

****DRAFT FOR COMMENT****

Dear Montana Congressmen and Legislators:

The Montana Department of Revenue is now joining the rest of the world and providing monthly billing.

Beginning in November, the department will implement a new monthly billing system for taxes owed to the State of Montana. The new billing system is being provided for taxpayer convenience – to keep Montana taxpayers accurately informed on a regular basis.

We anticipate that you may receive some calls from concerned taxpayers in your constituency, many of whom may not have received a tax bill from us for some time. To help you deal with these constituents, we offer the following explanation of the new monthly billing and a list of steps for taxpayers to take in resolving their tax balance.

Why the new monthly statements?

The Department of Revenue's new computer system, known as the Integrated Revenue Information System (IRIS), now allows us to provide taxpayers with a monthly statement for any tax balance they may owe the state. The computer systems in place prior to IRIS did not allow us to communicate to taxpayers on a regular schedule.

We believe that as we provide taxpayers with this new monthly billing statement information, it will be easier for them to understand their Montana tax obligations and respond accordingly.

What should these taxpayers do?

Delinquent taxpayers who receive a monthly statement are asked to do the following:

- **Call our Customer Service Center at (406) 444-6900 with any questions regarding the Statement of Account or for assistance in establishing a payment plan.**
- Let us know if they feel that they have received this billing in error or if they do not agree with us about their outstanding Montana tax liability.
- Check the Statement of Account carefully to ensure that our information is accurate. We've done our best to manually review these accounts, to make them as correct as possible. Unfortunately, the taxpayer account information now in IRIS was transferred from multiple older computer systems that did not always operate as we desired. Therefore, some of the information could be erroneous.
- Take action to resolve the tax liability as soon as possible by making payment in full or by setting up a mutually acceptable payment plan with us.
- Note that liability amounts include updated penalties and/or interest as provided by law. According to law, penalties and/or interest will continue to accrue monthly on the unpaid balance of a taxpayer's liability and will be reflected in any future statements.

If you think a serious problem exists in a particular case, please call me at (406) 444-1900.

Thank you for your help in assisting and educating Montana's taxpayers regarding this new monthly billing system. Montana's tax system is a cooperative effort among our citizens and their government, and we appreciate your part in helping your constituents to take the appropriate steps in resolving their concerns and any outstanding tax balances.

Sincerely,

Dan Bucks
Director

Revenue & Transportation Committee
September 30, 2005

Exhibit #9



Dan Bucks
Director

Montana Department of Revenue



Brian Schweitzer
Governor

FOR IMMEDIATE RELEASE

Date: September 21, 2005

Contact:
Dan Bucks, Director
(406) 444-1900

Cynthia Pearson, Public Information Officer
(406) 444-6700

Department of Revenue implements largest tax type into new computer system

After two years of continuous computer programming and several successes with smaller tax types, the Montana Department of Revenue is now ready to convert its largest tax type—individual income tax—into its new Integrated Revenue Information System (IRIS) on October 3.

"The new computer system will bring better service to individual income taxpayers, greater equity to taxpayers and strengthen the security of our system," said revenue director Dan Bucks.

According to Director Bucks, taxpayers will see several new features with the new individual income tax program, including a new monthly billing for taxes due. The first billing for income tax will be mailed in early November to approximately 19,000 taxpayers with delinquent accounts, he said. The monthly billing process will not affect the more than 500,000 Montana taxpayers who have filed returns and paid their taxes on time.

"The first billing cycle will include many taxpayers who have not received a Statement of Account from the department in a some time," said Bucks. "They may be a bit surprised to see the statements in their mailboxes."

Taxpayers are encouraged to call the department to resolve their accounts. Many taxpayers may have questions because penalty and interest will be updated and many accounts may be as old as five years.

"We will work with taxpayers to solve any issues, inaccuracies or problems with their accounts," said Bucks.

In the long run, monthly statements will benefit taxpayers, he said.

"Monthly statements will help taxpayers know the status of their accounts on a regular basis and stay current on liability owed to Montana," said Bucks.

