

Minnesota
EIDM

MINNESOTA DEPARTMENT OF REVENUE
**Financial Institution Data Match
Program Handbook for
Financial Institutions**



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Bank Match Program Handbook-Minnesota Department of Revenue.

Introduction

Minnesota is modifying the Financial Institution Data Match Program on January 1, 2009. Legislation enacted by the Minnesota Legislature in 2008 has enabled the Minnesota Department of Revenue to use Tax Debtor Data Matching as a tool in the collection of delinquent taxes. Tax Debtor Data Matching is an enforcement tool that allows the Department of Revenue to match taxpayers who have delinquent tax debts with financial assets they own.

All Minnesotans will benefit from the program. Minnesota taxpayers owe approximately \$400 million dollars in delinquent taxes. Collection of this debt reduces the burden on remaining taxpayers.

The Minnesota Department of Revenue has created a partnership with the Minnesota Department of Human Services to use the existing structure of the Financial Institution Data Match (FIDM) program to achieve the goal of the Tax Debtor Data Match program. Minnesota financial institutions that currently participate in the FIDM program with the Minnesota Department of Human Services will not have a change in methods or procedures, but, with the addition of tax debts, will experience an increase in the number of records to be examined.

Multistate banks will match Minnesota accounts only against an available list of tax debtors. The inquiry file of tax debtors referred to multistate banks will conform to the file specifications proscribed by the "Federal Data Match Specifications Handbook."

Historical Background

The 2008 Minnesota Legislature passed the law that authorizes the Tax Debtor Data Match Program. Under Minnesota Statutes, section 13B.07, the Minnesota Department of Revenue (MNDOR), in coordination with representatives of the financial industry, is required to operate a quarterly financial institution data match using automated data exchanges of name, address, and social security or tax identification number of each account holder to the maximum extent feasible. On a quarterly schedule, MNDOR matches a list of tax debtors who have delinquent tax debt against the records of account holders at financial institutions to locate assets. MNDOR has entered into a contract with Policy Studies Inc. (PSI) to manage the day-to-day operations of the FIDM program and the quarterly data exchange, and to provide customer service and outreach services to financial institutions regarding the FIDM program.

When a matched record is received, MNDOR will issue a notice of levy to the financial institution. The levy process will be the same process that is currently used by MNDOR.

General Provisions

Authority

Minnesota Statutes, section 13B.07

Minnesota Statutes, section 270C.67

Minnesota Statutes, section 270C.7101

Definitions Under Minnesota Statutes, section 13B.07

“*Account*” means demand deposit account, checking account, negotiable order of withdrawal account, savings account, time deposit account, money market mutual fund account, or certificate of deposit account located in Minnesota.

“*Account information*” means the type of account, the account number, and whether the account is singly or jointly owned.

“*Commissioner*” means the commissioner of revenue.

“*Debtor*” means a person for whom a notice of lien has been filed by the commissioner as provided by section 270C.63, subdivision 2.

“*Financial institution*” means any of the following that do business in this state:

1. federal or state commercial banks and federal or state savings banks, including savings and loan associations and cooperative banks;
2. federal and state chartered credit unions;
3. safe deposit companies; or
4. money market mutual funds.

“*Person*” means a person as defined in section 270C.01, subdivision 6.

“*Service level agreement*” means an agreement entered into between the commissioner and a financial institution that defines terms and conditions by which the financial institution will provide data matches to the commissioner.

Protection for Financial Institutions

Minnesota Statutes, section 13B.07, subdivision 10 establishes that “a financial institution that provides or reasonably attempts to provide information to the commissioner in compliance with this section is not liable to any person for disclosing the information or for taking any other action in good faith as authorized by this section.”

