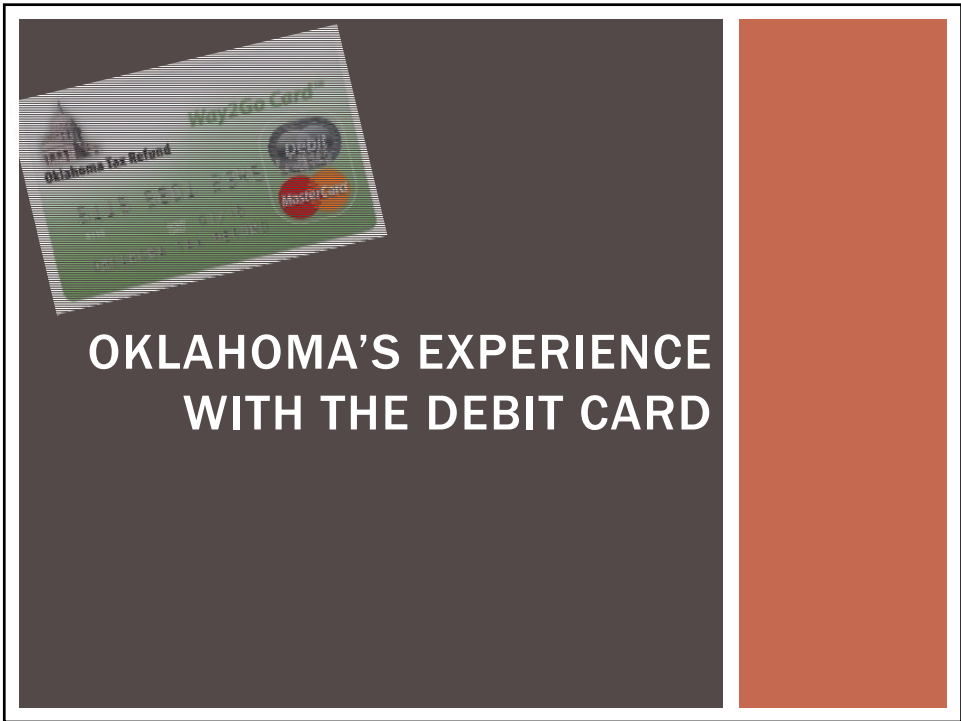


TAX REFUND DEBIT CARD

Oklahoma, Georgia, Virginia, Illinois
May 21, 2014



INCENTIVE FOR OKLAHOMA: COST SAVINGS

- **Direct Costs to issue a check: \$0.75**
- **Charges to contract with vendor: none**
- **Programming costs: minimal**
- **Overall annual savings projected: \$500,000**

ANTICIPATION: EDUCATION

- **Educated taxpayers through press releases, weekly interviews with media, agency website, income tax packets.**
- **Educated preparers through speaking engagements and materials prepared for their newsletters and websites.**
- **Educated banks and credit unions through notices from the Oklahoma State Treasurer.**

GO LIVE: ISSUANCE

- For calendar 2013, 322,379 cards were issued in the amount of \$88.5 million dollars. So far in 2014, 190,800 cards have been issued in the amount of \$58.2 million dollars.
- Direct Deposit impact:
 - 2011 Filings Received - % Direct Deposit - 52.0%
 - 2012 Filings Received - % Direct Deposit - 70.2%
 - 2013 Filings Received - % Direct Deposit - 73.5%
 - 2014 Filings Received - % Direct Deposit - 85.9%

TAXPAYER CONCERNS AND RESOLUTIONS

- Two cards mailed separately for joint returns
 - Vendor began including two cards on one carrier for the 2013 tax season
- Deceased taxpayer refunds had to be worked through the debit card provider banking rules
 - Tax Commission now issues checks for refunds if deceased box is checked on return
- Taxpayers incurring fees without being aware
 - Vendor has changed the card carrier to disclose all fees and to highlight free uses of the card

TAXPAYER CONCERNS AND RESOLUTIONS (CON'T)

- Taxpayer does not want the card
 - Letter or phone call

- Debit card provider IVR system not caller-friendly
 - Vendor has modified system to allow quicker access to a representative

FACTS AND INTERESTING OBSERVATIONS

- Smallest card issued - \$1.00
- Largest card issued - \$175,392.00
- Average card - \$260.00
- Complaints are <1% of the cards issued
- Most complaints from
 - elderly
 - non-residents
 - representatives of deceased taxpayers
- Complaints in the form of
 - various returned cut-up and shredded cards
 - letters to Attorney General claiming fraud
 - phone calls to Taxpayer Assistance

QUESTIONS?
THOUGHTS?
COMMENTS?

GEORGIA DEPARTMENT OF REVENUE
DEBIT CARD PRESENTATION
May 21, 2014

WARTSFIELD-JACKSON
LEADER INTERNATIONAL SUPPORT
BUSIEST

117 LARGEST
PORT IN THE U.S.

WHERE UPD MEANS
MORE THAN
IMPRESSIVE PEACH
ORCHARDS

53,000
NEW YEAR

600,000 INCORPORATED
BUSINESSES

14
FORTUNE
500

EMERGING
ECONOMY

50,000
GRADUATES A YEAR

WHERE IF
MORE

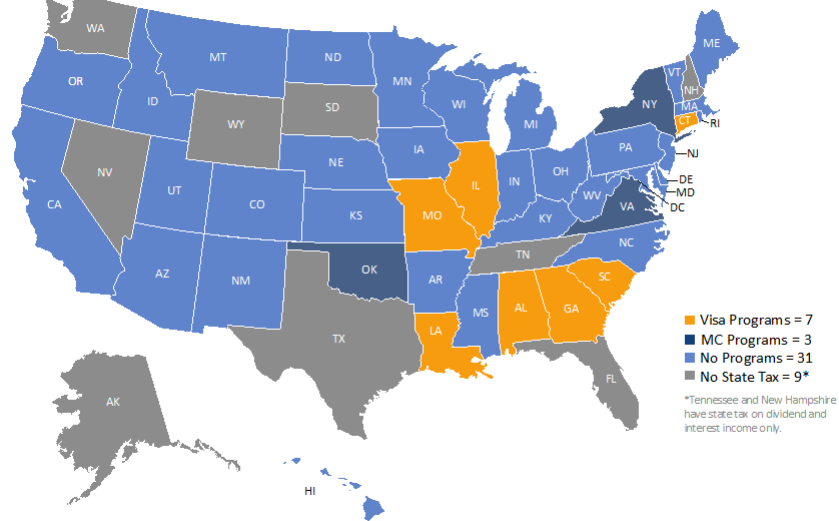
Georgia
USA

BACKGROUND

- ▶ Budget cuts drove initial decision to implement
- ▶ Goal was to reduce paper checks and lower printing and mailing costs
- ▶ Began with debit card pilot program to test taxpayer response



ACTIVE DEBIT CARD PROGRAMS



TIMELINE

- ▶ 2011: Pilot program began
- ▶ 2012: Offered as an opt-in option
- ▶ 2013: Added comment re cost savings
- ▶ 2014: Removed paper check as an option



2013 INDIVIDUAL INCOME TAX FORM

DEPOSIT OPTIONS

Select only one option - See booklet page 13.

