

MAINE STATE LEGISLATURE

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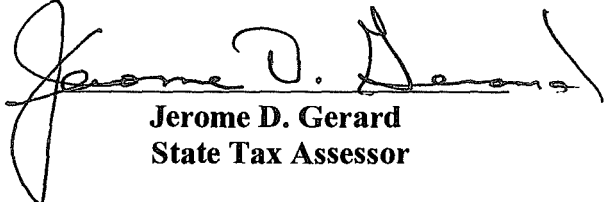


Maine Revenue Services
Data Warehouse Collection Initiative
Cost and Revenue Report

A Report Prepared for the
Joint Standing Committees on Taxation and
Appropriations and Financial Affairs
Pursuant to PL 2009, C. 213, Part TTTT

Department of Administrative and Financial Services
Maine Revenue Services

January 13, 2012


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State Tax Assessor

Annual Bureau of Revenue Services Data Warehouse Cost and Revenue Report

Submitted to the Joint Standing Committee on Appropriations & Financial Affairs and the Joint Standing Committee on Taxation

December 30, 2011

Introduction

Maine Revenue Services (“MRS”) is engaged in a systematic ongoing effort to identify and collect tax revenues legally due to the State through the Data Warehouse Collection Initiative (“DWCI” or “the program”). MRS has contracted with Revenue Solutions Inc. (“RSI”) to develop the new data warehouse and discover new leads regarding income tax “non-filers” (individuals who are legally required to file tax returns but have not done so). RSI utilizes a propriety product called DiscoverTax (“DTax”) to identify individuals with Maine-source income who have not filed Maine or Federal individual income tax returns. Pursuant to 36 MRSA §194, enacted during the First Regular Session of the 124th Legislature (Public Law 2009, chapter 213), the Secretary of State and all executive branch departments, boards and other State of Maine agencies are required to annually provide to MRS electronic data requested by the State Tax Assessor (the “Assessor”) to facilitate the DWCI.

Target and Actual Revenue

The targets for gross revenue were as follows:

FY 2010	\$ 900,000
FY 2011	\$ 9,434,526
FY 2012	\$ 9,200,000

As of the date of this report actual revenue generated:

FY 2010	\$ 0
FY 2011	\$ 2,127,014
FY 2012	\$ 1,642,950 (5 months)

Maximum amounts allowable to be paid to RSI:

FY 2010	\$ 163,000
FY 2011	\$ 1,350,000
FY 2012	\$ 1,770,000

As of the date of this report actual amount paid to RSI:

FY 2010	\$ 0
FY 2011	\$ 349,108
FY 2012	\$ 531,978 (5 Months)

Methodology

The State pays RSI a 25% commission on all qualifying revenue discovered up to an annual ceiling amount. RSI receives credit for payment from revenue generation through discovery of individual income tax non-filers. The revenue generated through the project so far has come from intercepting erroneous Tax & Rent claims and individual income tax refund claims. When sufficient money comes in through the non-filer program, RSI will be paid for the refund intercept program.

Notes

The project is behind schedule due to the following issues: extended contract negotiations and understaffing at the unit handling the cases created by the Initiative. Based on the current revenue generated, the original projections for revenue collections were over estimated. It is anticipated that the revenue numbers will continue to increase.