Fees

A financial institution may charge and collect a fee from the commissioner for providing account information to the commissioner. *Please refer to page 11, Reimbursement of Financial Institutions for an explanation of the fee.*

Penalties

Minnesota Statute, section 13B.07, subdivision 8, provides for penalties for noncompliance as follows:

13B.07 Subdivision 8. The commissioner shall send a written notice of noncompliance to a financial institution that fails to respond to a first written request for information under this section. The notice must be sent by certified mail and must explain the requirements of this section and advise the financial institution of the penalty for noncompliance. A financial institution that receives a second notice of noncompliance is subject to a civil penalty of \$1,000 for its failure to comply. A financial institution that continues to fail to comply with this section is subject to a civil penalty of \$5,000 for the third and each subsequent failure to comply. The penalties imposed under this subdivision are collected in the same manner as taxes. A financial institution that has been served with a notice of noncompliance and incurs a second or subsequent notice of noncompliance has the right to a contested case hearing under chapter 14. A financial institution has 20 days from the date of the service of the notice of noncompliance to file a request for a contested case hearing with the commissioner. The order of the administrative law judge constitutes the final decision in this case. A financial institution is considered in compliance with this section if it demonstrates that it is working in good faith to implement the data match program.

Access to Data

Minnesota Statute, section 13B.07, subdivision 6, addresses access to data as follows:

- (a) With regard to account information on all account holders provided by a financial institution under subdivision 4, clause (1), the commissioner shall retain the reported information only until the account information is compared against the commissioner's debtor database. Notwithstanding section 138.17, all account information that does not pertain to a debtor listed in the commissioner's database must be immediately destroyed and no retention or publication of that data shall be made by the commissioner. All account information that pertains to a debtor listed in the commissioner's database must be incorporated into the commissioner's database. Access to that data is governed by chapters 13 and 270B. Notwithstanding section 16D.06, data collected pursuant to this section is available for the collection of delinquent taxes only and is not available for other debt collection activities undertaken by the state.
- (b) With regard to data on debtors provided by the commissioner to a financial institution under subdivision 4, clause (2), the financial institution shall retain the reported information only until the financial institution's database is compared against the commissioner's database. Data that does not pertain to an account holder at the financial institution must be immediately destroyed and no retention, publication, or any other use of that data shall be made by the financial institution.

Financial Institution Data Match Procedure

MNDOR may enter into agreements with financial institutions doing business in Minnesota to conduct a quarterly data match. This includes multistate financial institutions which do business in Minnesota. A copy of the agreement form is included in this document.

Data matches are done by either of the following two methods using data specifications approved by the U. S. Department of Management and Budget (OMB Control Number 0970-0196) also known as *Financial Data Match Specifications Handbook*. A copy of the file layouts is included as part of this document or the document can be downloaded from the OCSE web site at:

<http://www.acf.hhs.gov/programs/cse/fct/fidm/dataspecs.pdf>

Method One:

Minnesota Only Based Institutions:

Under Method One (all accounts method) the Minnesota only financial institution submits a file containing all open accounts to the Minnesota FIDM via the website (www.mn-fidm.org) or on their chosen media (disk, CD, cartridge) The file is then matched against records of delinquent child support obligors and tax debtors by the FIDM Program. Files are due the week the institution signs up to report.

Multistate Banks:

Multistate banks will submit a file of all Minnesota accounts either to the Minnesota FIDM website (www.mn-fidm.org) or on their chosen media (CD, disk, cartridge). The file will be matched against a list of tax debtors only by the FIDM Program Administrators. Files are due the week the institution signs up to report.

Method Two:

Minnesota Only Based Institutions:

Under Method Two (matched accounts method) the financial institution receives a file containing records of delinquent child support obligors and tax debtors. The file may be downloaded from the Minnesota FIDM website or received on their selected media. The institution matches the file against all open accounts in Minnesota and submits a file of matched records either to the web site or on the selected media. The institutions can select which half of the quarter they wish to submit their files.