36a. Direct Deposit (For U.S. Accounts Only) Type: Checking Savings

36b. Debit Card

You can help eliminate \$1Million of processing costs by choosing Direct Deposit or Debit Card. If you do not select Direct Deposit or Debit Card a paper check will be issued.



TIMELINE

- ▶ Took dual approach
 - ▶ Offered debit cards as new refund option
 - ▶ Direct deposit added to paper returns



PROGRAM BACKGROUND

- ▶ Program is voluntary
- ▶ Initially considered a phased approach to make debit cards mandatory
 - ▶ Year 1: opt in
 - ▶ Year 2: opt out
 - ▶ Year 3: debit card and direct deposit only
- ▶ Received negative feedback-kept voluntary



PURCHASE TRANSACTION FEES

Purchase at merchants (signed or using PIN)	No Fee
Online, phone, mail purchase, or bill payments	No Fee



ATM TRANSACTION FEES


Bank of America ATM Withdrawal (in the U.S.)	No Fee
ATM Balance Inquiries (all ATMs)	No Fee
Non-Bank of America ATM Withdrawal (in the U.S.)	\$1.50 per transaction
ATM Withdrawal (all ATMs outside the U.S.)	\$2.00 per transaction
Declined Transaction (ATM only)	No Fee



OTHER SERVICE FEES	
Online, Automated, Live, or International Customer Service Inquiry	No Fee
Cash Access (Available at financial institutions that accept Visa cards) (Limited to available balance only)	No Fee for first withdrawal, \$5.00 thereafter
Online Funds Transfer	No Fee
Emergency Cash Transfer (in the U.S.)	\$15.00
Card Replacement Domestic	No fee for first replacement, \$5.00 thereafter



OTHER SERVICE FEES	
Card Replacement - Express Delivery (additional charge)	\$15.00
Card Replacement (outside the U.S.)	Quote provided at time of request, as price varies by country
PIN Change Requests, and Online or Mailed Account Statements	No Fee
International Transaction Fee	2% of U.S. dollar amount
Account Closure Fee	\$5.00



COSTS

- ▶ Program implemented at no cost to the State
- ▶ Debit card provider (Bank of America) incurs all costs to print and mail debit cards to taxpayers
- ▶ Minimal internal costs to manage debit card program to include administration and IT



IMPLEMENTATION

- ▶ Initial implementation: 6 months
 - ▶ marketing strategy
 - ▶ file layout
 - ▶ joint filers
 - ▶ fee structure
- ▶ Annual changes: 60-90 days



PROGRAM ROLLOUT

- ▶ Cards issued based on random zip codes
- ▶ Introductory letter included
 - ▶ Explained the program
 - ▶ Outlined potential fees
- ▶ Communicated card could be cashed at bank

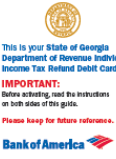


DEBIT CARD



State of Georgia Department of Revenue Individual Income Tax Refund Debit Card

Activate card



Activate your card immediately

- Visit www.bankofamerica.com/giretund or call 1.877.886.3219 (TTY 1.866.656.5913).
- Sign the back of your card.
 - When you activate your card, you'll be told the amount of your refund, which will be the balance on your card.
 - When prompted, create a four-digit Personal Identification Number (PIN) to use at ATMs.
 - Your card is now ready to use - use it to buy things everywhere Visa® debit cards are accepted, or get cash from a bank or ATM.
- Spouses filing a joint return have separate cards.
 - Each card can be activated and used independently.
 - Each card will have access to the entire amount of the refund.

Use your card everywhere Visa debit cards are accepted:

- Grocery stores
- Gas stations
- Retail stores
- Mail order
- Restaurants
- Medical offices
- Online stores
- Phone order

Pay many bills with your card:

- Utility
- Internet
- Phone

Your card is not a credit card. Funds on this account are limited to your state income tax refund payments and are deducted with every transaction.

Customer service contact info

Important information

- The enclosed Georgia Department of Revenue Debit Card for State Tax Refunds Deposit Agreement contains legal terms and conditions for using your card.
- When you use your card or authorize others to use your card, you're agreeing to the terms and conditions in the agreement.
- Please activate your card. Your card expires 12 months after issuance.

Important information

- The enclosed Georgia Department of Revenue Debit Card for State Tax Refunds Deposit Agreement contains legal terms and conditions for using your card.
- When you use your card or authorize others to use your card, you're agreeing to the terms and conditions in the agreement.
- Please activate your card. Your card expires 12 months after issuance.

SEE BACK FOR DETAILS ON FEES AND USING YOUR NEW CARD

How to use

How to use your card

Purchases with a signature:

- Present or swipe your card.
- Choose "credit."
- Sign your card and receipt.

Purchases with a PIN:

- Swipe your card.
- Choose "debit" and enter your PIN.
- Many grocery stores offer cash back without a fee. If you want cash, select the amount and it will be added to your purchase.
- Take your card, cash and receipt.

Special Transactions

Gas Refunds - Paying at the pump may cause a hold of up to \$75; consider paying in cash.

Restaurants - Restaurants may verify you have enough in your account for the bill. Make sure you have enough funds to cover any added tip.

Hotels - The hotel may hold the amount of your estimated bill, making that amount unavailable for other purposes. When you check out, the hold may take a few days to be removed.

Auto Rentals - No tip may be paid for first agreement for a rental car, but a credit card may be necessary to reserve a rental car.

Refunds - State refund policies may vary. You may receive a credit to your account, or a store credit. A credit to your account may take a week to process before funds are available for use.

ATM Safety Tips

- Be aware of your surroundings at ATM. If you notice anyone or anything suspicious or unusual when you approach an ATM, use another ATM or return later.
- At enclosed ATM, close the door completely. Don't open the door while you are making your transaction.
- When you use an one-up ATM, be sure passenger windows are closed and doors are locked.
- If you must use an ATM at night, consider using someone with you.
- Always protect your card by keeping it in a safe place. If your card is lost or stolen, contact us immediately.
- Never give your PIN to anyone and never write it anywhere, especially on your card.

Schedule of Bank Fees for Georgia Department of Revenue Debit Card for State Tax Refunds

Fees will be charged to your Account Only.

