Item No. 5(a)

City of Bellevue

MANAGEMENT BRIEF

Date: March 17, 2014

To: Mayor Balducci and Councilmembers

From: Jan Hawn, Finance Director
Sara Lane, Assistant Finance Director

Subject: Bellevue Business & Occupation Tax Simplification Update

Background

Over the past two years staff has sought direction from the Council on simplification of Bellevue's business taxes; staff has periodically updated the Council on the resulting staff efforts. The most recent updates occurred through a Management Brief on September 3, 2013 and Council Briefings in December. Staff indicated we would return to you with the outcome of a customer survey focused on Tax Simplification and Customer Service and our proposed response. The following is an update on the FileLocal project and a brief report on the survey results and staff response.

Items and Status

Multi-City Simplification Efforts - FileLocal

During the last update to the Council on the Multi-City Tax and License Portal, staff informed the Council that the four principal cities had drafted an interlocal agreement to establish a portal entity, that a name had been selected for the portal (FileLocal), that the branding was nearly complete, and that the portal construction was underway and making significant progress towards the go-live target. This update confirms that the items previously reported on were all executed as planned. The name was launched publically in December 2013, the interlocal agreement was executed by all four principal cities and the legal entity was established with the Secretary of State, and progress continues towards the established Fall 2014 go-live target. Additionally, an independent quality control and project oversight consultant has reported that there are no red flags for the project, meaning that the project is progressing as scheduled. Attachments 1-3 provide design "snapshots" for some of the screens that users will see.

Internal Simplification Efforts– The Open House Meetings and Survey

In response to difficulty that the business community was having complying with the City's square footage tax, staff engaged Council and the business community in 2012 in a discussion of simplifying the tax. In late 2012, the Council approved a minor code change that, in conjunction with issuing a new square footage tax form, simplified reporting for the square footage tax. Since then, staff solicited feedback from the business community on the success of those changes to gauge whether more work should be done in the specific area of the square footage tax or whether the City's simplification resources are better spent elsewhere. Two methods were used to solicit this feedback, including open house meetings at City Hall and an online survey. Staff also invited feedback from all businesses via the Bellevue tax website, email listserv, text alert, Twitter, messages on tax

returns, and other year-end taxpayer correspondence. Staff also partnered with the Bellevue Downtown Association and the Bellevue Chamber of Commerce as part of these efforts.

Despite best efforts to attract businesses to attend the open house meetings, the meetings were sparsely attended. The businesses who were present at the meetings did indicate that the recent changes had provided measureable relief from the administrative burden of complying with the square footage tax. There was, however, no consensus among attendees that further changes were needed. Further, ideas for how the City could positively impact attendee's businesses with future simplification efforts were inconsistent.

The survey was designed to be quick and easy, containing just ten questions that could be answered in less than two minutes. The survey was designed to help staff understand who was taking the survey and included questions focused on tax simplification and customer service. There were also two open ended questions to invite general feedback. A copy of the survey questions are provided at Attachment 4.

The Survey - Respondents

Based on responses to questions aimed at understanding who was taking the survey, we found that 68% of respondents had a physical location in Bellevue, 60% of which paid taxes only to Bellevue. Of the respondents, 85% intend to use the portal (FileLocal) when it goes live. Only 21% were signed up to receive email or text alerts from Bellevue's Tax Office or were following the Tax Office on Twitter.

Simplification

The two simplification questions were designed to help staff understand what types of efforts would be most meaningful to respondents. First, we asked respondents to rank five tax initiatives in the order that they would impact their business. The results are as follows (with the first having the highest impact and fifth having the lowest impact):

1. Simplifying Bellevue's tax forms;
2. Harmonizing Bellevue business tax policies with other local jurisdiction business tax policies;
3. Simplifying reporting for the Bellevue square footage tax;
4. Issuing guidance on specific tax topics; and
5. Providing easier access to a Bellevue business tax representative.

For the second simplification question, we asked respondents whether Bellevue business tax forms are easy to understand and complete. Only 60% of respondents responded that Bellevue's forms were easy to understand and complete.

Customer Service

The Customer Service questions were designed to determine whether respondents were satisfied with Bellevue's Tax Division's customer service delivery. Nearly 80% of respondents indicated that they know where to get answers to their Bellevue business tax questions, and over 96% of respondents indicated that the Bellevue Tax Office was responsive to their Bellevue business tax questions or that they had not needed assistance from the Tax Office (71% and 25%, respectively).

Staff Response to Survey Results

Based on the above feedback from the business community, staff is proposing to make revisions to Bellevue's tax forms a top priority for 2014 and beyond. Additionally, staff is proposing to engage other Washington cities in those efforts to create harmony among city tax forms wherever possible, responding to this being identified as having the second highest impact on business. As staff works through these efforts, they will offer opportunities for the business community to weigh in on any proposed changes. These efforts, in conjunction with the launch of the FileLocal, are expected to have a positive effect on the business community and provide meaningful relief from the administrative burden of complying with Bellevue business taxes. Also, feedback received from the business community indicates that further revisions to the square footage tax do not appear to be a top priority with taxpayers at this time. Staff proposes to monitor this area on an ongoing basis and to address any escalation of the square footage tax as a future simplification priority.

While responses to questions regarding customer service were generally positive, staff also intends to do some work in this area. Specifically, in 2014, staff plan to revise the tax hotline menu to improve caller experience and feature the tax hotline number more prominently online and in printed materials, making it easier for businesses to find the number and speak with a Bellevue tax representative.

