



FY2022 Climate Strategy Report

North Carolina Department of Revenue

October 15, 2022

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Introduction

About North Carolina Department of Revenue

The North Carolina Department of Revenue (DOR) is a cabinet-level executive agency charged with administering tax laws and collecting taxes on behalf of the people of the State. The Department's mission is to fund public services benefiting the people of North Carolina by administering the tax laws and collecting the taxes due in an impartial, consistent, secure, and efficient manner. The Department collects taxes for over 20 different tax types, including individual income, corporate income, sales and use, motor fuel, alcoholic beverage, and tobacco taxes. The DOR collected over \$43 billion in revenue during Fiscal Year 2021 -2022. The agency has over 1,400 positions and 13 offices across North Carolina which includes the main Revenue Building in Raleigh and 12 remote locations.

North Carolina Department of Revenue's Vulnerabilities to Climate Change

The primary climate stressors and hazards that impact general business operations, offices across the state, human resources and services provided to constituents include events such as hurricanes, floods, high winds, winter storms and power loss. Heat waves are anticipated to become more common, which may also cause power outages and infrastructure impacts, as well as health concerns for employees and residents. Agency assets that are most important and most at risk are employees, due to their location and ability to travel to an office, and the confidential information and equipment located in offices. While agency offices in the eastern part of the state typically are impacted by hurricanes and offices in the western part of the state are impacted by winter storms, we have found any weather event has the potential to affect any DOR office and staff. As such, each weather event is evaluated on an event by event basis to determine potential impacts. Similarly, the effect of these weather events on state tax revenue collections can only be evaluated retrospectively. For example, impacts to businesses and analysis of sales tax collections during a specific period would occur after a weather event.

North Carolina Department of Revenue's Approach to Fulfilling the Strategies in the Climate Risk Assessment and Resilience Plan

Although the Department of Revenue does not have any specific strategies assigned to it in the 2020 Climate Risk Assessment and Resilience Plan, DOR is reviewing the strategies assigned to all agencies and is considering and acting on measures that will improve the Department's and the state's ability to withstand the increasing frequency and intensity of heat waves, wildfires, droughts, hurricanes and other extreme precipitation events.

The agency understands the hardships experienced by taxpayers during extreme events. As a result, the agency adjusts processes such as examination and forced collection activities in certain negatively impacted areas while maintaining focus on the agency's mission. Based on severity of the event, DOR can launch a Hurricane Assistance option on its Interactive Voice Response (IVR) system so taxpayers impacted

can quickly connect to an agent for assistance. In addition, the agency may include informational inserts with tax and collection notices, and in special circumstances, reset payment plans to avoid default. One area to potentially be explored is analyzing the impact on state tax collections resulting from events associated with climate change.

Reducing Energy Use

The agency has designated an individual to serve as the Utility Manager. The main DOR facility is state-owned and maintained by the Department of Administration (DOA). This individual plans, coordinates and oversees initiatives supporting the goals in executive orders. To date, several projects have been completed to replace older equipment and systems with newer, more energy efficient solutions. The improvements include replacement of several large air conditioning units in the data center, installation of some LED lighting, replacement of several power distribution units, and HVAC improvements. The Utility Manager continues to work with DOA to expand use of LED lighting and replace additional air conditioning and power distribution units.

In addition, the agency continues to focus on reducing the physical office footprint across the state as leases expire. To date, the 4,600 square foot Winston-Salem office was consolidated with the Greensboro office, the Charlotte office space was reduced by approximately 60% and the Wilmington office space will be reduced by over 25% in the summer of 2023.

Addressing Environmental Injustices and Inequities

The agency named McKinley Wooten, Assistant Secretary for Tax Research & Equity, as the Environmental Justice Lead in April 2022. Wooten impaneled a committee to create the Department's Public Participation Plan.

Public Participation Plan

The Department's Public Participation Plan was completed in late May 2022 and posted for public comment on the Department's website on June 1, 2022, for 30 days. The Plan went into full effect on July 1, 2022. The purpose of the Plan is to apprise the public of the Department's commitment to improved outreach and public engagement and to instill trust and confidence in the manner in which we carry out our mission. The Plan brings clarity to the fact that due to the sensitive nature of the Department of Revenue's work and the confidentiality of taxpayer information, *"the Department must strike a delicate balance between the public's protection and the public's participation in its services and decision-making."* The plan can be found at <https://www.ncdor.gov/about-us/public-participation-plan>.

