

Statement by Dan Bucks to the Senate State Administration Committee
Hearing on Confirmation of Mr. Bucks as Director of Revenue
February 7, 2005

The citizens of Montana own the state's tax system. It is not owned by state government and certainly not by the Department of Revenue. The department is simply the trustee or steward of the tax system. Our job is to make the tax system work in cooperation with and for the citizens of the state. Montanans have created their tax system so that they can share in doing good works together to create new possibilities for the people of our state – both current and future generations. Montanans share this tax system in common with each other. They rightfully expect and deserve a tax system administered to achieve equity and integrity under the law.

The department needs to say “thank you” to all citizens and businesses who do the right thing, file their returns and pay their fair share of state taxes. We need to provide effective, timely and convenient assistance to those citizens and businesses who want to pay their fair share, but are finding it hard to do so.

For those citizens and businesses who are not paying their fair share, who are not even trying to do so—indeed may be avoiding taxes, we need to ask them to pay their share under the law. It is simply unfair to allow some to shift their taxes to those who are complying with the law. We need to restore equity and integrity to our tax system by ensuring proper compliance with our tax laws.

If the department is to serve citizens well and support equity and integrity in our tax system, we need to apply those same values in our internal operations. Employees need to be supported, recognized for quality work and treated fairly. Our work needs to conform to the highest standards of integrity and should reflect the dedication, industry and commitment that Montana citizens bring to their work.

In our rule making and interpretations, we need to adhere carefully to the law and the Montana Constitution. While there may be disagreements when there are ambiguities in the law, let there be no doubt that our intent is to respect and support the role of the legislature. We need to provide the legislature with accurate information and, as charged under the law, with advice on tax issues. Ultimately our job is to administer the laws, not make them.

So how do we say “thank you” to those citizens and businesses who are doing the right thing? When we communicate with taxpayers – in written and verbal form – we need to recognize and express appreciation for any actions a taxpayer takes to comply with the law or to help the tax system work. Our procedures and practices need to be intentionally designed to find these opportunities to say “thank you”. While this idea sounds simple, I know of no other tax agency that systematically expresses appreciation to citizens for doing the right thing. We aim to be the first in our nation to do so. Above all, we need to thank taxpayers who do the right thing by protecting them from having to pay the taxes of those who do not.

How do we provide citizens with effective and sensitive customer service? It starts with ensuring that our department treats every citizen equally, with respect, courtesy and without discrimination of any kind. We need to listen carefully and respond appropriately. Our forms and instructions should be clear and understandable. Our practices and procedures need to be as simple as possible. Our facilities should welcome each citizen who seeks assistance regardless of their abilities. We need to reach taxpayers in person, on the phone and through the Internet. We need to ensure that contractors working on our behalf treat taxpayers with respect and, if they do not do so, we need to take swift, corrective action. The Department must respect and protect taxpayer rights and resolve problems and disputes effectively and appropriately . . . and we should apologize to citizens when we make a mistake.

How do we ask those who are not paying their fair share to do so? It begins with understanding that all income earned in Montana taxable under the law should be reported equally by all those who enjoy the benefits of our great state—regardless of residency status or location and scale of business operations. We will actively manage the department to achieve improved tax compliance under the law, and we will use our resources wisely for these purposes. We need to conduct research into compliance problems for the first time in several years. The department should balance our existing compliance efforts with respect to residents and local businesses with efforts to ask non-residents and out-of-state companies benefiting from services of this state to meet the same standards of tax accountability we expect of Montanans. We need to ask this legislature to provide the tools necessary to curb abusive tax shelters, income shifting to other jurisdictions and under-reporting of income.

Our state is open for business. We want businesses to succeed in Montana. Opportunities for success are spread more widely if all businesses comply with our laws on an equal basis. Businesses that are good citizens and comply with the law are denied an equal opportunity to succeed in Montana if they face unfair competition from other businesses that ignore or abuse our tax laws. Equity and integrity in taxation supports a healthy, growing economy.