Finally, staff will begin monitoring the topics of simplification and customer service on an annual basis. It is expected that staff will launch an annual or bi-annual survey utilizing best survey practices to check in with the business community on these topics. These future survey results will be used to continuously improve businesses' experience with Bellevue's Tax Office and further simplify compliance with Bellevue's tax.

Attachments

Attachment 1 - Design Screen Shot for FileLocal Login Page
Attachment 2 - Design Screen Shot for FileLocal Account Notcies Page
Attachment 3 - Design Screen Shot for FileLocal Tax Summary Page
Attachment 4 - Tax Survey Questions

ATTACHMENT 1

FileLocal

Your one stop for local business licensing and tax filing

Home | Create Return | My Returns | Account Center | Lookup | rt | FAQ

Contact Information

Remittance Rates

Simple. Fast. Time saving. Not the words you usually associate with filing B&O taxes or getting a business license.

Sign in, or create a business or tax preparer account below to get started with FileLocal. Your one stop for local business licensing and tax filing.

Username

Password

Forget your username or password?

Remember username

SIGN IN

Filing a return for a business with one or more locations? Create a business account to begin e-filing and making e-payments today!

CREATE BUSINESS ACCOUNT

View the Taxpayer Quick Start Guide

Preparing returns for more than one business? Create a tax preparer account to begin e-filing returns for multiple businesses—all from one account.

CREATE TAX PREPARER ACCOUNT

Learn more about tax preparer accounts

Website Support

Phone: (225) 215-0100

Toll free: (800) 227-7059

Email: support@e-GovSystems.com

FileLocal

More Information

Contact tax authority

Privacy Statement

Terms & Rules for Use

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Attachment 2

Signed in as **username001** LOG OFF

FileLocal

Your one stop for local business licensing and tax filing

Home | Create Return | My Returns | Account Center | Lookup | Support | FAQ

Welcome to FileLocal.gov, Username001.

Returns

- File a New Form
- Import Forms

Applications & Renewals

- Apply for General Business License
- Renew a License

My Account

- Account Information
- Activity Center
- Account Numbers
- Payment Accounts
- View Statement

Notices

City	Lorem Ipsum	Description of Notice	Effective Date	Date Added
Seattle	Lorem Ipsum Dolor Sit Amet	Lorem ipsum dolor sit amet, consectetur adipiscing elit. Sed et elit consequat dolor eget mi cursus luctus. Cras pulvinar laoreet nibh, a ornare sapien pharetra ac. Nam faucibus turpis ornare vestibulum. Aenean blandit augue vitae nisl blandit.	08/31/2013	08/01/2013
Tacoma	Lorem Ipsum	Lorem ipsum dolor sit amet, consectetur adipiscing elit. Sed et elit consequat dolor eget mi cursus luctus.	01/01/2013	12/20/2012
Bellevue	Lorem Ipsum Dolor Sit Amet	Lorem ipsum dolor sit amet, consectetur adipiscing elit. Sed et elit consequat dolor eget mi cursus luctus. Cras pulvinar laoreet nibh, a ornare sapien pharetra ac.	04/01/2012	02/24/2012

PRINT ALL

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FileLocal

More Information
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Privacy Statement
Terms & Rules for Use

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Attachment 3

Signed in as **username001** LOG OFF

FileLocal

Your one stop for local business licensing and tax filing

Home | Create Return | My Returns | Account Center | Lookup | Support | FAQ

Filing History

Please select a filing period below to view all of your returns for that period.

Type: Tax Return

State: [View All]

Filing Period: [View All]

Status: Show All

Filing Period	File Date	Name of Return	City	Amount Due	Version	Status	Action
November 2013	11/05/2013	Lorem ipsum sit amet, consectetur	Seattle	$80.45	Original	Open	PRINT/VIEW
August 2013	08/20/2013	Lorem ipsum sit amet, consectetur adipiscing elit	Bellevue	$150.71	Original	Pending	PRINT/VIEW
July 2013	07/01/2013	Lorem ipsum sit amet, consectetur	Everett	$0.00	Original	Filed	PRINT/VIEW

PRINT SUMMARY PRINT ALL

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Phone: (225) 215-0100
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Email: support@e-GovSystems.com

FileLocal

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Attachment 4

City of Bellevue Tax Survey

December 2013/January 2014

1. Bellevue Business Tax Simplification Survey
2. Do you have a physical location in Bellevue? (Yes/No)
3. Do you report for business taxes to more than one Washington city? (Yes/No)
4. Do you intend to file city business taxes online when an online filing option becomes available in 2014? (Yes/No)
5. Do you know where to get answers to your Bellevue business tax questions? (Yes/No)
6. Is the City of Bellevue responsive to your Bellevue business tax questions? (Yes/No)
7. Are Bellevue's business tax forms easy to understand and complete? (Yes/No)
8. My business would benefit the most if the City of Bellevue did the following (rank in order of impact, 1 having the biggest impact):
   - Simplified reporting for the Bellevue Square Footage tax
   - Harmonized Bellevue business tax policies with other local jurisdictions
   - Simplified Bellevue business tax forms
   - Issued guidance on specific tax topics
   - Provided easier access to a Bellevue business tax representative
9. I am interested in learning more about eh following Bellevue business tax topics (check as many as apply):
   - Apportionment
   - Gross receipts tax classifications
   - Square footage tax
   - Other (please enter in comments box)
10. Are you signed up to receive periodic news and updates from Bellevue's Tax Office via Twitter, email, or text message? (Yes/No)
11. Please enter any comments regarding Bellevue's business tax simplification efforts