

What Does it Take to Administer a New Tax?

Craig Bolio, Commissioner of Taxes
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What Does it Take to Administer a New Tax?

People



Computers (Systems)



Implementation Steps

- IT programming – VTax
- Adjustments to forms and instructions
- Regulations
- Employee training
- Education and outreach

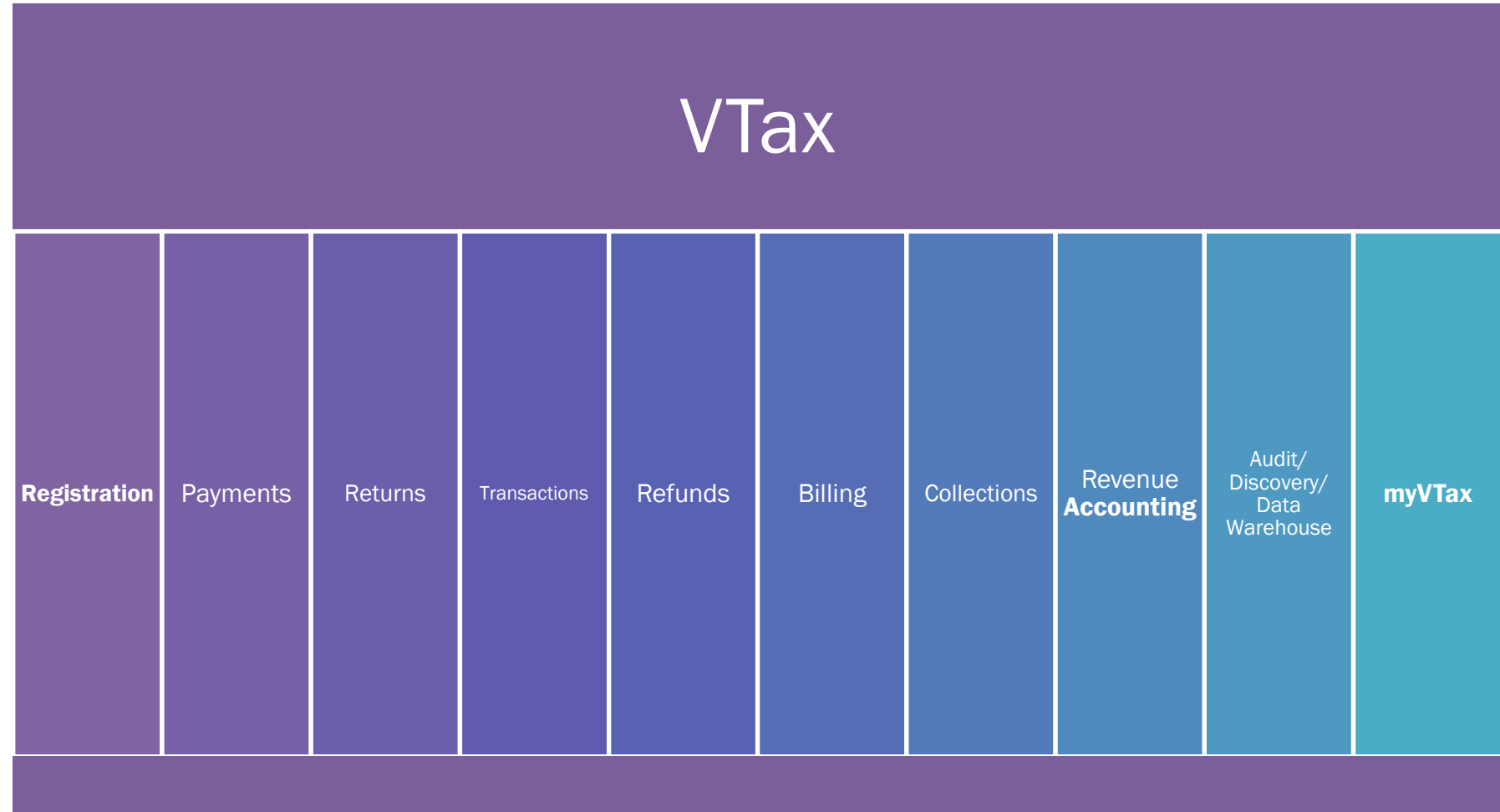
People

Department of Taxes

