A bill for an act
relating to state government; requiring the Department of Revenue to issue a request for proposals for a tax analytics and business intelligence contract.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **DEPARTMENT OF REVENUE; REQUEST FOR PROPOSALS.**

(a) The commissioner of revenue shall issue a request for proposals for a contract to implement a system of tax analytics and business intelligence tools to enhance the state's tax collection process and revenues by improving the means of identifying candidates for audit and collection activities and prioritizing those activities to provide the highest returns on auditors' and collection agents' time. The request for proposals must require that the system recommended and implemented by the contractor:

(1) leverage the Department of Revenue's existing data and other available data sources to build models that more effectively and efficiently identify accounts for audit review and collections;

(2) leverage advanced analytical techniques and technology such as pattern detection, predictive modeling, clustering, outlier detection and link analysis to identify suspect accounts for audit review and collections;

(3) leverage a variety of approaches and analytical techniques to rank accounts and improve the success rate and the return on investment of department employees engaged in audit activities;

(4) leverage technology to make the audit process more sustainable and stable, even with turnover of department auditing staff;

(5) provide optimization capabilities to more effectively prioritize collections and increase the efficiency of employees engaged in collections activities; and

(6) incorporate mechanisms to decrease wrongful auditing and reduce interference with Minnesota taxpayers who are fully complying with the laws.

(b) Based on responses to the request for proposals, the commissioner shall enter into a contract for the services specified in paragraph (a) by October 1, 2011. The contract must incorporate a performance-based vendor financing option whereby the vendor shares in the risk of the project's success.

EFFECTIVE DATE. This section is effective the day following final enactment.