PURCHASE TRANSACTION FEES	
Purchase at Merchants (signature or using PIN)	No Fee
Online, Phone, Mail Merchant or Bill Payments	No Fee
ATM TRANSACTION FEES*	
Bank of America ATM Withdrawal (in the U.S.)	No Fee
ATM Balance Inquiries (at ATM)**	No Fee
Non-Bank of America ATM Withdrawal (in the U.S.)	\$3.50 per transaction
ATM Withdrawal (at ATMs outside the U.S.)	\$2.00 per transaction
DebitCard Transaction (ATMs only)	No Fee
OTHER SERVICE FEES	
Online, Automated, Live, or International Customer Service Inquiry	No Fee
Cash Advance (available at Branch Locations that accept Visa credit) (subject to available balance only)	No Fee for first withdrawal, \$5.00 thereafter
Online Funds Transfer	No Fee
Emergency Cash Transfer (in the U.S.)	\$35.00
Card Replacement Domestic	No fee for first replacement, \$5.00 thereafter
Card Replacement - Express Delivery (additional charge)	\$35.00
Card Replacement (outside the U.S.)	Quoted product at time of request, as per rates by country
PIN Change Request, and Online or Mail Account Statements	No Fee
International Transaction Fee	2% of U.S. dollar amount of transaction
Account Closure Fee	\$5.00

* ATM service may involve an additional "convenience fee" or "charge fee" for certain ATM transactions to help offset the cost of the ATM to provide additional fees. However, you will not be charged any additional convenience or charge fee as a Bank of America ATM. A fee of \$3.50 will be assessed for ATM transactions that are not Bank of America ATM. ** Balance inquiries may not be available at all ATMs outside the United States. *** Balance inquiries may not be available at all ATMs outside the United States. **** For any questions regarding your income tax refund amounts, please contact the Georgia Department of Revenue at 1.877.452.6711. The card is issued by Bank of America, N.A. pursuant to a license from the U.S. Bank of America, N.A. Member FDIC. ©2013 Bank of America Corporation. CDC-10-13-1561-0 0402110100001112021010110012

Getting cash

Getting cash at an ATM:

- Insert your card and enter your PIN.
- Select "checking" and enter the amount you wish to withdraw.
- Take your card, cash and receipt.

To get cash at a Visa Bank and credit union:

- Allow your available balance before getting cash at a bank.
- Present your card to the bank teller and say how much you want from your available balance.
- You will need to show some form of ID.
- Take your card, cash and receipt.

For Your Protection

- You must first activate your card by calling customer service.
- Read the Georgia Department of Revenue Debit Card for State Tax Refunds Deposit Agreement and when your card is being used and the monitoring is designed to block potential fraud if abnormal patterns are detected.
- Bank of America Report Card Privacy Notice: Keeping your financial information secure is one of the Bank's most important responsibilities. Visit www.bankofamerica.com/privacy for an explanation of how the Bank manages your information related to this prepaid program.
- Never give information about your card or PIN over the telephone. If someone is asking for this information, when and immediately contact us.
- While at an ATM, enter your PIN discreetly at the keypad. After completing your transaction, be sure to put away your card, cash and transaction receipt before exiting the ATM area.
- Report all crimes immediately to law enforcement officials and your local banking center if you need emergency assistance, call 911 from the nearest telephone. If you have a complaint about the security of a Bank of America ATM, call our Corporate Security Department at 1.866.328.7913.

Special transactions

Fees

DEBIT CARD FEATURES

- ▶ Single load
- ▶ Separate card issued to married filing jointly
- ▶ Balance refunded at end of year



LESSON LEARNED

- ▶ Develop strong communication plan
- ▶ Get buy-in from legislators/other agencies
- ▶ Clearly communicate benefits
- ▶ Provide detailed specs to software vendors

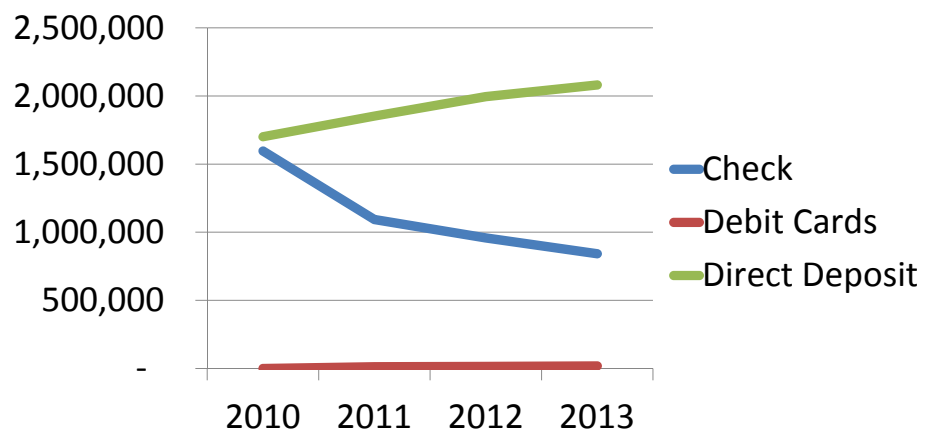


SECURITY

- ▶ More secure – must activate
- ▶ Lower chance for identity theft
- ▶ More secure file transfer capabilities



