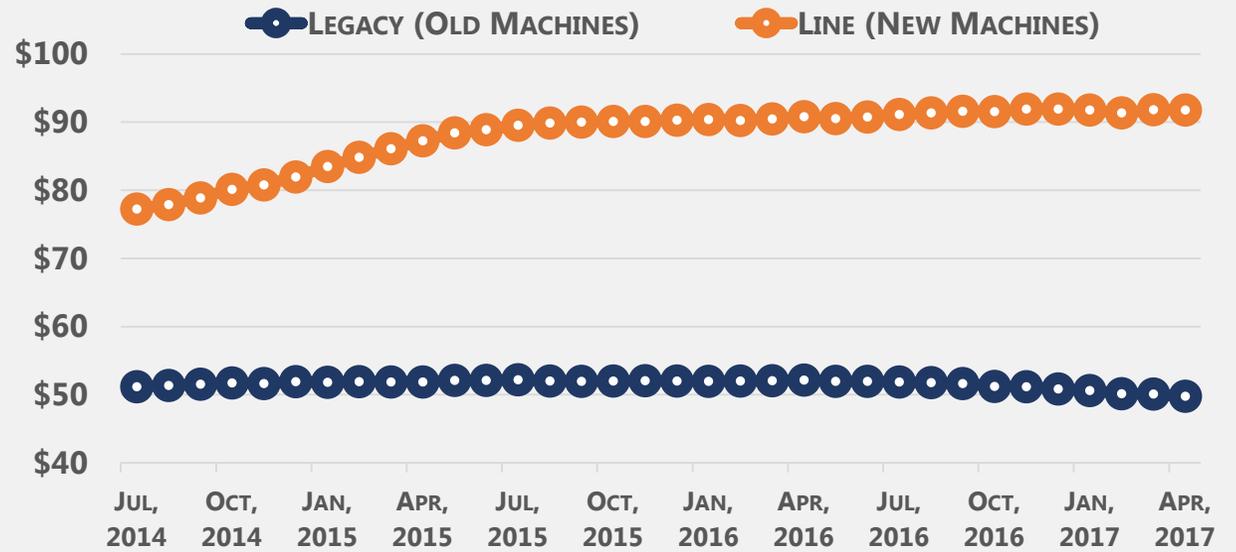
LOTTERY: VIDEO LOTTERY

LEVERAGING INFO THROUGH DATA ANALYTICS TO SUPPORT DECISION MAKING

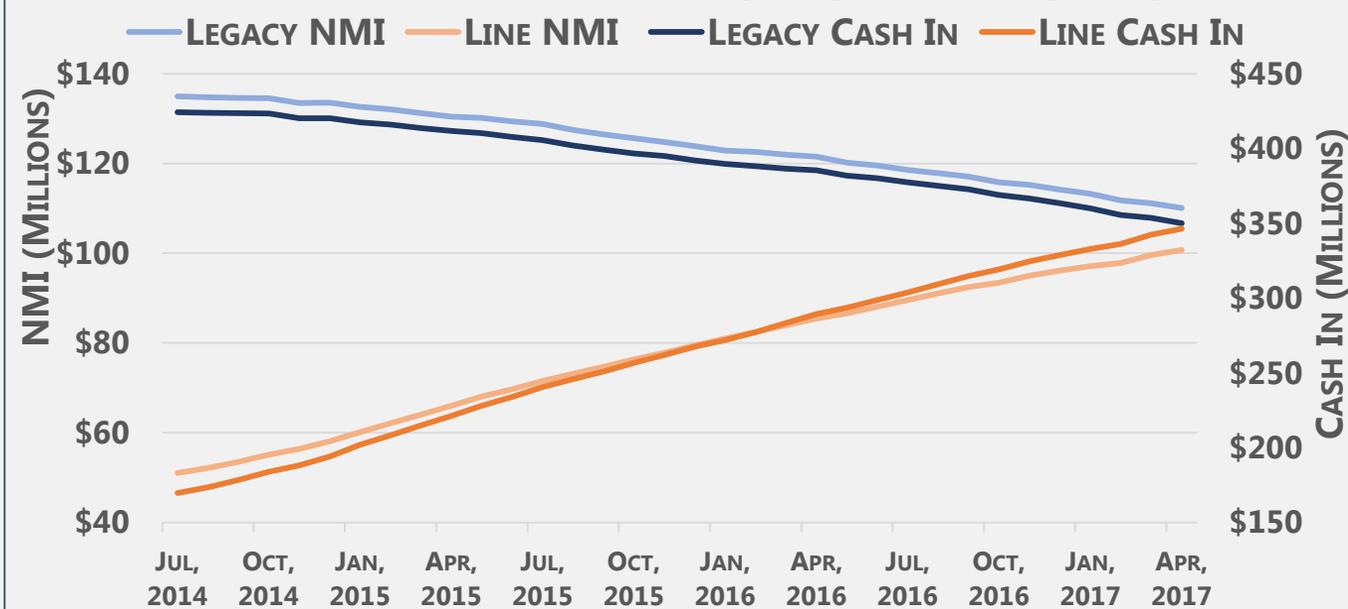
VIDEO LOTTERY NET MACHINE INCOME (NMI)



