

## EFTPS-Illinois Joint Payment Experience

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## What is EFTPS?

- 24 x 7 x 365 *free* service for payment of Federal taxes online, by phone, or by batch software
- Increases the speed, efficiency, and accuracy of revenue collection and taxpayer account posting
- Launched in 1996 as a partnership between the IRS and the US Treasury's Financial Management Service (FMS)
- Largest collection system in the world—collects 86% of Federal tax receipts, totaling \$1.974 trillion in FY2006
- Over \$15.6 trillion collected to date



## State Pilot Overview

- In 2004, pilot program with FTA began with a six-state advisory panel
  - Functionality to allow Illinois business taxpayers the ability to pay state withholding and Federal taxes via EFTPS online
  - Seamless experience for the taxpayer to pay both jurisdictions under a single sign-on
  - Joint goal of reducing Federal Tax Deposit and Illinois paper coupon use
  - Pilot soft-launched on 12/14/2006
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## Taxpayer Outreach

- Direct Mail
  - Media Launch at Federal Reserve Bank of Chicago
    - 48 media outlets carried information about the State Pilot
    - Follow-up stories through March
  - Taxpayer Workshops
    - Invitations sent to 12,500 business taxpayers
    - Held during January 2007 in five of the heaviest paper remitting ZIP codes
  - Outreach through Financial Institutions
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## High-Level Project Metrics

- Significant participation for Illinois taxpayers to date:
  - Over 14,700 existing EFTPS users have enrolled in the state pilot through 5/1
  - ~2000 new EFTPS users have enabled enrollment
  - As of 5/1, over 44,000 state withholding payments totaling over \$95MM have been processed
  - New EFTPS enrollment rates from Illinois businesses have not materially changed vs. 2006
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## Future Phases

- Metric gathering from Phase 1 will continue through September 2007
  - Cost evaluation complete with re-evaluation of all state pilot expansion vectors (additional tax types, telephone payments, additional states)
  - Cost structure TBD
  - Future expansion will be determined by both costs and benefits to States, the Federal government, and taxpayers
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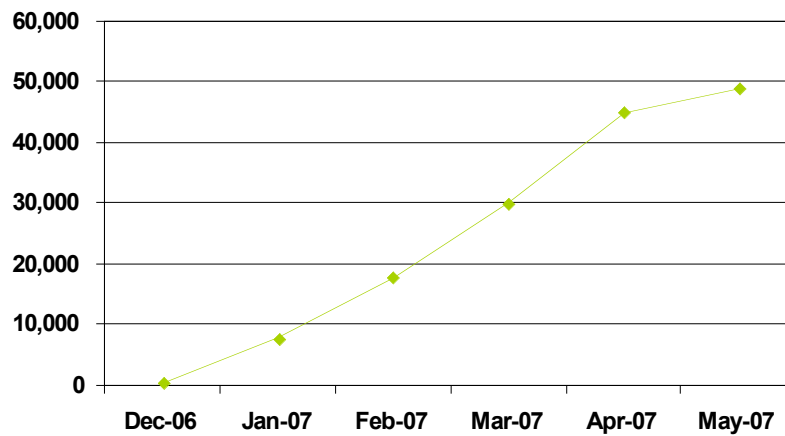


## Advantages for Illinois Businesses

- One stop shop
    - Taxpayers can Federal taxes and Illinois withholding using a single sign-on.
    - Taxpayers can warehouse their payments.
    - Taxpayers already enrolled in EFTPS just need to modify their enrollment.
    - Taxpayers can view 16 month payment history.
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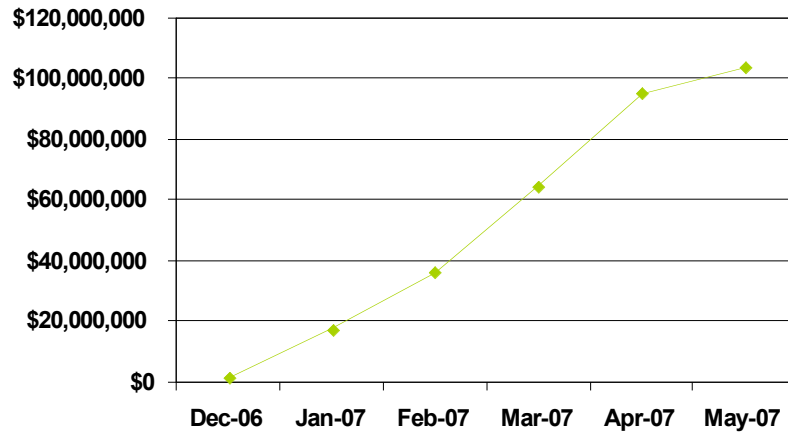
## Illinois EFTPS Cumulative Payment Growth



Through 5-8-07

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## Illinois EFTPS Cumulative Dollar Growth



Through 5-8-07

## Illinois EFTPS Findings

- Researched the first 11,447 EFTPS payments
- 4,964 unique taxpayers
  - 70% were previously paying by paper
  - 22% were previously paying electronically
  - 2% were using a combination of paper and electronic
  - 6% had made no prior quarterly payment (New or Annual taxpayer)
- Fastest growing voluntary electronic payment program in the history of the Illinois Department of Revenue



## Illinois Announcements to Taxpayers

- Ads in the Illinois Withholding Booklet
    - Mailed to 266,227 taxpayers
  - Withholding Compliance Alert Letter
    - Mailed to 335,918 taxpayers and tax professionals
  - Website announcement
    - [www.tax.illinois.gov](http://www.tax.illinois.gov)
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## Illinois Demographic

- The Department collects 74 taxes; 34 can be paid electronically.
  - In FY06, 62% of all tax deposits were electronic.
  - Lockbox Processing for Withholding in FY06
    - 2,458,000 documents processed
    - Totaling over \$2.2 billion
  - Fed/State EFTPS is a compliment, not a replacement for current payment applications
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## Illinois EFT Program

- Electronic payment method to pay tax liabilities via the telephone.
  - Began in 1991 as a pilot program.
  - Over 30 tax types available for payment.
  - ACH Debit or ACH Credit options available.
  - Over 74,058 taxpayers registered for EFT.
  - Over \$17.4 billion collect in Fiscal Year 2006.
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## Conclusion

- Fed/State EFTPS program has been designed as a template for other states
  - Future expansion will be determined by both costs and benefits to States, the Federal government, and taxpayers
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