SENATE STATE OF MINNESOTA EIGHTY-SEVENTH LEGISLATURE

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.

S.F. No. 725

(SENATE AUTHORS: DALEY, Lillie and Rest)

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DATED-PGOFFICIAL STATUS03/10/2011483Introduction and first reading Referred to State Government Innovation and Veterans05/09/20111844Comm report: To pass and re-referred to Finance

1.4	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
1.5	Section 1. <u>DEPARTMENT OF REVENUE</u> ; <u>REQUEST FOR PROPOSALS.</u>
1.6	(a) The commissioner of revenue shall issue a request for proposals for a contract to
1.7	implement a system of tax analytics and business intelligence tools to enhance the state's
1.8	tax collection process and revenues by improving the means of identifying candidates
1.9	for audit and collection activities and prioritizing those activities to provide the highest
1.10	returns on auditors' and collection agents' time. The request for proposals must require
1.11	that the system recommended and implemented by the contractor:
1.12	(1) leverage the Department of Revenue's existing data and other available data
1.13	sources to build models that more effectively and efficiently identify accounts for audit
1.14	review and collections;
1.15	(2) leverage advanced analytical techniques and technology such as pattern
1.16	detection, predictive modeling, clustering, outlier detection and link analysis to identify
1.17	suspect accounts for audit review and collections;
1.18	(3) leverage a variety of approaches and analytical techniques to rank accounts and
1.19	improve the success rate and the return on investment of department employees engaged

(4) leverage technology to make the audit process more sustainable and stable, even

(5) provide optimization capabilities to more effectively prioritize collections and

increase the efficiency of employees engaged in collections activities; and

Section 1.

with turnover of department auditing staff;

in audit activities;

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S.F. No. 725, as introduced - 87th Legislative Session (2011-2012) [11-0698]

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(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.
- 2.7 **EFFECTIVE DATE.** This section is effective the day following final enactment.

Section 1. 2