NMI PER MACHINE PER DAY



CASH IN & NMI – LEGACY (OLD) VS. LINE (NEW)

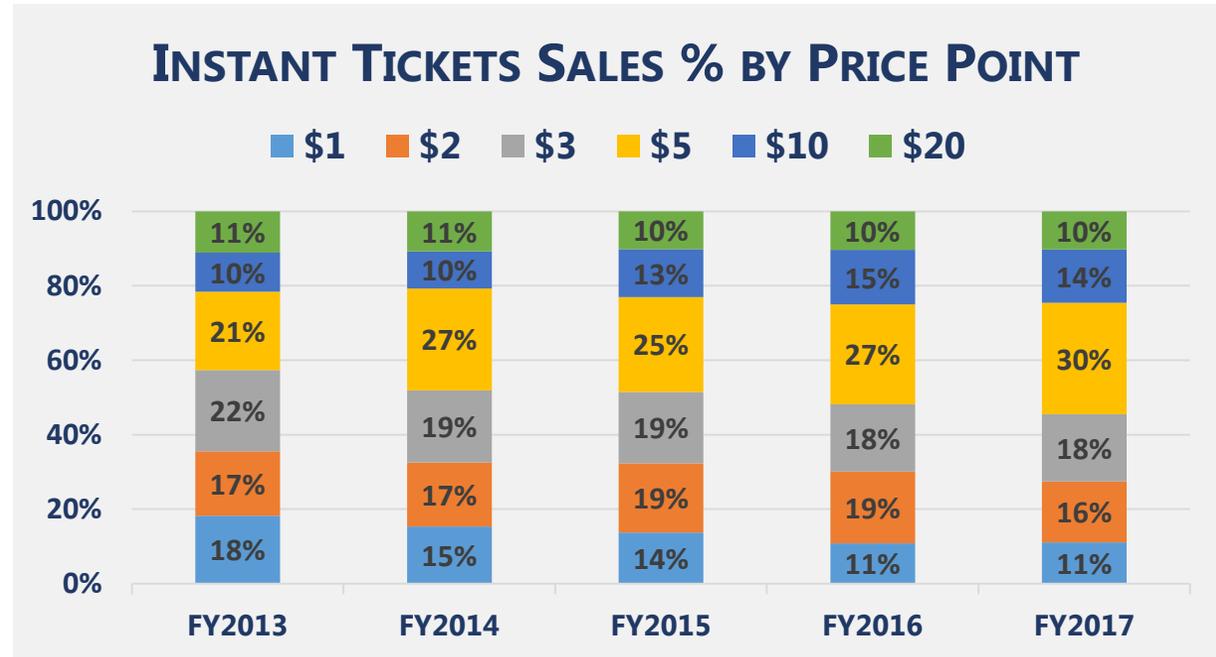
