

Rev-A-News

Our DOR is always open to you.

Compliance and Collection

IRIS: First Year Brings Significant Success

It's been nearly a year since Fast Enterprises began work on the Department of Revenue's replacement computer system -- known as the Integrated Revenue Information System (IRIS) -- and what has been accomplished to date has more than exceeded the department's expectations.

Under the original contract signed in August 2003, Fast Enterprises has been working to install and adapt its GenTax software product for five Montana tax programs. As of last month, all necessary taxpayer accounting and billing functionality are operating successfully for all five tax types. This includes the processing of returns and payments, issuance of refunds, application of any penalty and/or interest, and activation of collection cases.

- Rental vehicle tax, a new tax created in the 2003 Legislative Session, went online last September. To date, more than \$1.9 million in revenue has been processed.
- Cigarette taxes and lodging facility taxes were completed in March. Revenues totaling more than \$16.4 million for cigarette tax and \$8.8 million for lodging facility tax have been processed.
- Individual income tax withholding was added over the July 4th weekend. To date, more than \$56 million revenue has been processed, which includes payments made through the department's web-based Business Tax Express program.
- Combined oil and gas taxes were implemented the last weekend in August.

"Fast Enterprises is delivering everything we asked, and much more. They know our business and they know how to implement this software in our environment," said revenue acting director Don Hoffman.

Successful implementation, particularly for the more complicated taxes, is a significant accomplishment. For example, the data conversion for withholding tax involved transferring more than 54,000 employer accounts -- including history, balances and pending payments -- from the legacy system to GenTax. The cutover to the new system went very smoothly, with no data loss or corruption.

In July, the department entered into a contract with Fast Enterprises to begin work on the next segment of the IRIS project, which will focus on two major areas. Administration of the state's corporation license tax and individual income tax will be migrated onto the vendor's GenTax software package. Implementation of a series of enhanced compliance tools provided by the vendor, including a data warehouse module and a discovery module, will help the department to improve taxpayer compliance.

Those tax types not yet converted to IRIS are still operating from POINTS or the department's other legacy computer systems. The department advises that customers may still experience account problems and other issues due to the ongoing operational defects of POINTS.

In the future, work on the IRIS project will need to be continued beyond the current contracts to convert some remaining smaller tax types and, thereby, allow the department to completely shut POINTS down.

Withholding Tax Update

The implementation of withholding tax on GenTax is now fully complete and we are beginning to concentrate our efforts on various compliance activities.

We are in the process of contacting employers who are delinquent in submitting their payment(s) thus far for the tax year 2004, based on the filing frequency established by the department during the "look-back" period.

Employers who have not submitted the appropriate amount of payments have received/will receive a "delinquent" letter from the department requesting that the payments be submitted. The letter also provides an opportunity for the employer to explain why the payments have not been submitted, i.e. the business is now closed.

** Please note that even if no wages were paid during the period, a coupon must still be filed by the employer showing "zero" wages. The filing of the coupon showing "zero" wages paid fulfills the necessary filing requirements and will reduce the number of "delinquent" letters sent to employers.

If you have any questions, please do not hesitate to contact our Call Center at (406) 444-6900 and they will be happy to assist you.

Individual Income Tax 6-Month Filing Deadline

Remember the final (six month) filing extension due date for individual income tax returns is just around the corner, October 15. You can still e-file tax returns as long as they are submitted on or before the due date. If tax is due, the direct debit option allows you to provide bank account information to have your account debited when you e-file your return. Another payment option is Income Tax Express available at: <https://app.discoveringmontana.com/itf/>.

2004 Extended Property Tax Assistance Program (EPTAP)

The 2003 Montana Legislature passed legislation (Chapter 606, 2003 Laws of Montana) that created an Extended Property Tax Assistance Program for specific properties that experienced extraordinary valuation increases due to the statewide reappraisal. The program was designed to mitigate that valuation increase by reducing the tax rate from current statutory levels.

Processing of applications for the 2004 EPTAP program has been completed. Affected taxpayers were mailed notifications on August 16 informing them whether their applications were granted or denied.

