

STATE OF CONNECTICUT
DEPARTMENT OF REVENUE SERVICES

OFFICE OF THE COMMISSIONER

The Honorable Dannel P. Malloy
Governor
State Capitol
Hartford, CT 06117

July 6, 2015

Re: 2015 State Tax Gap Initiative

Dear Governor Malloy:

Prior to the adoption of a revised state budget in 2014, you asked that the Department of Revenue Services undertake additional initiatives to reduce Connecticut's tax gap. On the basis of our proposals to you, a \$75 million "smart" collection initiative was budgeted and one-time agency funding appropriated to build ongoing capacity.

As you know, the initiative was based on several projects to be completed in two phases by the end of the current fiscal year. During the fiscal year, we consistently assured the Office of Policy and Management and the General Assembly's Office of Fiscal Analysis that this initiative was on track.

Therefore, I am pleased to report the following results to date:

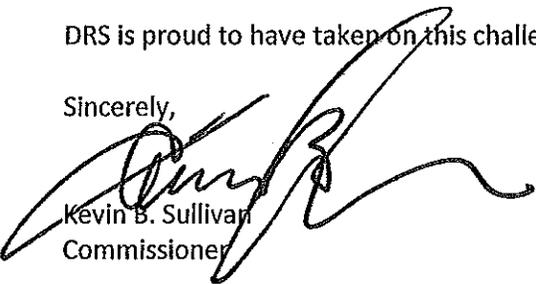
PHASE 1: Corporation Tax Resolution Initiative	\$31,596,410
PHASE 2: Accounts Receivable Scoring	
• Tax Permit renewal	6,168,867
• 1099K comparison & enhanced collection scoring	34,332,938
• Sales and withholding tax delinquencies field enforcement	<u>13,716,162</u>
	\$85,814,377

Additional collections may result prior to closing the books on the current fiscal year prior to August 1st.

Please note that this capacity has now been built into our agency practices and rebased collections are included in the new biennial budget.

DRS is proud to have taken on this challenge and delivered as promised.

Sincerely,


Kevin B. Sullivan
Commissioner

C: Secretary Benjamin Barnes, OPM
Alan Calandro, OFA
Senator John Fonfara
Representative Jeffrey Berger
Senator Scott Frantz
Representative Christopher Davis