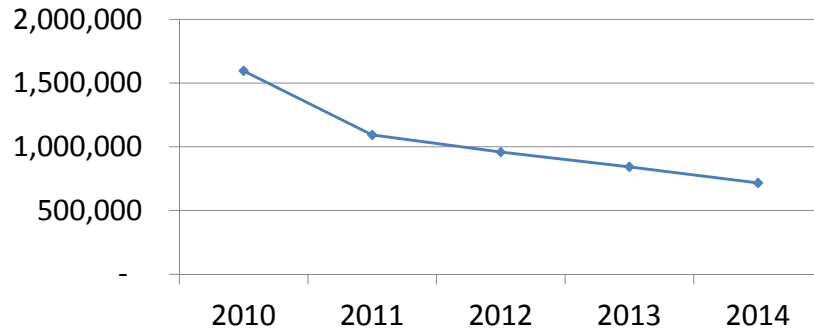
REFUND METHODS



SAVINGS

- ▶ Saved 500K – reduced checks by 55%

Checks Issued



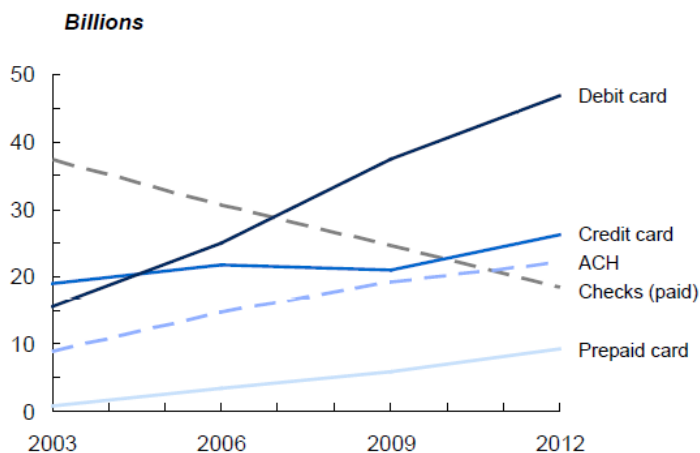
FUTURE

- ▶ Anticipated growth
 - ▶ 25% < age of 18



FUTURE

Trends in noncash payments by number and type of transaction

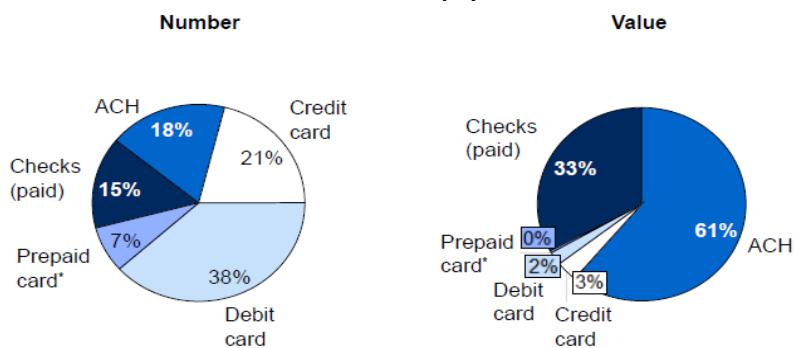


Source: The 2013 Federal Reserve Payments Study © 2013, Federal Reserve System



FUTURE

Distribution of noncash payments in 2012



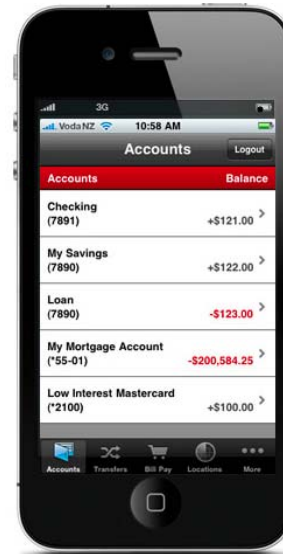
Figures may not add due to rounding.
 *Prepaid includes Electronic Benefits Transfer (EBT).

Source: The 2013 Federal Reserve Payments Study © 2013, Federal Reserve System



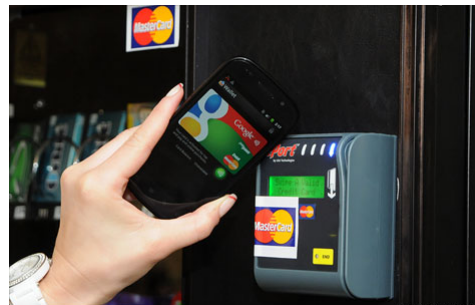
FUTURE

- ▶ Mobile app for checking card balances



FUTURE

- ▶ Mobile app for using debit card on smart phone vs. physical card





THANK You!

Tim Shields
Director, Processing Center
Georgia Department of Revenue
tim.shields@dor.ga.gov
404.724.7510

Georgia USA

Virginia Department of Taxation

The Tax Refund Debit Card



May 21, 2014
Lee Mikelson
Director Business & Analytic Services
Virginia Department of Taxation
Lee.mikelson@tax.virginia.gov
804-786-0582



Virginia Department of Taxation

- Background
- How it Works
- Program Features
- Implementation Overview
- First Year Results
- Lessons Learned
- Going Forward



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Virginia Department of Taxation

Background

- Mandated by the Virginia General Assembly in spring 2012
- In Virginia, the Department of Treasury (Treasury), which is responsible for issuing individual income tax refund checks, initiated, via a proposed budget cut, the move to the Prepaid Debit Card
- Program savings accrue to the Treasury - and the Virginia Department of Taxation (Department) received a separate appropriation for systems work and customer service staffing
- Effective with taxable year 2012 tax returns, filings starting in calendar year 2013
- Taxpayers who do not elect direct deposit for their individual income tax refunds receive the Prepaid Debit Card – no option for a paper check



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Virginia Department of Taxation

How it Works in Virginia

- Taxpayers file refund returns, do not elect direct deposit, and do not meet specific exceptions
- Taxpayers' returns are processed, and each morning a file with taxpayers' demographic information is provided to card vendor
- Within 2 hours, card vendor establishes a unique card account for each taxpayer and provides information to Department while also initiating the card issuance and mailer processes
- Upon receipt of file from vendor, card account numbers are loaded into Department's system and a direct deposit file is created and delivered to agency's bank



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Virginia Department of Taxation

Program Features

- In 2004, Treasury entered into an agreement with a vendor (formerly ACS, now Xerox) to issue "reloadable" Prepaid Debit Cards for certain Benefit Payment Programs – those programs include Unemployment, Payroll, Child Support, and Temporary Assistance for Needy Families
- The Tax Refund Prepaid Debit Card, a "non-reloadable" card, was added into the existing contract via an amendment and at no cost to the Commonwealth
- Card must be activated before use – taxpayer calls toll-free number and enters SSN, Date of Birth, and card number and then selects a PIN (web activation also available)
- Two cards issued to married taxpayers – one card for each spouse (note: both cards are linked to same card account and each card must be independently activated before use)



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Virginia Department of Taxation

How it Works in Virginia – Exceptions

- Paper Checks are issued for specific exceptions – the exception process is automated
- Exceptions include, but are not limited to:
 - Deceased taxpayers
 - Taxpayers' under age 18
 - No birth date or birth date is invalid
 - International address or undeliverable
 - Refund exceeds maximum – or is less than minimum threshold
 - Refunds partially offset via the Debt Setoff Program
 - Direct Deposit failures
 - Taxable years prior to 2012



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Virginia Department of Taxation

Program Features

- Several “fee-free” options available to access funds:
 - One free Teller-assisted Cash Withdrawal at any MasterCard® member bank or credit union
 - One free withdrawal per month from any MoneyPass® ATM
 - Unlimited free bank transfers
 - No charge to make purchases at any U.S. retailer
 - No charge for requesting cash back at Point of Sale
- Fees were renegotiated for 2nd Year – a few highlights:
 - One free bank transfer expanded to unlimited free bank transfers
 - More free IVR calls (from 2 to 5 free per month)
 - All CSR calls free (had been 2 free per month)



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Virginia Department of Taxation

Program Features

- For cards that have been activated, after 6 months of no activity, a monthly inactivity fee is assessed
- Vendor responsible for handling unclaimed property in accordance with state and other applicable banking regulations
- Card accounts are FDIC insured even though the accounts are not considered traditional demand deposit bank accounts
- Vendor handles undeliverable card mailers – return address is a Virginia P. O. Box that is automatically forwarded to vendor in another state



Virginia's Mailer The Front Page

Name(s) and address
printed upper left

Card placed here
If joint, 2nd card placed next to
first card



Virginia State Tax Refund

Debit MasterCard® Do Not Discard!