For those EPTAP applications that were granted, the tax rate will be reduced within a range that extends from 0.01% to 3.29% (the current tax rate for residential property for tax year 2004 is 3.30%). The average benefit was a reduction in the tax rate to 2.97%.

The following data summarizes the results of the program for tax year 2004:

Number of taxpayers mailed applications	8,832
Number of applications returned and processed	2,076
Number of applications granted EPTAP benefits	1,343
Number of applications denied EPTAP benefits	733

Only those taxpayers whose property met the qualifying criteria in tax year 2003 were potentially eligible to qualify for any benefit from this program for tax year 2004. Those identified taxpayers were mailed application forms earlier this year. The taxpayer had to meet all four of the following criteria:

- The taxpayer continued to own the same residential property that they owned on December 31, 2002.
- The taxpayer did not add new construction or remodel the improvements (buildings) so the market value increased by more than 25%.
- The value of the land for property tax purposes did not increase by more than 25%.

The total household income for 2003 did not exceed \$75,000.

Customer Service

Tax Reform Study Committee Invites Public Comment

If you haven't given your "two cents worth" to the Tax Reform Study Committee on the best tax structure for Montana, there is still an opportunity to do so.

The Tax Reform Study Committee, an interim committee created by the 2003 Legislature, has been examining Montana's state and local government tax structure extensively over the past year. The committee has developed several proposals and will be reporting its findings to the 2005 Montana Legislature.

Before the final report is written, the committee would like to offer you and other Montana taxpayers one more opportunity to express your ideas, thoughts and concerns.

Public comment on the various proposed tax changes will be a main agenda item at the committee's next meeting. The day-and-a-half meeting has been scheduled for September 16 (all day) and September 17 (morning only). Time has been allotted on the agenda for public comment on Thursday afternoon (1 p.m. - 5 p.m.) and, if necessary, on Friday morning (beginning at 8:30 a.m.). The meeting will be located at the State Capitol Building, Room 317, Helena.

Specifically, the committee would like to hear your viewpoint on various tax proposals that have been addressed and discussed by the committee over the course of their deliberations. The proposals will be presented by committee members the morning of September 16, and opened to public discussion that afternoon. Reform proposals under consideration include a proposal:

- For comprehensive tax reform that would implement a general retail sales tax to provide property and/or individual income tax relief;
- For a gross receipts tax on the sales of "big box" stores;
- For a new soft drink tax;
- To prevent further reductions in business equipment taxes;
- To repeal certain provisions of Senate Bill 407 (2003) that reformed and reduced individual income taxes;
- To reduce property taxes on certain mines, cooperatives, and utilities;
- To increase the minimum tax paid by corporations in Montana;
- To increase gambling taxes;
- To decrease and reform taxes paid on bentonite mining in Montana; and
- To provide for added incentives for mining coal in Montana.

If you are not able to attend but would like to express your views, you may send an e-mail message to Larry Finch, Department of Revenue, at lfinch@state.mt.us or mail correspondence to Tax Reform Study Committee, P.O. Box 5805, Helena, MT 59604-5805.

Committee membership roster, meeting agendas, minutes and supplemental materials are available at www.discoveringmontana.com/revenue.

Background Information

Senate Bill 461, passed during the 2003 Legislature, created the Tax Reform Study Committee. The purpose of the committee is to conduct a comprehensive examination of taxation in Montana, and to evaluate all of the current forms of taxation in terms of their adequacy, efficiency, burden on taxpayers, fairness, ability to be exported, and impact on the economic behavior of businesses and individuals.

The committee has explored means of reforming existing taxes, and also examined and evaluated new sources of taxation, such as a general sales tax, as an option for improving the current tax structure.

The committee has solicited the knowledge and advice of economists, tax policy experts, and representatives of taxpayer groups, local governments, small business organizations, large industry, agriculture, and economic and business development organizations.

The Tax Reform Study Committee's final report to the Montana Legislature, along with recommendations and legislation needed to implement the recommendations, is due no later than December 1, 2004.

