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## **New tax system pays off; state collected a record \$125.9 million last year**

By George Hohmann

A \$22 million state tax collection system upgrade is already paying big dividends, according to West Virginia Tax Commissioner Christopher Morris.

The state collected \$125.9 million from past due accounts last year - an all-time record, Morris said. Before the state began installing the new system in 2006, annual past due account collections were in the \$82 million to \$91 million range. Morris said there are a couple of reasons for the improvement in so-called compliance collections. Because of the new system, "we're able to bill early and bill often," he said. Also, "this system allows us to have collection case management tools. We're able to do risk assessments and prioritize our liabilities so our employees can focus their time and resources on where the real dollars are."

In addition, there are fewer clerical functions "and more time for our employees to actually focus on collecting rather than shifting paper," Morris said.

"The really good thing is that when we make sure everyone is paying their fair share, then you don't have the pressure to raise rates or implement new taxes."

When Gov. Joe Manchin took office the state had 22 stand-alone tax systems. None could communicate with each other. Some of the technology was 25 to 30 years old.

"The governor recognized the need to upgrade the technology," Morris said. "We could not efficiently collect taxes or provide appropriate services. Gov. Manchin and the Legislature approved a \$22 million appropriation. We signed a contract with Fast Enterprises of Colorado for their GenTax product," a commercial off-the-shelf integrated tax processing system.

The modernization project began in February 2006 with a targeted completion date of August 2009.

"We are exactly where we thought we would be - on schedule, on budget," Morris said. "We've implemented the project in five stages. We're in the fifth and final stage now."

Before installation of the new system began, it took the Tax Department days to determine whether a business had a tax liability and whether the department could issue a letter of good standing.

"Once this is completed we'll be able to have a consolidated view and an answer in one day," he said.

Fast Enterprises has committed 20 employees to the project for 3 1/2 years. "We've taken 20 employees and dedicated them to the project," Morris said. "So we've had 40 people working on this project full time.

"We've had a few hiccups but overall we're very pleased with where we are," he said.

"One of the real benefits for taxpayers has been the implementation of 'MyTaxes,'" an online filing and payment application or, from the taxpayer's point of view, an Internet service center.

"The site allows the taxpayer to interact with the Tax Department much as you would your financial institution," Morris said. "It's running 24 hours a day, 365 days a year. You can review tax return data for three years, file original and amended returns, pay current and past account balances, edit information such as your address, store returns for later completion and submissions, and schedule payments for future dates.

"This is obviously much more business friendly but it's also good for the department. It allows us to focus our resources on items that can't be dealt with through the Internet service center.

"Anytime we can get people to file electronically, to use the MyTaxes Web site, there's a benefit to the taxpayer in that their return can be processed much more quickly," he said. The average time it takes the department to get a refund out for an electronic return has been reduced from 22 days to just under 10 days.

"We've also been able to decrease the time it takes to issue a refund for a paper return from 9 weeks to 7 weeks. You can see it is beneficial if you're waiting for a refund to file electronically."

Morris also noted that, "Whenever we have people touching a tax return or entering data, there's a possibility for human error. If the taxpayer files electronically, that reduces the risk of human error.

"It's also much more cost effective," he said. "It costs the state about \$4.11 to process a paper return vs. just under 10 cents to process an electronic return."

Since the MyTaxes site was activated in May 2008, "we've had 22,500 taxpayers register to use the Web site," Morris said. "We've had 43,905 returns filed through it. And we've received 66,000 payments totaling \$500 million through the Web site."

Visit the site at <https://mytaxes.wvtax.gov/>.