IMPORTANT – FEES MAY APPLY
Read this mailer carefully to avoid fees

To Activate Your Card

- Call 1-855-409-0580 or visit www.GoProgram.com
- Enter your Card number when prompted
- Enter the last four (4) digits of your Social Security Number
- Enter your birth date
- Create a four (4) digit PIN – any 4 digits that you choose
- Sign your name on the back of your Card

After activating your Card, you will be provided with the refund amount loaded on your Card account. If no amount is received you should receive a letter from the VA Department of Taxation within 10 days.

Para obtener una traducción al español, este documento y las Condiciones de uso se proporcionan en español en las siguientes sitios:
www.GoProgram.com o www.tax.virginia.gov

Card Must Be Activated Before Use

Important Card Safety Tips

- ✓ Keep your Personal Identification Number (PIN) a secret. Never write it down anywhere, especially on your Card.
- ✓ When using an ATM, have your Card out and ready to use as you approach the ATM. If you observe or sense suspicious persons or circumstances, do not use the ATM at that time.
- ✓ Always take your Card, receipts and transaction records.

Shopping Flexibility

- Your Card is welcome at any U.S. retail merchant location where MasterCard® cards are accepted for no fee.
- At Gas Stations, present your Card inside the store and tell the cashier the amount of fuel you want to purchase.
- Receive cash back at cash registers.

Bank Teller Cash Withdrawal

- One Teller-assisted Cash Withdrawal for no fee only at a MasterCard Member Bank or Credit Union.
- To locate a MasterCard Member Bank or Credit Union, visit www.tax.virginia.gov/webboard.
- To withdraw your full account balance, you must know your exact Card account balance.

ATM Cash Withdrawal

- One (1) ATM withdrawal per month for no fee - only at a MoneyPass® ATM.
- Withdrawals from ATMs that do not carry the MoneyPass logo (out-of-network) are \$3.75 each and an additional surcharge fee may be imposed by the ATM owner.
- To locate a MoneyPass ATM, go to www.moneypass.com or www.tax.virginia.gov/webboard.

Transfer Funds

- Unlimited transfer of funds from your Card account to your U.S. bank account.
- Available only through the Go Program by calling the automated customer service at 1-855-409-0580 or going online to www.GoProgram.com.
- Allow 3 to 3 days for funds transferred from your Card account to be deposited to your bank.
- Do not go to your local bank to request this transfer.

For Questions About Your Debit Card

- Visit www.GoProgram.com
- Call 1-855-409-0580 24 Hours Every Day

88790400001

Virginia's Mailer The Back Page

Current wording based on lessons learned from first year:

- Addresses specific questions and situations that generated calls and problems
- Toned down marketing promotion of the vendor's program and refocused wording on educating the taxpayers
- Reworded mailer and fee explanations using simple language and eliminating industry lingo

Mailer also includes a Terms of Use insert

Note: Refund amount not included in Mailer. Amount provided at activation for security.

Virginia State Tax Refund

Debit MasterCard® Do Not Discard!

Visit www.tax.virginia.gov/debitcard for a complete list of FAQs and Service Fees

Joint Filers

- If you filed a joint tax return, two (2) Cards will be enclosed, one for each taxpayer
- There is only one (1) Card account, and each Card provides full access to the refund
- Each Card must be independently activated before that Card can be used
- The services and fees described below are per Card account, not per Card

Helpful Hints to Avoid Fees

Your Card provides you with five (5) calls for no fee each month to the Go Program at 1-855-409-0582. If you use the five (5) fee-free calls, each additional call is \$1.00. Please note the following:

- When you activate a Card by calling the Go Program automated customer service, your call counts against your five (5) fee-free calls
- If you call the Go Program to use another fee-free service, you may still incur a fee if you have used your fee-free calls for the month
- Fee-free calls and services not used within a calendar month are not carried over to the next month
- Once you have activated your Card, use your Card at least once every six (6) months to avoid inactivity fees

Card Protection

- Confidential information that only you should know is required to activate your Card
- Never share your four (4) digit PIN with anyone or write it down anywhere, especially on your Card
- Your Card account is FDIC insured and the service provider for the Card account complies with federal regulations to guard your confidential information
- To report a lost or stolen Card, contact the GoProgram at 1-855-409-0582

Description	Fee Scheduling	Card/Fees
Online Access to Card Account Information	No Fee anytime at www.GoProgram.com	
Retail Purchase at business locations or website	No Fee anytime (PIN or Signature)	
Cash Back With Purchase	No Fee anytime	
Non-cashier Cash Withdrawals	One (1) for no fee at a MasterCard® Member Bank or Circuit Store (see website) and \$5.00 for each additional withdrawal	
Funds Transfer (only to a U.S. bank account in your name)	No Fee anytime. You must use the automated customer service at 1-855-409-0582 or go to www.GoProgram.com	
ATM Withdrawal (in-network)	One (1) for no fee each month at MasterCard® ATMs and \$2.00 for each additional withdrawal	
ATM Withdrawal (Out-of-Network)	\$3.75 for each ATM withdrawal not conducted at a MoneyPass® ATM	
ATM Balance Inquiry (In-Network)	One (1) for no fee at any MoneyPass® ATM and \$0.35 for each additional inquiry	
ATM Balance Inquiry (Out-of-Network)	\$3.00 each inquiry	
ATM Denial	\$5.00 for each ATM denial, whether the ATM is an in-network or out-of-network ATM. An ATM denial occurs when there are not available funds to cover your cash withdrawal request.	
International ATM Transaction Fee*	\$3.75 for each international ATM transaction, plus an additional International Transaction Fee will also apply - see below	
International Transaction Fee	3% of transaction amount for each ATM cash withdrawal and purchase transaction conducted outside of the U.S.	
Calls to the Go Program Live or Automated Customer Service at 1-855-409-0582	Plus (5) for no fee per month and \$1.00 for each additional call	
Card Replacement	\$5.00 for each Card request with Standard Delivery (5 to 8 business days). For Expedited Delivery (2 to 3 business days), an additional \$15.00 fee also applies.	
Mailor Card Account Statement	\$2.00 per statement	
Inactivity Fee**	\$5.00 per month after six (6) consecutive months of inactivity following the activation of your Card.	
Instant Mobile Balance Text Alert***	One (1) for no fee and \$0.10 for each additional text alert	
Low Balance Alerts**** (Email, Phone or Text Message)	No fee anytime	

*When using a card of another ATM, you will receive a message for additional "network" or "transaction" fees that will be applied. You will be provided with an option to either press "STOP" to agree to the surcharge or "CONTINUE" to be charged for the surcharge.
**If you do not use your Card for 6 consecutive months, you will be charged \$5.00 per month. You may avoid this charge by using your Card at least once every 6 months.
***You are responsible for all charges imposed by your mobile carrier or internet service provider.
****Note: Fee-free transactions earned credits at the end of each calendar month from card.