The department began implementing the new system in late 2003, under a contract with Boise, Idaho-based Fast Enterprises. So far, the system has been used to successfully manage the daily operation for six tax types that generate approximately \$800 million in revenue annually: income tax withholding, oil and gas production tax, rental vehicle tax, lodging facility use tax, cigarette tax and corporate income tax. Daily operation includes processing tax returns and revenue, customer registration, functionality for auditing, collection processing, and resource management tools.

Bucks said the new system will offer many other benefits to Montana's citizens.

Most importantly, he said, the new integrated system allows the department to assist taxpayers with the amounts they owe for multiple tax types—an ability the department did not have before. In the past, the department relied on multiple systems, hindering its service to citizens as well as its compliance efforts.

"An integrated system that supports customer relationship management will allow the department to be more responsive to Montana taxpayers while helping ensure tax laws are applied fairly and consistently," said Bucks.

The system also includes more security and tracking functions than the department's previous tax systems. These functions will provide the appropriate checks and balances needed to prevent errors in the handling of taxpayer accounts.

"The new system will help ensure that all taxpayers will pay their fair share, no more and no less," Bucks stated.

Several new compliance tools will enhance the department's ability to identify persons or businesses, both in state and out-of-state, who should be filing but are not. These capabilities will also assist the department in identifying unreported income and underpaid taxes.

The department expects some minor disruptions to taxpayer service during the data conversion. The department will be limited in the nature and extent of the services it can provide from September 23-30.

During that timeframe, department representatives will be unable to answer questions about the "accounts receivable" portion of a taxpayer's account. This includes outstanding balance of tax due, dates and amounts of past tax payments, details of payment plans, any penalty or interest that has been assessed, and the status of tax refund checks.

"The one week limit on tax service will apply to all taxes administered by the department," said Bucks.

The department will be able to answer general questions about tax and revenue related topics. These include questions about filing a tax return, making tax payments, and the status of a registration or license application. Full services will resume on October 3.

"We will do our best to provide information and answer questions," said Bucks. "However, taxpayers may be asked to wait until October 3 when tax information is fully functional. We ask for citizens' patience at this time."

A third phase of the IRIS project is still needed to convert some smaller tax types to IRIS and thereby allow the department to completely shut down its previous system, known as POINTS. Phase III implementation, which will begin in the fall of 2005 and be completed by December 2006, will include an additional 48 miscellaneous tax and license programs.



Dan Bucks
Director

Montana Department of Revenue



Brian Schweitzer
Governor

Dear Montana Taxpayer:

Beginning in November, the Department of Revenue is able to provide you with a monthly statement for any tax balance you may owe to the State of Montana.

The monthly statements are being provided for your convenience—to keep you accurately informed on a regular basis. We believe that as we provide you with this new monthly billing statement information, it will be easier for you to understand your Montana tax obligations and respond accordingly.

Because you may not have received a tax bill from us for some time, please allow us to explain why we are able to now provide you with monthly updates. This new monthly billing system for taxes owed is made possible by our new computer system, known as the Integrated Revenue Information System (IRIS). The computer systems in place prior to IRIS did not allow us to communicate to you on a regular schedule.

Please check the enclosed Statement of Account carefully to ensure that our information is accurate. And please let us know if you feel that you have received this billing in error or if you do not agree with us about your outstanding Montana tax liability.

Also, please note that your liability amount includes updated penalties and/or interest as provided by law. According to law, penalties and/or interest will continue to accrue monthly on the unpaid balance of your liability and will be reflected in any future statements.

Through our tax system, Montanans share in the good work we do together to create new possibilities for our great state. So, please take action to resolve your tax liability as soon as possible by making payment in full or by setting up a mutually acceptable payment plan with us. If you wish to ask questions regarding your liability amount or to establish a payment plan, please call our Customer Service Center at (406) 444-6900.

Thank you for doing your part in making our tax system work and making our state a better place to live, work and raise a family.

Sincerely,

Dan Bucks
Director