Compliance 48	Taxpayer Services 44	Finance 18	Property Valuation and Review 18	Office of the Commissioner 11	Legal 10	VTax 3
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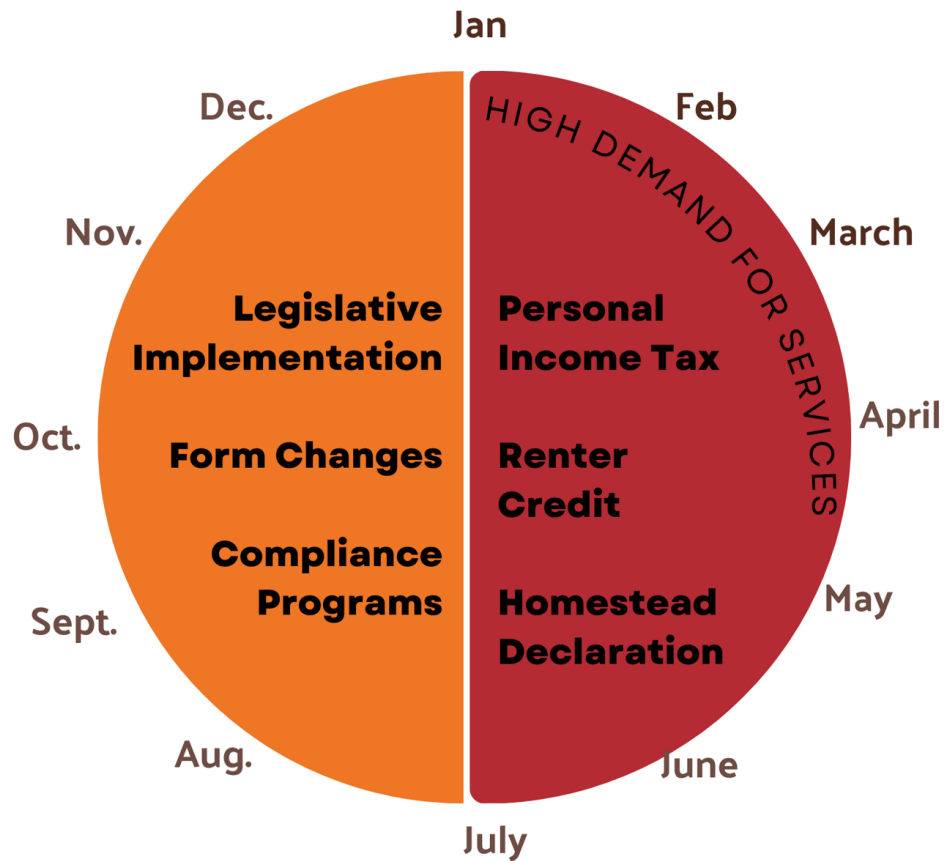
VTax

- New tax types generally take 9-12 months to implement
- Implementation includes design, development, testing, and go-live
- Takes teamwork from multiple divisions:
 - Developers (FAST and ADS)
 - Business users/SMEs
 - Testers

