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Revenue Department Tax System Updated

By Mike Dennison

It's been almost two years in the making, but state revenue officials said Wednesday they're ready to take a huge step toward replacing the failed computerized tax-collection system known as POINTS.

State Revenue Director Dan Bucks said the state's largest tax type - individual income taxes - will be transferred next month to a modernized system.

Once that is complete, the state will have all but scrapped POINTS, the failed system that cost the state upward of \$50 million in contractor costs and lost revenue.

"POINTS covered fewer taxes, it cost more and it didn't work," Bucks said at a Helena news conference. "The new system costs less, and it works."

Not only does the system work, but it's expected to collect more tax revenue for the state, Bucks said.

The Integrated Revenue Information System enables the state to look at all tax types paid by single taxpayers, and determine whether they are not paying all the taxes they owe.

Adding individual income taxes to the system will make it easier for the state to identify out-of-state residents who aren't paying income taxes on their Montana revenue, Bucks said.

"The new system will ensure that all taxpayers will pay their fair share, no more and no less," he said.

Next month, the system also will start generating monthly bills to 19,000 delinquent income taxpayers, who owe the state between \$20 million and \$40 million.

Bucks said some of the delinquent accounts are five years old and that taxpayers may not have seen anything from the Revenue Department for many months. If a taxpayer gets a delinquent bill, he or she should contact the department to discuss whether it's accurate, he said.

Sen. Corey Stapleton, R-Billings, who helped spearhead the move to abandon POINTS, said he's excited that the agency has installed what appears to be a successful system.

"They've exceeded my expectations in being able to overcome what historically had been as much of a management problem as a computer problem," he said.

POINTS, conceived during Gov. Marc Racicot's administration in the late 1990s and built by Unisys, never worked properly. Revenue officials pulled the plug on the system in mid-2003 and eventually hired Boise, Idaho-based Fast Enterprises to begin work on the Integrated Revenue Information System.

Fast Enterprises had developed a software package for government tax agencies and installed it in other states.

The company and the state began with a system to collect and track a new state rental car tax in late 2003, and have since added oil-and-gas, lodging, tobacco, income-tax withholding and corporate income taxes.

A few smaller taxes still remain on POINTS, but those will be transferred by the end of next year, Bucks said. "Then we'll have a celebration of the demise of the old POINTS system on Christmas Eve," he said.

The state has spent about \$25 million developing the Integrated Revenue Information System, including \$15 million paid to Fast Enterprises. The project has remained on budget and on schedule.

Revenue officials will begin transferring individual income-tax data Friday, requiring a system lockdown for a week. Bucks said the agency won't be able to answer questions about taxpayer accounts until Oct. 3.