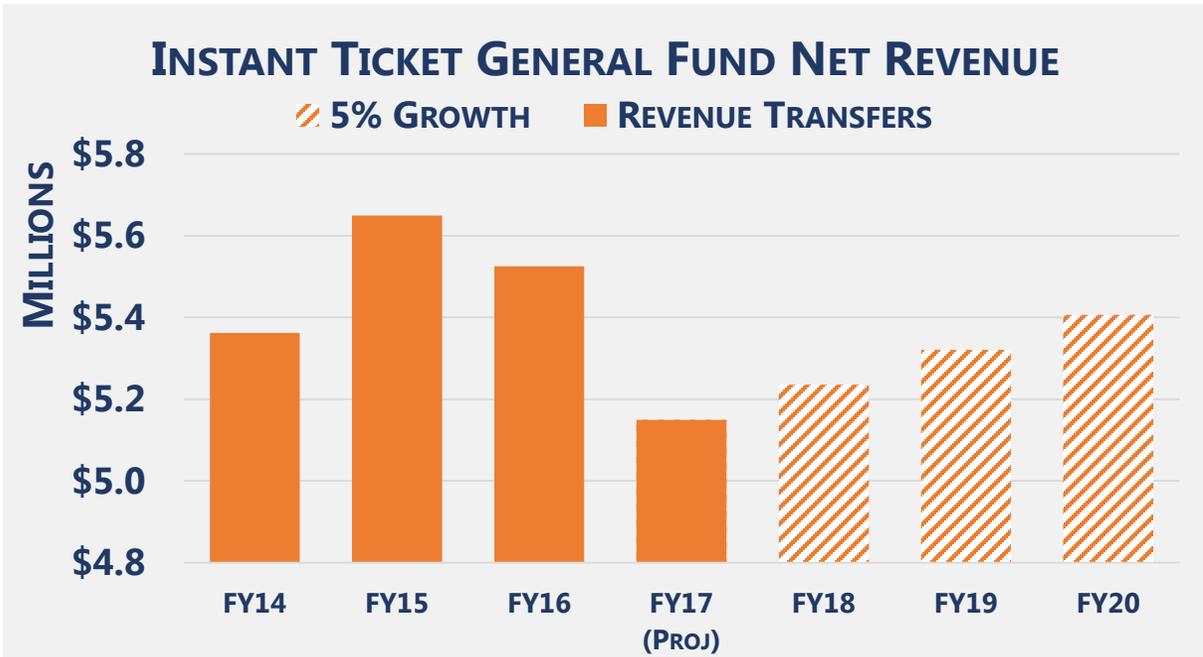
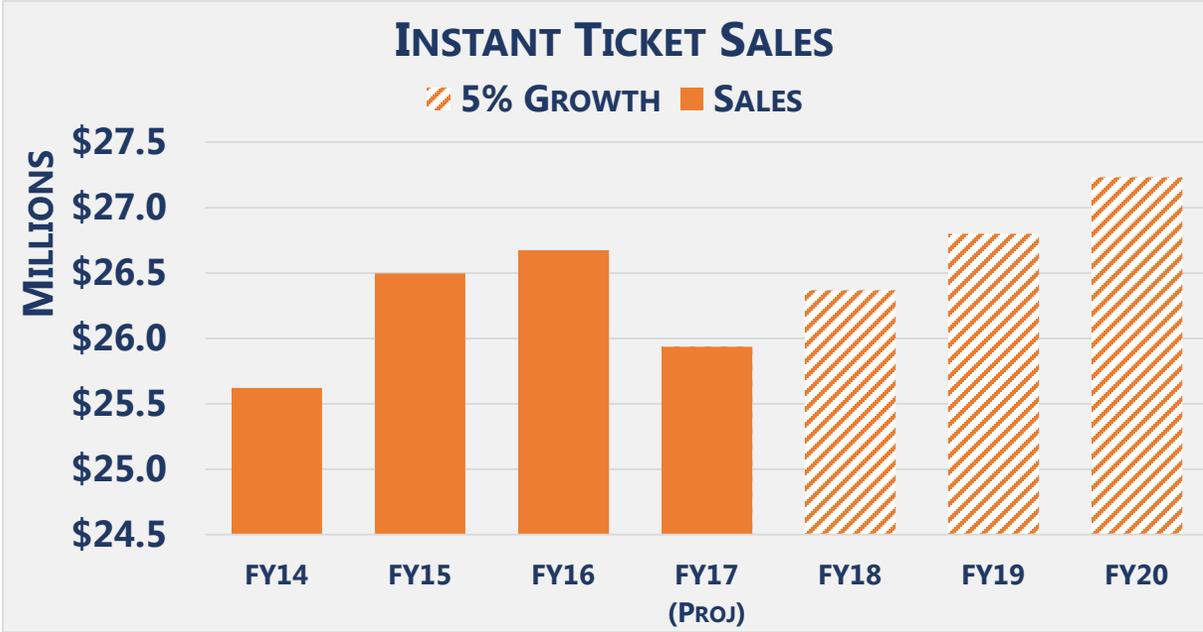


