

**Federation of Tax Administrators**  
444 North Capitol Street, N.W., #348  
Washington, D.C. 20001  
Ph. (202) 624-8443 / Fax (202) 624-7888  
Contact: Verenda Smith

**News  
Release**

for immediate release

---

**MISSISSIPPI, VIRGINIA and WASHINGTON STATE  
WIN FTA AWARD  
FOR COMPLIANCE**

(Washington , D. C., March 27, 2010) The Federation of Tax Administrators announced today that judges named a three-way tie in the 2010 FTA Award for Outstanding Compliance Program. Entries from Mississippi, Washington State and Virginia each were deemed to be winners because “they are all different, yet each of them is a good example of something any state can do. Every state can learn from all three of these.”

Presentation of the awards will take place during the FTA Annual Meeting, June 7 in Atlanta. The winners have also been invited to make a presentation on the program during the annual meeting.

The Virginia Department of Taxation won for its refund fraud compliance system, the Individual Refund Evaluation system. Early refund compliance efforts were limited to basics such as checking for questionable Social Security Numbers and bank accounts. There were no reports or tracking procedures to measure inventory or results. The agency wanted a less complex but more powerful system that would accommodate a wider range of scenarios, that would include reporting and tracking capabilities and a fail-safe system for when inventory grows too large. Building on (and tying together) a new datawarehouse and a new computer revenue administration system, the agency redesigned its refund review procedures so that it can now implement an unlimited number of models, increasing the number of inflated refund returns stopped while reducing the number of correct refund requests delayed. Business owners – the actual users of the system – control the models and the criteria. They can create, test and send a model into production in a matter of days. The agency can contact a taxpayer within three days of a refund being stopped. From January 2007 through June 2009, the agency denied \$6.9 million in refunds and collected an additional \$3.1 million from assessments generated by the refund review.

Judges commended the program for giving control to the business user and allowing the worker to develop programs rather than “sending it off to an IT shop.” They said Virginia “should be proud of what they’ve done” and called the project “a model that other states could follow.”

The Mississippi State Tax Commission won for its new collections management system, a converted off-the-shelf software not designed for

management of tax debt collections. The software was adapted and inexpensively replaced a heavily manual and patchworked process. Collection staff now can focus on collections instead of spending undue time repeatedly entering information manually, and the new process uncovered old debts that had gotten lost. The project included asking staff members to define their work tasks, to enable managers to outline “reality” of work flow rather than restating what a procedure manual might prescribe. They shared their visions of a perfect procedure, or what was needed to make their day-to-day activities efficient. Once the needs were defined, the division ruthlessly cut its costs in other areas and cut out such expenses as mailing courtesy notices and billings prior to issuing assessments, and began to use email for general correspondence, to make room in its budget to purchase the software. The new Titanium ORE program now manages workflow, generates and manages correspondence, tracks accounts and payments and automates most of the former manual document processing tasks, with integrated real-time processing.

Judges said, “People should see this” and “You really have to like their spunk.” They credited Mississippi for acknowledging, “‘We know we have a problem, and we don’t have any money.’ But with strong leadership and relying on good people, they developed something themselves.” Another judge noted, “They showed a lot of initiative, and they did it with a homegrown approach that showed a great deal of sophistication and creativity in something that was not a risk-free proposition. They worked so hard with the limited amount of resources they have.”

The Washington State Department of Revenue won for its Reseller Permit Implementation Project, a shift from self-issued resale certificates to Department-issued reseller permits. Reseller permits and certificates allow a company to buy an item free of sales tax, when the item is to be resold (and taxed) at the retail level. In only six months, the agency shepherded the legislation and implemented the new law with an intensive effort to educate affected businesses, to curtail the loss of as much as \$100 million in revenue annually to misused certificates. Activities included developing and testing a paper application and online application, directly contacting nearly 500,000 taxpayers, creating an online video tutorial, and educating companies by providing online content for their own websites and through the use of media, speaking engagements and telephone calls.

Judges praised the project for being “customer-driven and data-driven, one of the few states that works this hard with the taxpayers in advance of a compliance action.” They noted the outcome was a “user-friendly system – they wanted a system that would not be burdensome to businesses or the tax department. So much work was involved, and so much thought was put into it.”

The entries were judged by an independent panel consisting of Patricia Weth, Deputy Treasurer with the Arlington County Treasurer’s Office; Harley Duncan, Managing Director for Washington National Tax, KPMG; and Dr. Rich Hobbie, executive director of the National Association of State Workforce Agencies.

The Federation of Tax Administrators is a nonprofit organization composed of taxation and revenue departments of the fifty states, District of Columbia and New York City. Its mission is to improve the standards and methods of tax administration.

###