The committee is composed of four Senators, four members of the House of Representatives, and four non-legislative members representing small business, large industry, agriculture and labor.

New Department of Revenue Website

Currently, there is a push for the websites of state government executive branch agencies to have a consistent "look and feel." You'll begin to see several state agency websites changing to become more similar to the state's official website, DiscoveringMontana.com.

If you haven't already noticed, the Department of Revenue moved to a redesigned Internet site the last week of August. In addition to the goal of achieving a consistent "look and feel" with other state agencies, we tried to improve the site layout and make the site more user-friendly. Creating the new Internet site required considerable time and effort, and we are confident that the site will serve our customers' information needs with great success.

We realize the transition to the new Internet site will likely result in a "learning curve" for many employees and customers. To help minimize any disruption, the new Internet site was thoroughly tested before it went online.

Although there aren't significant changes to the website's organization, some changes have been made. A site map can be found under the category About the Agency to help you better understand the content organization of the new site.

You are encouraged to contact us with recommendations to improve the site through the e-mail function found under About the Agency, Contact Us.

2004 Assistance for Business Clinics

The Department of Revenue received more positive feedback from another ABC Clinic.

Billings

- Excellent/Very Good 12/12 100%
- *Comments:* Good update, Business Tax Express sounds very efficient and a real business benefit; very good presentation; like knowing new info before it comes into effect; great instructors, very informative and well prepared.

There are two remaining clinics scheduled for 2004. These clinics are geared to employers/business owners and offer up-to-date information on employment tax laws, and tax credits, along with methods and options to file and pay. We hope to see you there!

<u>City</u>	<u>Date</u>	<u>Location</u>	<u>Sponsor</u>
Lewistown	Sept. 14	Yogo Inn	JSEC/Lewistown Chamber
Great Falls	Sept. 15	Holiday Inn	Chamber of Commerce

Business Tax Express

Visit the Business Tax Express (BTE) site and sign up now! BTE currently allows your company to file and/or pay for withholding tax, rental vehicle tax, and lodging facilities and use tax. These on-line services are *FREE* to use, easy and efficient. You can track your on-line payment history for two years from your initial transaction.

Watch for the addition of Combined Oil & Gas (COGS) on-line payment option in September. Register today to use BTE! Available at <https://app.discoveringmontana.com/bustax/>

About the Agency

Calendar of Events

Committee Meetings

For committee membership, agendas, minutes and reports, visit our website at www.discoveringmontana.com/revenue.

Tax Reform Legislative Interim Committee, Room 317, State Capitol, Helena, Montana, Thursday, September 16, 8:30 a.m. to 5 p.m. and Friday, September 17, 8:30 to noon.

Property Tax Reappraisal Legislative Interim Committee, Room 317, State Capitol, Helena, Montana, Wednesday, September 8, 8:30 a.m. to 5 p.m.

Holiday Closures (state holidays)

Labor Day

Monday, September 6, 2004

Meet Our Leadership

Randy Wilke, Deputy Director

Randy Wilke, the Department of Revenue's acting deputy director, has managed to maintain a sunny outlook and a good sense of humor while working for the department more than three decades. Randy's lengthy career with the Department of Revenue has been focused mainly in the area of property assessment, which involves determining fair market value for all taxable classes of property. In addition to his duties as acting deputy director, Randy currently is an administrator of the department's Property Assessment Division, overseeing a statewide crew of property valuation specialists, residential and commercial appraisers, and property-related business experts. Randy previously served as a bureau chief for the Property Assessment Division (1981-2003) and an area manager for southcentral/southeastern Montana (1975-1981). When Randy joined the department -- then known as the State Board of Equalization -- in 1973, he worked as an appraisal supervisor in Phillips County. Randy holds a bachelor's degree from Montana State University. He and his wife, Peggy, reside in Helena and have four children. Randy spends his free time watching college and high school sports, which he often enjoys from an on-the-field vantage point as a game official.

Career Opportunities

The Department of Revenue posts new job opportunities on Wednesday and Friday each week. Visit our website www.discoveringmontana.com/revenue and go to About the Agency for current job opportunities.