LEVERAGING INFO THROUGH DATA ANALYTICS TO SUPPORT DECISION MAKING

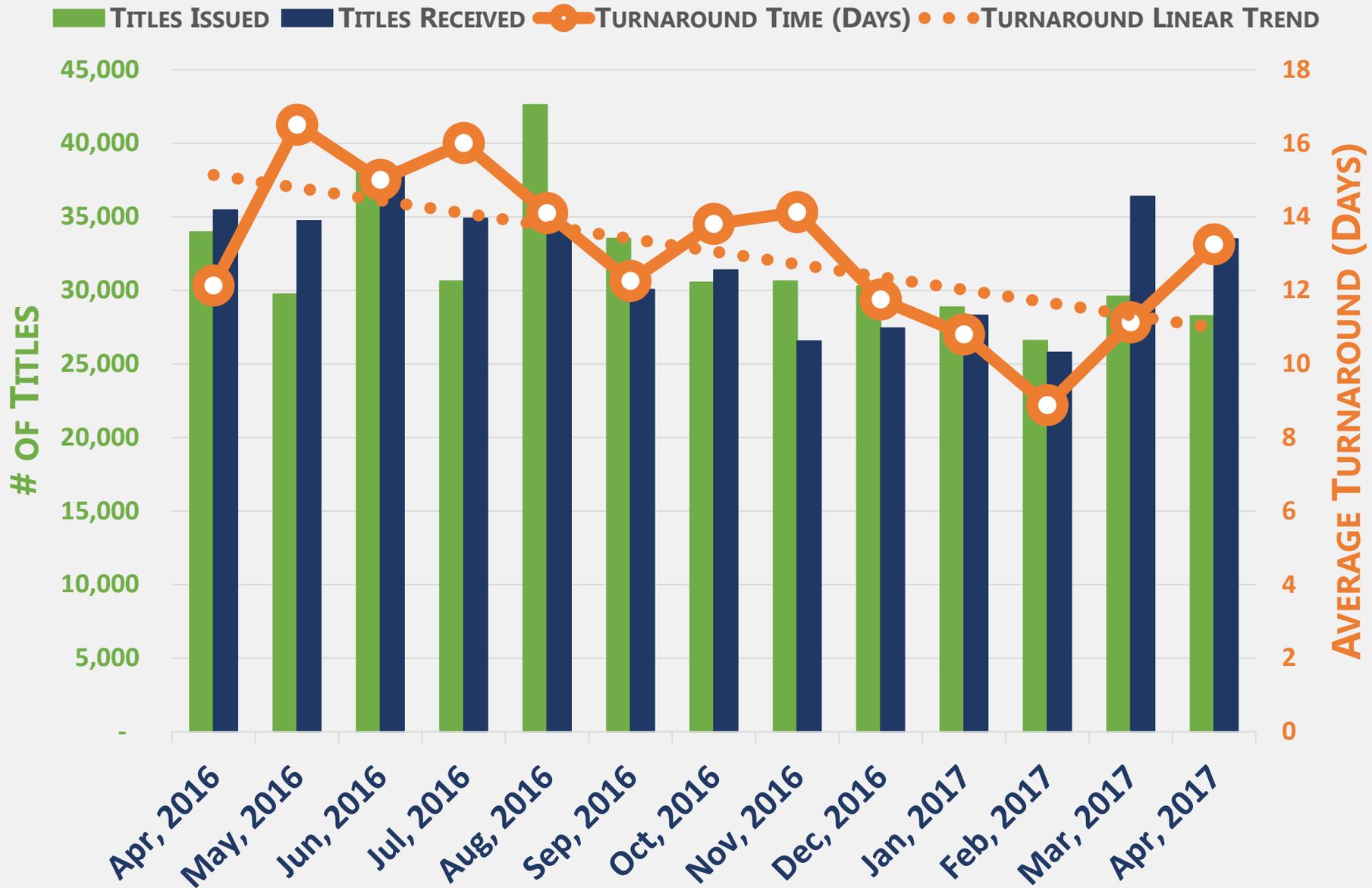
- **INCREASE LOTTERY INSTANT TICKET SALES BY 5%**
- **EXPAND TITLE EFFICIENCY & ACCURACY BY 20%**
- **ESTABLISH STANDARDS FOR INVENTORY AND USE OF DEPARTMENT DATA**
- **DEVELOP DASHBOARDS TO:**
 - **IDENTIFY TAX GAPS AND INCREASE REVENUE**
 - **EFFECTIVELY MANAGE STRATEGIC PLAN GOALS**
 - **SUPPORT STAFFING PATTERNS AND NEEDS**

