

Massachusetts Department of Revenue (DOR) May Lose Staff This Summer

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The **Massachusetts Department of Revenue** (DOR) likely will have significantly less employees starting July 1, 2015, due to a Massachusetts employee retirement incentive program. *Governor Charlie Baker* recently signed legislation establishing the program on May 4, 2015 (see 2015 Mass. Acts Chapter 19, An Act Relative to State Personnel). With more than half of DOR's employees eligible to participate in the program, DOR is the state agency with the potential to lose the highest percentage of employees.

The program allows employees who already are eligible to retire but have not reached their maximum pension benefit to add up to five years onto their age, years of service or a combination of both, so they can retire immediately with a higher pension. The program limits total workforce reductions in Massachusetts to 5,000 employees. Eligible employees must submit an application to the State Board of Retirement between May 11 and June 12, 2015, to participate. The retirement date and last day of work for approved employees will be June 30, 2015. The Baker administration can use up to 20 percent of the savings from the retired employees to hire replacement staff, but it is unclear when such hiring will take place and how much funding will be allocated to DOR versus other state agencies affected by the program.

What does this mean for taxpayers and tax practitioners? We are hearing that there may be a potential shortage of staff at DOR, particularly in the Audit Division. Audits may be slowed and relationships that have been developed over years with auditors may end abruptly. Consequently, taxpayers and their representatives might aim to quickly resolve any matters they have outstanding with DOR sooner rather than later as DOR may be forced to slow down following the reduction in staff this summer.

It is unclear what effect the program will have on the Litigation Bureau and other sections of DOR. A loss of litigators could slow cases currently before the Appellate Tax Board.

Although disagreements may exist with various DOR positions, we are pleased with the institutional strength of DOR. We hope that steps will be taken to retain the institutional knowledge of long time DOR personnel.

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