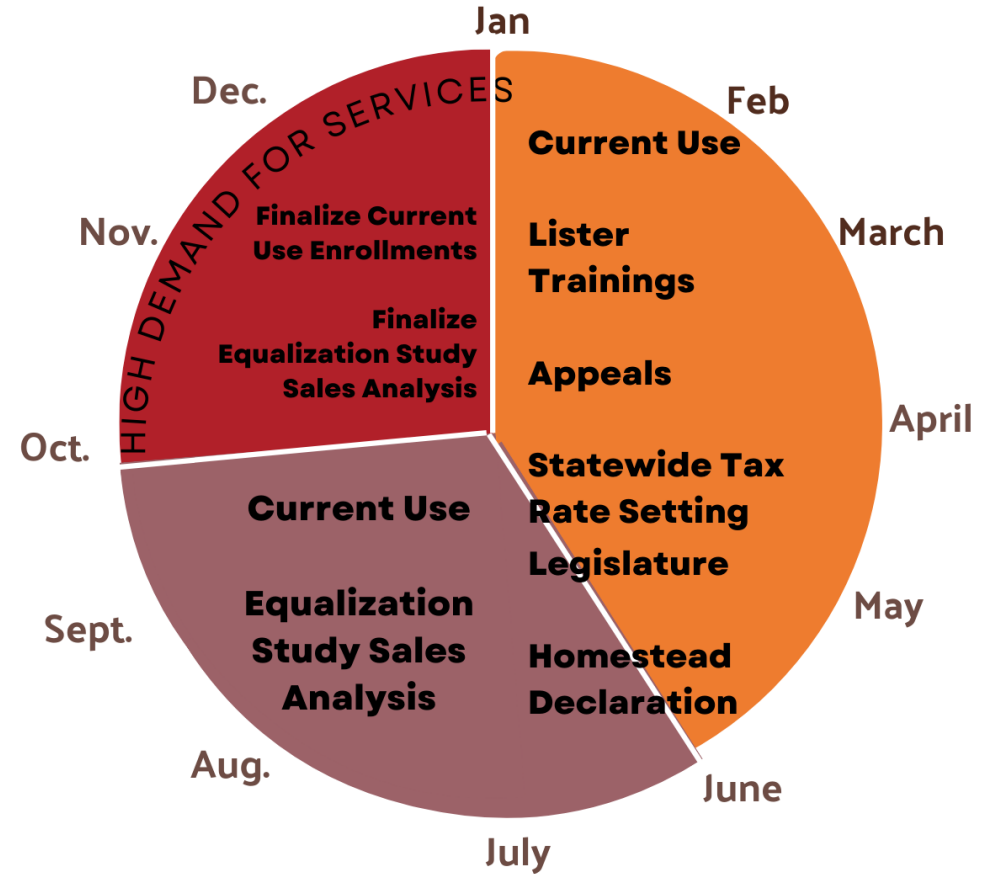


Current Annual Cycles

High Level Department Cycle



Property Valuation & Review Cycle



What Have We Done?

Act	Year	Initiative	FTEs provided	FAST Costs	# of Taxpayers	Revenue (appx)
138	2022	Child Tax Credit and other tax cuts	2 (with 1.5 funded)	Self-coded	N/A	N/A
164	2020	Cannabis Tax	0	\$1,500,000	41	\$4,500,000
62	2019	Abandoned Beverage Deposit	0	\$275,000	59	\$3,500,000
79	2019	Universal Service Charge	0	\$175,000	65	\$750,000
73	2017	Health Care Contribution	2	N/A	3,400	\$22,000,000
73	2013	Health Care Claims Tax	0	N/A	175	\$22,000,000
127	2012	Uniform Capacity Tax	0	N/A	175	\$900,000

The payroll tax from H.66 is projected to raise \$100 million remitted by approximately 34,000 business taxpayers plus an uncertain number of self-employed taxpayers

How Did We Do It?

- Efficiency gains from continuous improvement, staff productivity, and technology improvements
- CMF
 - Prior year surpluses, multiyear appropriations
 - No need for implementation funding discussions for many years
 - We'll now need to have this as part of the annual budgeting cycle
 - Revenue generation and spending authority
- Cumulative effect of what we've absorbed means we're at/very near our capacity for new initiatives without additional staff

Other Jurisdictions and Payroll Taxes

- Washington DC: Population 712,816
 - 127 FTEs in PFL unit (tax and benefits)
- Oregon: Population 4,246,000
 - Estimated 100-120 FTEs in the tax area for combined PFL/UI
 - Serving 130,000 employers (VT approximately 34,000 WHT filers)
- VDOL UI Tax: 22 FTEs

What Does VDT Need to Implement H.66?

- Estimated 15 FTEs
- \$2-3 million in IT funding
- **Important Note:** This is *only* for the payroll tax that VDT is responsible for under the current language of the bill. This does not speak to any other IT or personnel needs for any other agency to implement their provisions of H.66



Thank you