LOTTERY: INSTANT TICKETS AND ONLINE

LEVERAGING INFO THROUGH DATA ANALYTICS TO SUPPORT DECISION MAKING



2016 TO PRESENT: TITLE TURNAROUND

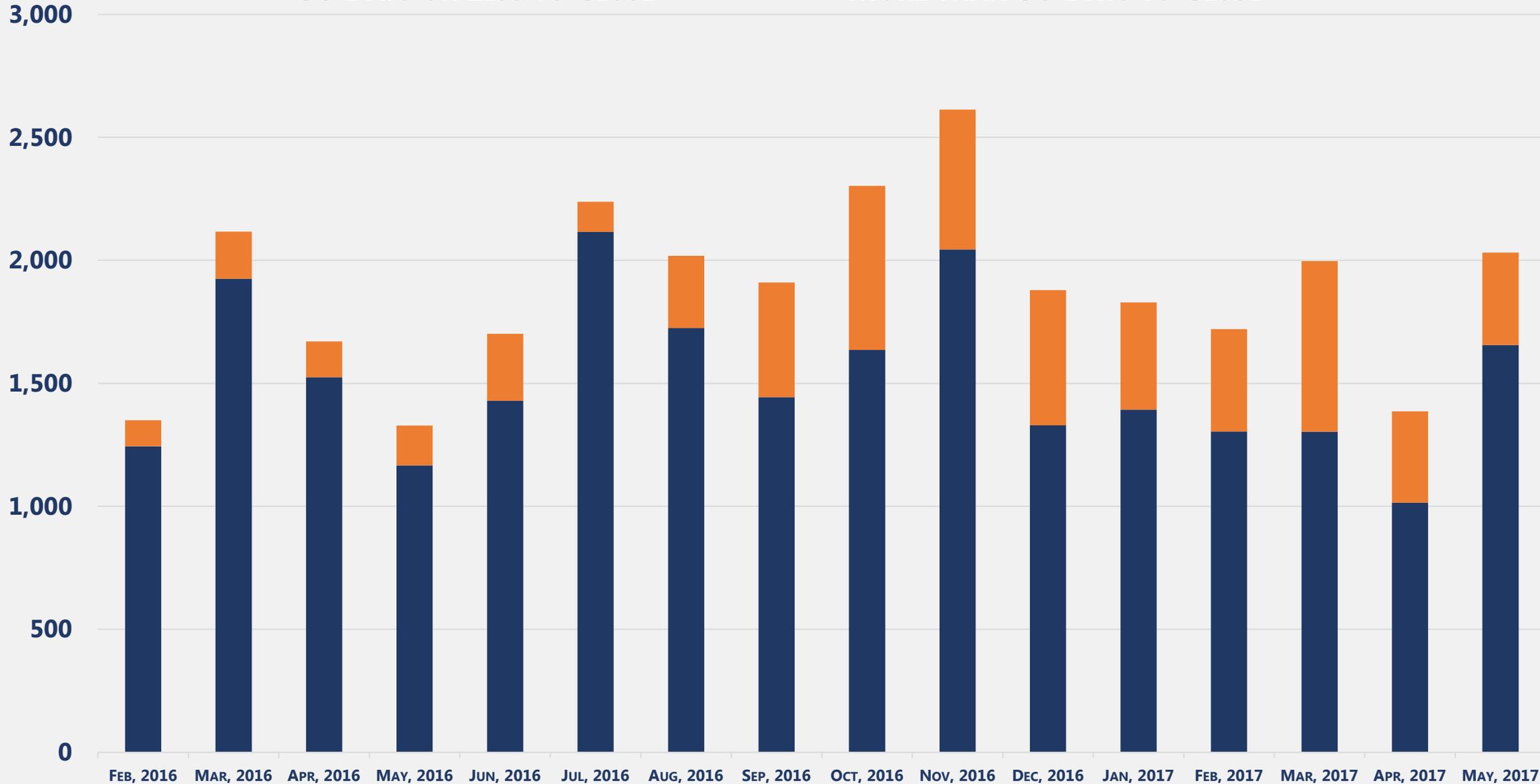


12
PROCESSORS
WITH GOAL OF
125
TITLES PER DAY
=
~1,500
TITLES PER DAY

COMPLIANCE LEADS AND REVENUES

■ 30 DAYS OR LESS TO CLOSE

■ MORE THAN 30 DAYS TO CLOSE

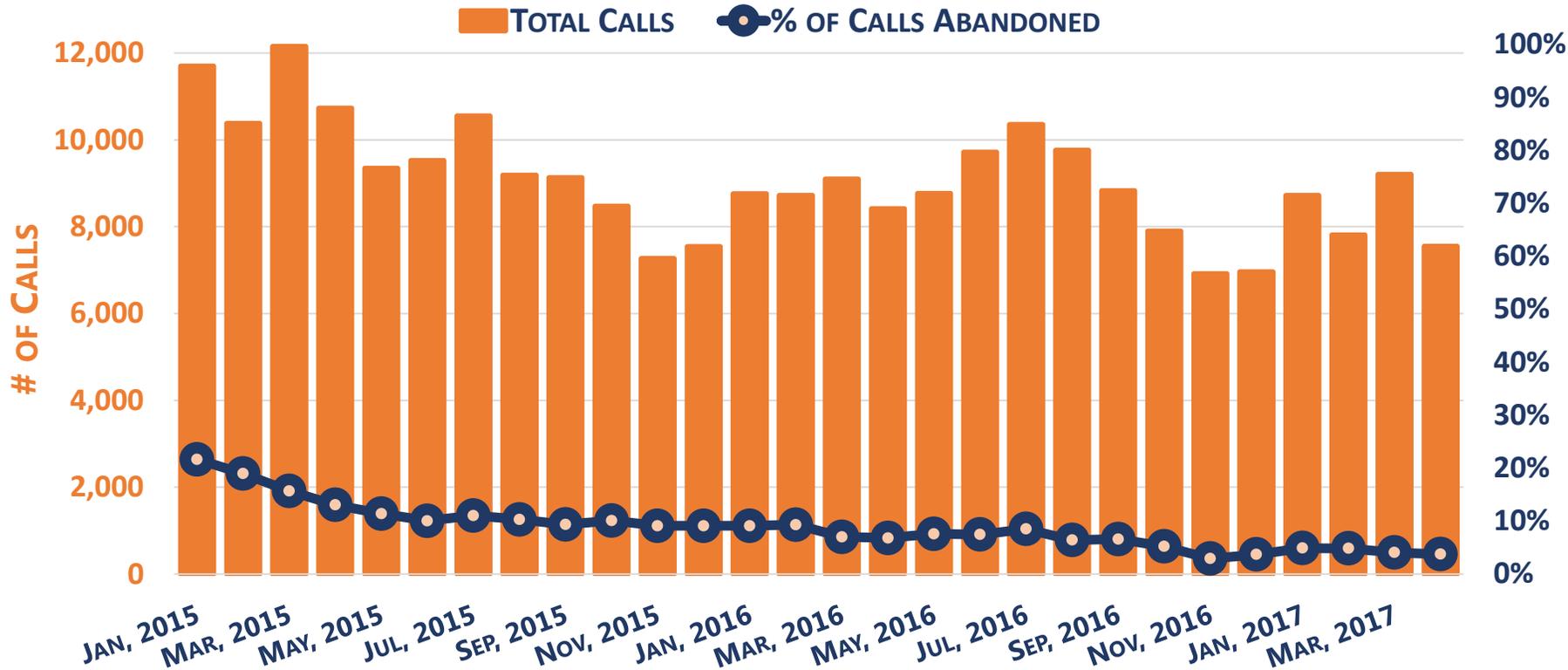