1.0. Reduce greenhouse gas emissions

1.1 Reduce energy consumption per square foot in state-owned buildings by at least 40% from fiscal year 2002-2003 levels

<p>1.1.1 Coordinate replacement of LED lighting in the main Revenue Building</p>	<p>Planned</p>
<p>Expected Completion Date: Spring 2023</p> <p>Replacement of lighting in the loading dock area is in progress. In addition, DOA has received funding to replace existing can light fixtures with LEDs.</p>	
<p>1.1.2 Replace large air conditioning units in the 3rd floor scan room</p>	<p>Planned</p>
<p>Expected Completion Date: Summer 2023</p> <p>Two 20 ton air conditioning units have been ordered to replace older units in the 3rd floor scan room. Delivery is scheduled for March 2023. Installation will be scheduled upon confirmation of equipment delivery.</p>	
<p>1.1.3 Install new fans for the primary air handling units to improve air flow</p>	<p>Planned</p>
<p>Expected Completion Date: Summer 2023</p> <p>DOA allocated funding to implement HVAC improvements that will result in a more energy efficient system and make it easier to regulate temperature throughout the facility.</p>	

1.2 Support the use and expansion of energy efficient and clean energy resources

This section is not applicable.

1.3 Increase the number of registered Zero Emission Vehicles to at least 1,250,000 by 2030 so that 50% of in-state sales of new vehicles are zero-emission by 2030

This section is not applicable.

1.4 Prioritize Zero Emission Vehicles (ZEVs) in the purchase or lease of new vehicles and for agency business travel

1.4.1 Prioritize leasing and renting of hybrid vehicles	Ongoing
Expected Completion Date: N/A	
The agency has adopted a policy for staff to prioritize leasing and renting of hybrid vehicles when needed for business use. Employees are required to rent hybrid vehicles when available.	

1.5 Initiate other initiatives to decarbonize the transportation sector

1.5.1 Maintain a strong teleworking position	Ongoing
Expected Completion Date: N/A	
Continuously look for opportunities to offer electronic submission of forms and requests and use application workflow functionality to allow more employees to work remotely. For example, address change requests and out of business notifications can now be submitted electronically, which allows remote employees to process these requests. Over the next year, DOR plans to offer additional forms, which have already been identified, for electronic submission.	

2.0. Increase statewide resilience to the impacts of climate change

2.1 Evaluate the impacts of climate change on cabinet agencies' programs and operations

2.1.1 Continue Focus on business continuity strategies	Ongoing
Expected Completion Date: N/A	
Resiliency planning continues to be a focus for the agency and our ability to continue operations during significant weather events, primarily hurricanes and snowstorms. The agency has transitioned to a 90% plus teleworking workforce which positions the agency to continue operations with limited impacts.	

2.2 Integrate climate change adaptation practices and resiliency planning into cabinet agencies' policies and operations

2.2.1 Continue review of agency policies and procedures to support business continuity and continuation of operations	Ongoing
<p>Expected Completion Date: N/A</p> <p>The agency has an overall Business Continuity Plan with supporting plans and documents that focus on continuing operations based on different types of events and are used as part of resiliency planning and ongoing process improvement review. Such plans include but are not limited to the Continuity of Operations Plan, the Disaster Response Plan, the Crisis Management Protocols, the Crisis Communication Plan and the Major Incident Management Process for Weather Events. All plans are reviewed annually.</p>	
2.2.2 Reduce Climate Exposure by Minimizing Leased Office Space	Ongoing
<p>Expected Completion Date: N/A</p> <p>Based on the agency's commitment to maintain a significant teleworking workforce, remote office space needs are evaluated as leases expire. Within the next 12 months, the Wilmington office space will be reduced by over 25%.</p>	
2.2.3 Standardize teleworking to support a resilient workforce	Complete
<p>Expected Completion Date: July 2022</p> <p>The DOR telework policy was fully implemented and the agency replaced over 200 desktops with laptops to support employee teleworking and a more resilient workforce.</p>	
2.2.4 Maintain data center architectural plans to support redundancy	Ongoing
<p>Expected Completion Date: N/A</p> <p>Technical diagrams are continuously reviewed and revised as changes are planned and implemented to support redundancy in providing services internally to DOR staff and externally to taxpayers. Redundancy requirements are included earlier in projects to support agency resilience and reduce the risk of service interruptions.</p>	
2.2.5 Virtually connect remote staff for meetings and training	Planned
<p>Expected Completion Date: Summer 2023</p> <p>Focus will be placed on equipment and solutions to support virtual training, presentations, and meetings. Once supply chain issues have been resolved, training rooms and meeting spaces will be equipped with cameras and the infrastructure to provide a better virtual experience.</p>	

3.0. Address the public health impacts of climate change

3.1 Increase understanding and awareness of the health impacts of climate change

This section is not applicable.

3.2 Advance health equity

This section is not applicable.

3.3 Initiate other projects aimed at addressing the public health impacts of climate change

This section is not applicable.

4.0. Invest in historically underserved communities

4.1 Increase affordability for low- and moderate-income households

This section is not applicable.

4.2 Create jobs and economic growth

This section is not applicable.

4.3 Alert residents and businesses, particularly those in underserved communities, of state and federal grant opportunities

This section is not applicable.

Additional Information

Opportunities to enhance electronic services offered to taxpayers will continue to be a primary focus as well as expanded use of the Document Management System, which allows work to be routed through workflow and queues for processing regardless of employee location. Maintaining a strong teleworking workforce supports reducing greenhouse gas emissions and improves the agency's resilience position.