Page 10/104 Provided by Visa

Virginia Department of Taxation

Implementation Overview

- Major Project – divided into 2 parts:
 - Systems, Processes, and Procedures; and
 - Communications
- 7+ months to implement, involving staff from across the agency



Virginia Department of Taxation

Implementation Overview - Systems

- Forms & Instructions updated
- Numerous systems required enhancement:
 - changes to data capture and efile systems
 - changes to main accounting systems – systematic application of business rules
 - development of new file transfer processes, and
 - development of risk mitigation strategies
- Customer Services staff trained and scripted, including escalation process
- Extensive testing , including end-to-end with vendor



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Virginia Department of Taxation

Implementation Overview – Communications

- Website Updates – extensive information including videos
- Presentations – Tax Preparation Associations, CPAs, etc
- Email notifications via the agency’s “eAlerts” list server to individuals, tax preparers, and software companies
- Emails to Banking Industry* and to special interest groups , such as AARP, Military Organizations, VFW, and ARC – **extensive outreach**
- Mailer to General Assembly members
- Public Service Announcements, Media notifications, and notifications to NACTP members
- Updates to forms and instructions

* Treasury responsible for all interaction with banks and credit unions

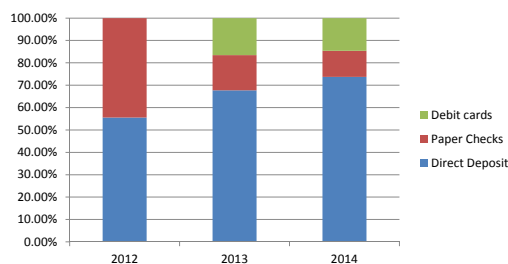


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Virginia Department of Taxation

Results

	Calendar Year					
	2012		2013		2014*	
Direct Deposit	1,561,697	55.56%	1,901,899	67.70%	1,777,342	73.73%
Paper Checks	1,249,029	44.44%	443,294	15.78%	281,241	11.67%
Debit cards	N/A		464,294	16.53%	352,168	14.61%
Total	2,810,726		2,809,487		2,410,751	



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Virginia Department of Taxation

Results – Common Complaints

- Taxpayer does not want card, did not realize would receive. Frequently, the returns were prepared by tax preparers, who failed to notify taxpayers.
- Taxpayer incurs fees because of confusing IVR menu, or using out-of-network ATMs etc.
- Taxpayer attempts to use card that has not been activated – with joint taxpayers, may activate one card, and then try to use the other card.



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Virginia Department of Taxation

Lessons Learned

Understand the Fees

If the fee structure is “ala cart”, taxpayers may have to pay a fee for a service in order to access a fee-free service.

- If a bank transfer is fee-free, the telephone call to initiate the transfer may trigger a fee
- If telephone calls to speak directly with a Customer Services Representative are fee-free, the call into the IVR may still trigger a fee

**Free
Lemonade!***



*\$2 cup fee



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Virginia Department of Taxation

Lessons Learned

Be precise advising Taxpayers

For example, Virginia’s program provides for one free Teller assisted cash withdrawal and for unlimited free bank transfers

This does NOT mean that the taxpayer can take his card to a Teller and request a free bank transfer.

- Bank transfers must be initiated through the card vendor to be fee-free
- A bank transfer initiated by the taxpayer’s bank will usually include fees and could take several days to complete – while confusing the taxpayer who now has a \$0 card balance but no money in his bank account.

**And, if the card has not been activated,
nothing is going to work!**

If you are going to your bank, make sure you activate your card first, and that you request a cash withdrawal, not a bank transfer. You can then deposit the cash and have immediate access to it.



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Virginia Department of Taxation

More Lessons Learned

- **Test your vendor:**

- Make sure the IVR menu is not confusing
 - Our taxpayers had difficulty locating the selection for bank transfer as it was available under the selection for “press X for special services”
 - Taxpayers had to know to run through IVR menu twice before selection to speak to a CSR would be presented
- Visit the vendor’s website to ensure it is user friendly
- Check all text for accuracy and to ensure it is tailored to your program (phone numbers, references to reloadable cards and your card is not reloadable etc.)
- Don’t take for granted that the vendor will have everything working correctly and customized correctly to support your program



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Virginia Department of Taxation

More Lessons Learned

- If your card program is administered by a separate agency, make sure that roles and responsibilities are clearly delineate (MOU between Department and Treasury)
- Be prepared for close media scrutiny – even if only one taxpayer has a problem, that could result in a front page story
- Understand your vendor’s “recall process” and have procedures in place
- Have exception procedures worked out in advance – if your program is mandatory, can you easily issue a paper check if required? If a taxpayer asks hard questions, are you prepared to respond?
- Ensure ongoing communications with banks and credit unions – not all messages reach every Teller in every bank branch



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Virginia Department of Taxation

Going Forward

- 2nd year proceeding smoothly, fewer complaints and more taxpayers moving to direct deposit
- To continue into 2015, Program must be approved via the 2014 – 2016 Appropriations Act (the Budget)
 - Budget not yet approved
 - Includes amendment to eliminate the Debit Card – outcome unknown until final Budget approved



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Debit Card Refund Program

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 Electronic Commerce Division Manager
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Illinois Debit Card Refund Program

- Implemented as a soft launch pilot in 2013 for TY2012.
- By design, this first year was limited to online IL-1040 filers only using the Department's MyTaxIllinois filing option.
- Illinois' program is strictly voluntary. It was developed as an alternative refund method in addition to the existing direct deposit and paper check options.
- A primary motivation behind the Illinois debit card program was to allow "unbanked" taxpayers receiving a refund to avoid the elevated fees associated with cashing a paper check.
- A secondary motivation behind the Illinois debit card program was to help decrease the state expenditure required for the printing of paper refund checks.



Illinois Debit Card Refund Program

- Program Features:
 - One account is assigned for each refund issued.
 - Married Filing Joint filers receive two cards for each spouse. Both cards access the same account.
 - Taxpayers can activate their card(s) either by going to Ucard.Chase.com or by calling an Illinois specific toll free number.
 - Taxpayers need SSN and card number to activate their cards.



Illinois Debit Card Refund Program

- Expanded in 2014 to include all filing methods:
 - E-Filing
 - Tax Professionals
 - Third Party Software
 - MyTax.Illinois.gov
 - Paper including 2-D
- TY2012 funded: \$672,432.84 representing 4,385 cards issued.
- TY2013 funded: \$3.9 million representing 18,000 cards and counting.
- 82.5% of Illinois taxpayers filing electronically and receiving a refund opt for direct deposit with 17.5% still wish to receive a paper check.

Illinois Debit Card Refund Program

Bank Fees—Is Free Really Free?

