

Maryland comptroller promises taxpayers faster refunds, better service with new computer system



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Comptroller Peter Franchot is promising Maryland taxpayers faster refunds and stronger protections against fraudulent returns after the state implements a new, \$160 million tax collection computer system.

After years of planning, a contract to implement the system will go Dec. 19 to the state Board of Public Works, where approval is expected.

The integrated system is expected to replace several “legacy” systems — including one that’s been in use for 31 years.

Franchot, a Democrat who was recently elected to his fourth term as Maryland’s chief tax collector, said the investment will pay off for honest taxpayers and for state government revenues.

“This is a chance to get rid of an out-of-date system that has served the state wonderfully, but is no longer flexible enough to provide the level of customer service to our taxpayers that we want to,” he said.

The comptroller’s office currently uses different systems to collect taxes, including a mainframe business tax collection system that dates to 1987 and a system introduced in 1992 for individual income taxes and the sales tax.

The new project is expected to bring the collection of all Maryland taxes — income, sales, alcohol, fuel and others — under a single system.

“It means to Joe Taxpayer that the comptroller’s office will be able to deliver its services in a more accurate, faster and customer-friendly manner,” said Deputy Comptroller Sharonne Bonardi, who is overseeing the system’s implementation.

The contract is expected to be awarded to Revenue Solutions Inc. of Pembroke, Mass., which according to the state underbid the competition by more than \$20 million. **The contract is worth \$117 million over 10 years, with an option for a further five years worth \$42 million.**

Bonardi said that for the roughly 85 percent of people who file their Maryland tax returns electronically, it typically takes 2½ to 3 days from the time they click to file to the time a refund lands in their bank account. The new system will speed up the refunds, she said.

Currently, amended tax returns have to be processed by hand, Bonardi said. But with the new system, those, too, will be processed electronically and any money due should arrive within three days, she said.

Even people who file paper returns should see faster refunds than they do now, she said.

While this might be good news for some, the comptroller’s office acknowledges that it could be bad for others. Bonardi said the integrated system will make it easier for the agency to detect fraudulent returns intended to steal taxpayers’ refunds.

“Let’s just say that if you are a fraudster, we’re going to be more efficient than we have been in the past,” she said.

The system will provide benefits to businesses as well, Bonardi said. She gave the example of a business owner who may pay several different types of taxes — for instance, sales tax and corporate income taxes — in addition to personal income tax. That person will now be able to track all their accounts through the same system.

Bonardi said the system will also allow the comptroller's office to implement changes to Maryland tax laws more quickly than it can now. She said that the agency has sometimes had to ask lawmakers for more time to make changes because of the difficulties in programming the legacy systems.

"We would definitely be able to be more responsive, more agile and, happily, at a lower expense," she said.

None of this will happen right away, Bonardi cautioned. She said the contractor would begin phasing in the [Integrated Tax System Solution](#) next year. The comptroller's office expects various fees and excise taxes, such as those on alcohol, tobacco and gasoline, to become part of the system in 2020. Personal income taxes would follow in 2021. The corporate sales tax and the sales tax would be integrated into the system in 2022.

Karen Syrylo, a board member of the Maryland Association of Certified Public Accountants, said the comptroller's office has worked with her group in designing the new system. She said CPAs will be part of the testing process of a system that she sees as a sound use of state dollars

"It's going to make things a lot better for us, the tax professionals, the taxpayers, as well as the state employees," Syrylo said. "The taxpayers are going to see a big difference."

Maryland has had a dismal track record in implementing large-scale information technology systems — most notably a [system intended to operate the state's insurance exchange](#) under the Affordable Care Act in 2013-2014. But Bonardi said the comptroller's office has done its due diligence to make sure its rollout goes smoothly, visiting states around the country to see what has worked and what has not.

"We found the solution that's best for the state of Maryland," she said.

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