DEVELOPING AND STRENGTHENING DEPARTMENT'S RELATIONSHIPS

- **USE MARKETING RESEARCH STUDY TO IMPLEMENT CUSTOMER-CENTRIC TECHNOLOGY SOLUTIONS**
- **DEVELOP METHODS TO MEASURE CUSTOMER SATISFACTION**
- **IMPROVE WEBSITE TO ENHANCE CUSTOMER EXPERIENCE**
- **PROVIDE ANNUAL TRAINING ON DOR PROCESSES WITH LRC STAFF**
- **CREATE INDUSTRY-FOCUSED EDUCATION OPPORTUNITIES**
- **ESTABLISH BUSINESS ADVISORY GROUP TO GATHER FEEDBACK**

ENSURING CUSTOMER SERVICE

DEPARTMENT OF REVENUE CALL CENTERS



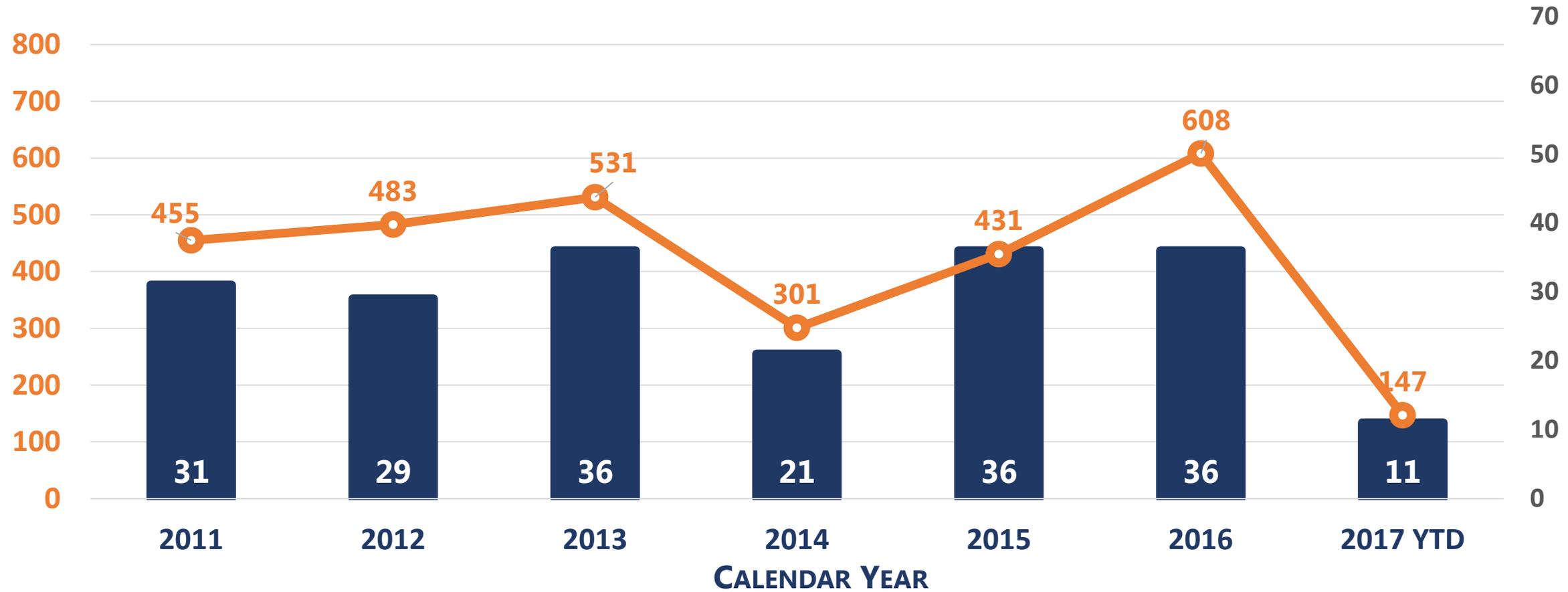
DOR CALL CENTER REPS RECEIVE ABOUT
9,000
CALLS PER MONTH
WHICH AVERAGES TO
450
CUSTOMER CALLS PER DAY

COMING SOON

DOR IMPLEMENTED A NEW **CALL TRACKING PROCEDURE** TO NOT ONLY TRACK WHEN WE ARE RECEIVING CALLS, BUT **WHAT CALLS ARE ABOUT**. METRICS WILL BE DEFINED AFTER BENCHMARKS ARE ESTABLISHED.