Multistate Banks:

Under Method Two (matched accounts method) the multistate bank receives a file containing only delinquent tax debtor records. The file may be downloaded from the Minnesota FIDM website or received on their selected media. The institution matches the file against all open accounts in Minnesota and submits a file of matched records to either the website or on the selected media. The institution can select which half of the quarter they wish to submit their files.

The address of the FIDM website is: www.mn-fidm.org

The website gives a visual cue for a successful file upload. It is shown below.

Name	Size
FIDMTEST.txt	660
Upload Another File	
Print Confirmation	
Return to User Main Page	
Finished - Go to MN FIDM Home Page	

A print confirmation is also available.

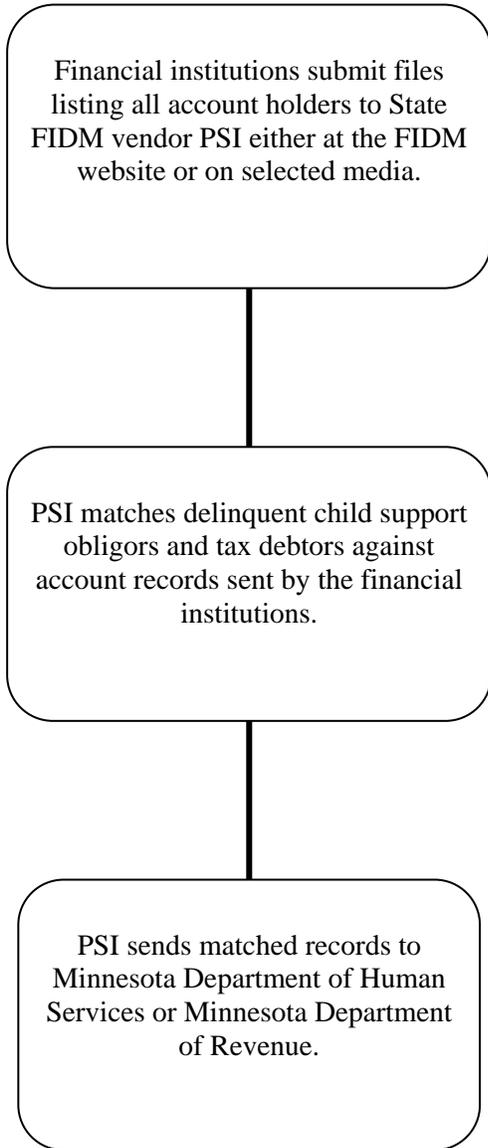
Date: 10/21/2008

File Name	Size (in bytes)
FIDMTEST.txt	660

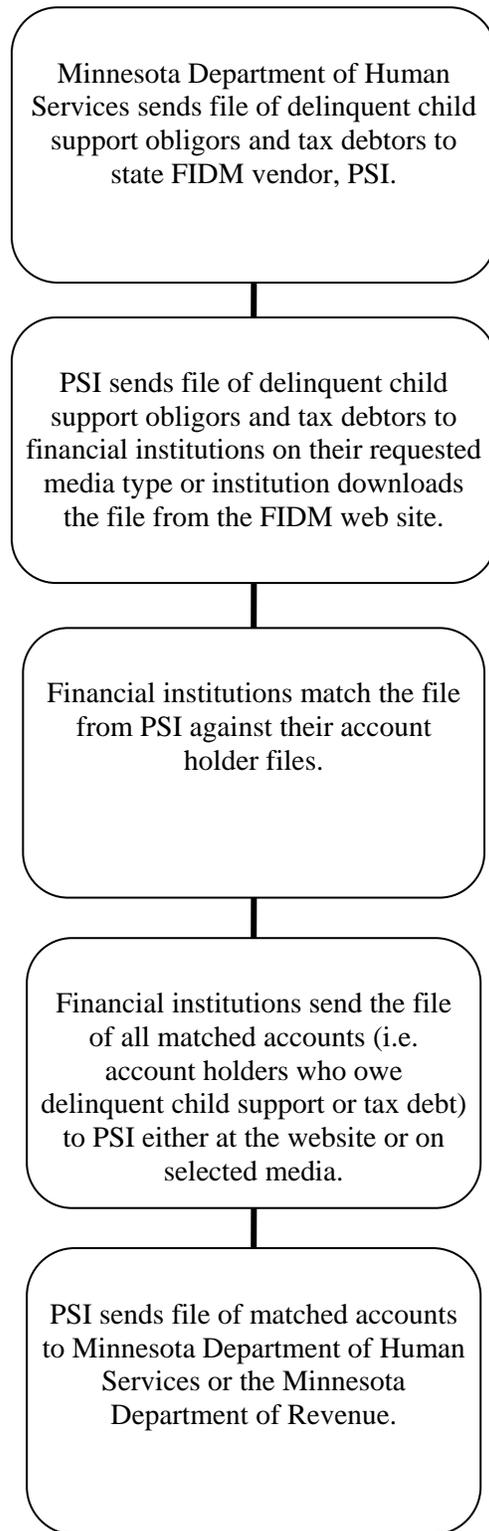
Print Confirmation Report	User Main	Home
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Minnesota Only Financial Institutions