TYPE OF TRANSACTION	BANK FEE	
ATMs	Chase ATM	None
	Other or non-Chase ATM	No fee from Chase (first 3 times) May incur a surcharge from ATM owner
	International ATM Cash Withdrawal	\$3.00 each
Teller Assisted Cash Advance (accepting VISA)	Chase Bank	None
	Other Banks	None
On-line Transfer to Any U.S. Bank (checking/savings)	Chase Bank	None
	Other Banks	None
Purchases at Retail Locations (across the U.S)	Unlimited free	
Cash back with purchase	Unlimited free	
Purchases at Retail Locations (outside the U.S.)	3% of the transaction	
Balance Inquiry	On-line at ucard.chase.com	No
	Chase ATM	1 free, then \$0.50 ea.
	Other ATMs	1 free, then \$0.50 ea.

Multi-State Debit Card *~Fees Charged~*

CARDHOLDER FEES	VIRGINIA (XEROX)	OKLAHOMA (ACS s/b XEROX now)	Connecticut (JPM/Chase)	GEORGIA (BOA)	LOUISIANA (JPM/Chase)	NEW YORK	SOUTH CAROLINA (BOA)	ILLINOIS (JPM/Chase)
Options - Efile	Direct Deposit or Debit Card	Direct Deposit or Debit Card	Direct Deposit or Debit Card	Direct Deposit, Debit Card, or Paper Check	Direct Deposit or Debit Card	Direct Deposit, Debit Card, or Paper Check	Direct Deposit, Debit Card, or Paper Check	Direct Deposit, Debit Card, or Paper Check
Options - Paper Returns	Direct Deposit or Debit Card	Direct Deposit or Debit Card	Direct Deposit or Debit Card	Direct Deposit, Debit Card, or Paper Check	Direct Deposit, Debit Card, or Paper Check*	Direct Deposit, Debit Card, or Paper Check	Direct Deposit, Debit Card, or Paper Check	Direct Deposit, Debit Card, or Paper Check
Exceptions		Foreign Addresses or Banks or Audit Adjustments - defaults to paper check			Maximum on Debit Card, DD rejects default to paper check. Also, foreign addresses and banks default to paper check.**			Foreign Addresses and over \$5000.00 default to paper check.
Maximum?	Yes	No	\$10,000	Yes - TBD	\$6,999			\$5,000.00
Legislation	Yes	Yes	No	No	No		No	No

CARDHOLDER FEES	VIRGINIA (XEROX)	OKLAHOMA (ACS s/b XEROX now)	Connecticut (JPM/Chase)	GEORGIA (BOA)	LOUISIANA (JPM/Chase)	NEW YORK	SOUTH CAROLINA (BOA)	ILLINOIS (JPM/Chase)
Account Setup/Card Issuance	Free	Free	Free	Free	Free	Free	Free	Free
Account Closure/Termination	\$0.00	Free		\$5.00	Free	Free	\$5.00	\$0.00
Account Inactivity	\$5.00 Per month after 6 months of inactivity	\$1.50 per month after 60 days of inactivity	\$1.00 per month after 1 year of inactivity	No fee	No fee	No fee	No fee	\$1.50 per month after 365 days of inactivity.
Card Replacement	\$5.00	\$6.00		\$5.00	Free	Free	1 free/\$5.00 thereafter	1 free/\$7.50 thereafter
Reissue debit card after expiration date	\$0.00			Free	Free	Free	Free	Escheatment Rules Apply
Expedited Card Replacement	\$18.00			\$15.00	Free	\$10.00	\$15.00	\$15.00

CARDHOLDER FEES	VIRGINIA (XEROX)	OKLAHOMA (ACS s/b XEROX now)	Connecticut (JPM/Chase)	GEORGIA (BOA)	LOUISIANA (JPM/Chase)	NEW YORK	SOUTH CAROLINA (BOA)	ILLINOIS (JPM/Chase)
Pin-based POS Transaction	Free	Free		Free where VISA accepted	Free	Free	Free where VISA accepted	Free
Signature-based POS Transaction	Free	Free		Free where VISA accepted	Free	Free	Free where VISA accepted	Free
Online/Phone/Mail Purchase or Bill Payments	\$0.00			Free	Free	Free	Free	Free
POS Denial	Free	Free		Free	Free	Free	Free	Free
Cash back at POS	Free	Free		Free	Free	Free	Free	Free
POS Daily Transaction Limit	No POS limit			No POS Limit	No POS Limit	No POS Limit	No POS Limit	No POS Limit

CARDHOLDER FEES	VIRGINIA (XEROX)	OKLAHOMA (ACS s/b XEROX now)	Connecticut (JPM/Chase)	GEORGIA (BOA)	LOUISIANA (JPM/Chase)	NEW YORK	SOUTH CAROLINA (BOA)	ILLINOIS (JPM/Chase)
In Network-ATM Balance Inquiries	1 free per deposit; \$.35 thereafter	1 free per deposit; \$.50 thereafter	Free at Chase and Peoples ATMs	Free	Free	Free	Free	Free
Out of Network-ATM Balance Inquiries	\$.50 per inquiry + ATM fee	\$.50 per inquiry + ATM fee		No Fee except ATM fee	Varies	No Fee except ATM fee	Free	Free
In Network-ATM Cash Withdrawals	1 Free per deposit; \$2.50 thereafter	Free	Free at Chase and Peoples ATMs - 3 Free and then \$1.50 at other ATMs	Free	Free	Free	Free	Free
Out of Network-ATM Cash Withdrawals	\$3.75 + ATM fee	\$1.25 + ATM fee		\$2.00 + ATM fee	1 no-fee withdrawal at non Chase ATMs/other surcharges may apply	\$1.00 + ATM fee	\$2.50 + ATM fee	No service fees from JPM/Chase for the first three withdrawals, but may incur ATM owner surcharge.
International ATM Cash Withdrawals	\$3.75 + ATM fee			\$2.50 + ATM fee	1 no-fee withdrawal at non Chase ATMs/other surcharges may apply	\$1.00 + ATM fee	\$2.50 + ATM fee	\$3.00 each
ATM Denial	\$.50 per denial	\$.50 per denial		\$0.75	Free at all ATMs	Free at all ATMs	Free at all ATMs	
ATM Daily Withdrawal Limits	Limits may apply	No	\$800, and card cannot be used at gas pumps	No	\$7500 - prior to setting of card maximum			No