BUSINESS PARTNER EDUCATION AND OUTREACH

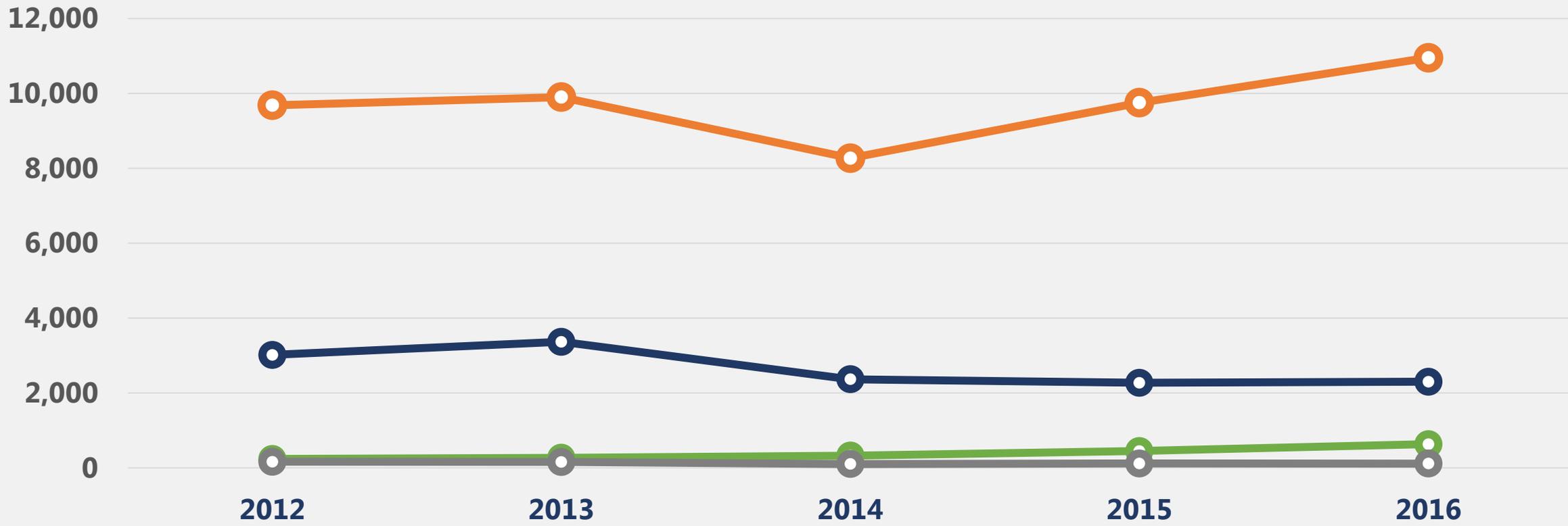
OF CLASSES/SEMINARS **# OF STUDENTS**



INDUSTRY SPECIFIC SEMINARS
2016: COSMETOLOGY, AUTO DEALERS
2017: AGRICULTURAL

BUSINESS TAX: LICENSES ISSUED

● EXCISE TAX ● SALES & USE TAX ● STREAMLINE ● OTHER



FIRST RETURN CONTACT PROGRAM



**“HOWEVER BEAUTIFUL
THE STRATEGY, YOU
SHOULD OCCASIONALLY
LOOK AT THE RESULTS.”**

- WINSTON CHURCHILL

ON OUR RADAR

2016 SB 106

REMOTE SELLER COMPLIANCE

PENDING LITIGATION

SD vs. WAYFAIR, OVERSTOCK, NEWEGG

AMERICAN CATALOG MAILERS ASSOC. & NETCHOICE vs. SD

CURRENT FILERS

120 ACTIVE LICENSES
\$1,231,551 IN REVENUE



MAJOR WORK GROUPS

REQUEST OF THE GOVERNOR

TAX INCREMENT FINANCING

ALCOHOL LAWS
(3 TIER SYSTEM)

LICENSE PLATE ON DEMAND

ONLINE HOST COMPANIES LICENSING