

**Franchise Tax Board Meeting  
June 7, 2012  
Financial Institution Record Match (FIRM)  
Informational Item**

**FIRM Background**

The Financial Institution Record Match (FIRM) was enacted March 24, 2011 (SB 86, Stats 2011, Ch.14). This act establishes authority for the Franchise Tax Board to match FTB debtor files and financial institution customer records. FIRM will enable FTB to identify assets and issue levies to collect on delinquent debts from California taxpayers.

- The chaptered FIRM legislation adds Revenue & Taxation Code Sections 19266 and 19560.5. It requires the Franchise Tax Board (FTB) to operate a financial institution record match system utilizing automated data exchanges with all financial institutions doing business in California.
- The types of financial institutions that will participate in the FIRM program are banks, credit unions, insurance and brokerage companies.

**FIRM Implementation**

The FIRM Program Administrator enrolled 180 financial institutions to participate in the first quarterly record match and sent the maximum 600,000 FTB delinquent debtor records. Of the 600,000 records, 552,000 were Personal Income Tax (92%) and 48,000 were Business Entities (8%). The first quarterly match file was sent April 2012, as planned.

On a monthly basis FTB's collection system will be updated with the identified matched assets. Levies can then be initiated by the automated collection system or manually by the collectors working assigned collection cases. The levies are preceded by several steps and billing notices are sent to taxpayers to provide due process.

**FIRM Match Results**

With the implementation of FIRM, there have been some early results to share. Within the first week of implementation, 43 financial institutions submitted their files and FTB received 55,619 positive record matches. The second week 68 financial institutions submitted their files and FTB received 306,948 positive matches.

**FIRM Program Administrator**

Informatix, Inc. was selected as the FIRM Program Administrator to run the day-to-day operations. These activities include financial institution enrollment, education and outreach, quarterly data exchange, generating reports and providing ongoing customer

service. Informatix is experienced in financial institution record matching processes throughout the United States.

Currently, Informatix is continuing with the education and outreach efforts to bring an additional 620 financial institutions into the FIRM program. As of May 18, 2012, 222 of the additional 620 financial institutions were enrolled into this program to begin participation in July 2012. The FIRM enrollment process will continue over several quarters.

FTB and Informatix have a strong, collaborative working relationship and communicate with each other on a regular basis. Informatix provides FTB with weekly updates on file submissions, matched records and education and outreach efforts.

### **Customer Service**

FTB is taking proactive steps to prepare for the impacts of FIRM implementation. A FTB Liaison was established to work closely with the financial institutions to avoid the financial institutions from being overwhelmed with the processing of our levies. FTB has hired additional staff in critical program areas to assist with the anticipated increase in incoming contacts to ensure taxpayer questions are answered and issues addressed in a timely manner.

In addition, the department is currently promoting self service customer service opportunities and outreach efforts to help taxpayers avoid involuntary collection actions and promote greater long-term compliance.

- Electronic Installment Agreements are available through the FTB website for taxpayers to resolve their account on-line.
- Interactive Voice Response (IVR) Installment Agreements are available to the taxpayer to initiate an installment agreement by telephone. This feature is available in both Spanish and English.
- Live Chat is an internet option taxpayers can utilize to ask FTB representatives general questions regarding personal income tax.
- Virtual Hold provides taxpayers the opportunity to request a call back instead of waiting on hold. This option holds the taxpayers place in queue and will call the taxpayer back at the number provided by the taxpayer.
- Outbound Messaging is a tool to reach out to taxpayers that have not voluntarily responded to FTB collection notices prior to the taxpayer's account going to involuntary collection actions. Outbound Messaging is an automated calling system that will proactively contact taxpayers or leave a message for them to call back. If the call is answered by the taxpayer, the taxpayer will be automatically connected with a representative to assist the taxpayer in resolving their account.

- Outreach efforts – Tax News, Press Release, YouTube Videos, Twitter, FIRM webpage on FTB public website

### **BOE/EDD FIRM Participation**

The 2012/2013 Governor's Budget reflects extending FIRM to the Board of Equalization (BOE) and Employment Development Department (EDD). FTB has met with these departments to discuss planning efforts and timeframes needed to incorporate their data into FTB's delinquent debtor file. FTB is prepared for BOE and EDD participation in the FIRM program as early as January 2013.