CARDHOLDER FEES	VIRGINIA (XEROX)	OKLAHOMA (ACS s/b XEROX now)	Connecticut (JPM/Chase)	GEORGIA (BOA)	LOUISIANA (JPM/Chase)	NEW YORK	SOUTH CAROLINA (BOA)	ILLINOIS (JPM/Chase)
Customer Service Representative Inquiry	Free			Free	Free	Free	Free	Free
Customer Service Calls to IVR	5 calls Free per deposit; \$1.00 thereafter			Free	Free	Free	Free	Free
Website Balance Inquiry	Unlimited Free	Free		Free	Free	Free	Free	Free
IVR Funds Transfer	free			Not Available	Not Available	Not Available	Not Available	Not Available
IVR Balance Inquiry				Free	Free	Free	Free	Not Available
Online Funds Transfer	free		Free to a Chase account, \$0.75 any other account	Free	Was \$0.75 - changed to free	Free	Free	Not Available
Emergency Cash Transfer (Domestic)	Not available			\$15.00	Not Available	Not Available	\$15.00	Not Available
Bank Branch Teller Cash Withdrawal	One free per deposit at any Master Card member bank or credit union; \$.50 thereafter	One free per deposit at any Master Card member bank; \$.20 thereafter	Free at any bank accepting Visa Cards	1st free at banks accepting Visa Cards, \$.50 thereafter	Free at any bank accepting Visa Cards	1st free at banks accepting Master Card, \$1.00 thereafter	1st free at banks accepting Visa Cards, \$10.00 thereafter	Free at banks accepting VISA

CARDHOLDER FEES	VIRGINIA (XEROX)	OKLAHOMA (ACS s/b XEROX now)	Connecticut (JPM/Chase)	GEORGIA (BOA)	LOUISIANA (JPM/Chase)	NEW YORK	SOUTH CAROLINA (BOA)	ILLINOIS (JPM/Chase)
Monthly Statement-Mailed	\$2.50			Free	Free	Free	Free	Not Available
Monthly Statement-Internet Access	\$0.00			Free	Free	Free	Free	Free
Pin Change Requests	\$0.00			Free	Free	Free	Free	Free
Reprint of Monthly Mailed Statements	\$2.50			Not Available	Not Available	Not Available	Not Available	Not Available
Low Balance Alerts	Free			Not Available	Not Available	Not Available	Not Available	Not Available
Instant Mobile Balance Alert	1 free +\$5.10 thereafter	1 free per deposit; \$5.10 thereafter		Not Available	Not Available	Not Available	Not Available	Not Available
International Transaction Fee	2% of transaction amount			Not Available	Not Available	Not Available	Not Available	Not Available
Insufficient Funds Charge	\$0.00			n/a (single load card)	n/a (single load card)	n/a (single load card)	n/a (single load card)	n/a (single load card)
Account Research	\$0.00			Free	Free	Free	Free	Free



Insert Page 1

Card Attaches Here

Illinois Department of Revenue
P.O. Box 5904
Springfield, IL 62705

Here Is Your Illinois Tax Refund Debit Card(s)

JOHN M CARDHOLDER
1234 MAIN ST
ANYTOWN, IL 60000

A convenient and safe way to get your tax refund.

The Only Chase Fees for Using Your Card	
All Out-of-Network Automated Teller Machines (ATMs)	
Distance Inquiry	1 time, then \$0.50 each
International ATM Cash Withdrawal	\$3.00 each
Other Fees	
Card Replacement — standard	1 time per year, then \$7.50 each
Card Replacement — expedited	\$15.00 per card
International Transaction	2% of transaction
Inactive Account (after 365 days without use)	\$1.50 per month

ATM surcharges may apply at out-of-network ATMs.

How to Avoid Paying Chase Fees

Use your card to pay for purchases
Chase does not charge a fee when you use your card to pay for purchases in stores or online.

Get cash back with a purchase
There are no Chase fees for getting cash back with a purchase at supermarkets and other stores.

Withdraw cash at in-network ATMs
Look for ATMs with the Chase logo and pay no ATM surcharges. Use the ATM Locator at locator.chase.com to find a nearby Chase ATM.

After activating your card, its best to begin using it within the next 30 days to prevent an inactivity fee.

Illinois Individual Income Tax Refund Debit Card

- The amount of your refund is determined by the Illinois Individual Income Tax Return you submitted to the Illinois Department of Revenue.
- If the refund amount on this card is less than you expect, you may still begin using your card immediately. You will be notified by letter of the reason for the adjustment. If it is later determined that you are entitled to an additional refund amount, you will receive a paper check.
- Married taxpayers filing jointly will receive two cards according to one central account.

www.ucard.chase.com

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Insert Page 2

Enjoy All the Advantages of Your Prepaid Card
It's like cash...only better!

Convenient & Easy

- Shop or online and online
- Get cash back when you buy something
- Withdraw cash for small purchases at ATMs, banks or credit unions
- Pay bills online or by phone

Safe & Private

- Unlike cash, if you lose your card, it can be replaced
- Zero Liability helps to protect you against unauthorized purchases and your money is FDIC insured
- Your transaction information is private and protected by Federal law
- Chase will not contact you via email or text message for personal information

Manage Your Account at www.ucard.chase.com

Pay Bills

Pay bills online with just a few clicks. No more money orders, stamps or trips to the post office.

Transfer Funds

Securely transfer funds to your personal Checking or Savings account or to any bank account in the U.S.

Check Your Balance

Want to know how much money is in your card account? Check your balance online or by calling the phone number on the back of the card.

Review Your Transactions

See a complete list of your recent transactions, including dates, locations and amounts for purchases and cash withdrawals.

Contact Customer Service

Send and receive secure messages with Chase Customer Service.

Learn More

The iCard Training Center features short training videos and other resources to help you use your prepaid card with confidence.

Helpful Tips

Gas Stations

When buying gas, you must pay inside and not at the pump. To protect you against overfills, your card will not work if you try to pay at the pump.

Split Transactions

If you do not have enough money in your account to pay for a purchase, some merchants may let you "split" the transaction by paying the remaining amount with cash or another form of payment.

Money-Saving Coupons

Get the most from your prepaid card when you use you money! Simply enter this code or visit www.ucard.chase.com to access coupons for places you already visit, like grocery stores, restaurants and other major retailers.

ATM Surcharges

An ATM surcharge is a fee charged by the ATM owner and the fee varies by merchant. You may have to pay a surcharge if you use an out-of-network ATM. There are no surcharges when you use a Chase ATM.

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Illinois Debit Card Refund Program

- Efforts to minimize fraud and other security:
 - Illinois only offers a single load debit card.
 - Refund debit card issuance is limited to refunds less than \$5000.00.
 - IL-1040 filers using an address outside of the USA and its protectorates are not allowed to participate (US military and diplomatic installations excluded).



Illinois Debit Card Refund Program

- Lessons Learned:
 - Don't attempt to reinvent the wheel. Propose a gradual implementation if you have the option.
 - Learn from your colleagues in other states who have researched and/or implemented their own programs.
 - Don't operate in stealth mode. Communicate with your partners—vendors, tax professionals, software community and taxpayer organizations.
 - Allow your agency enough lead time to begin the procurement, development and testing processes to ensure a successful implementation for the targeted tax season. Remember that this is a highly visible undertaking.