Method One

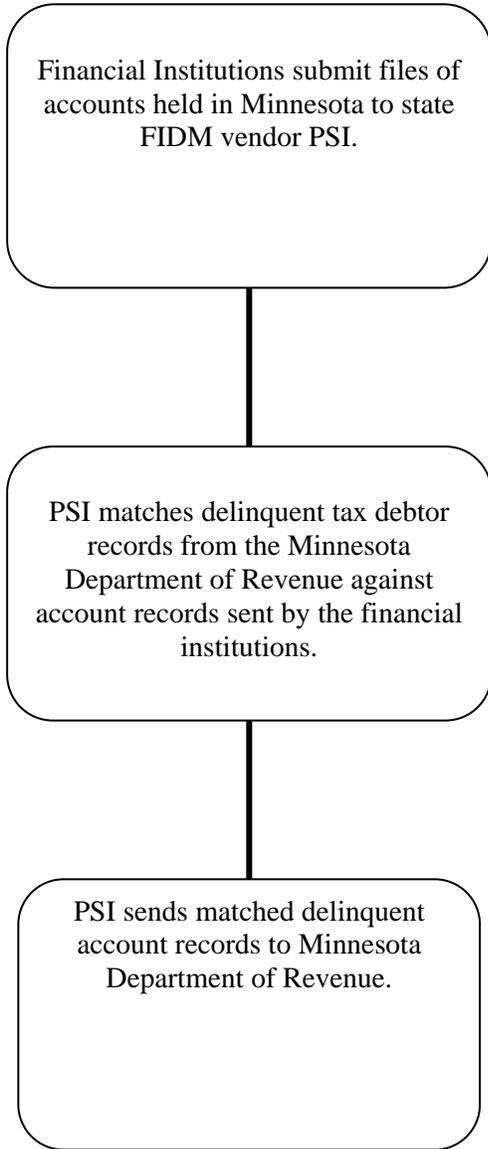


Method Two

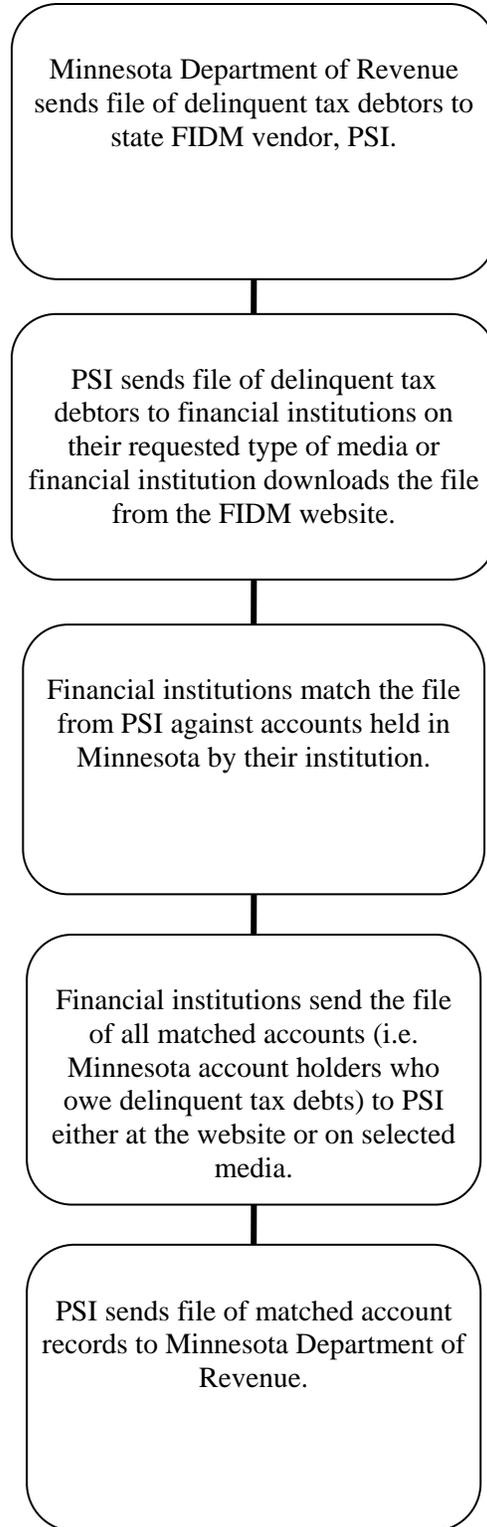


Multistate Financial Institutions

Method One



Method Two



Data Match Calendar

Data matching is done at specific times detailed below.

Method One-All Accounts

Financial Institutions selecting Method One need to select a week of the quarter for submitting files to the Minnesota FIDM program for processing. A current year calendar showing the dates that the file needs to be received by the Minnesota FIDM program is available on the program website at:

www.mn-fidm.org

Financial Institutions selecting Method Two can select the first half of the quarter or the second half of the quarter to conduct their quarterly matching. A current year calendar showing the dates when the file will be sent to your institution and the dates when matched account files should be received by the Minnesota FIDM program for processing is available on the program website at:

www.mn-fidm.org

Media Types

- Access or deposit files at Minnesota FIDM website (preferred method):
www.mn-fidm.org
- 1.44MB 3.5" diskettes (ASCII)
- CD ROM (ASCII)
- 3480/3490 Cartridge (EBCDIC or ASCII)
- 9-track Round Reel (EBCDIC or ASCII)
- High density disks such as ZipDisks or SuperDisks
- 4 mm DDS4 tapes
- Paper Lists

Minnesota FIDM Program Contacts

Financial Institutions may contact the FIDM operations vendor, Policy Studies Inc., for more information about submitting their files and media types:

Minnesota Financial Institution
Data Match Program
PO Box 64915
St. Paul, MN 55164-0915

Phone: 651-293-1499
Toll-Free: 1-866-879-0200
Fax: 651-222-4599

Contact:

Laura Braun
Program Specialist Senior
Phone: 651-293-1499 ext. 200
Toll-free: 1-866-879-0200 ext. 200
Email: lbraun@policy-studies.com

Reimbursement of Financial Institution

In accordance with Minnesota Statutes, section 13B.07, subdivision 7, a financial institution may charge and collect a fee from the commissioner for providing account information to the commissioner. The commissioner may pay a financial institution up to \$150 each quarter.

Payment of the fee is limited by the amount of the appropriation for this purpose. If the appropriation is insufficient, or if fund availability in the fourth quarter would allow payments for actual costs in excess of \$150, the commissioner shall prorate the available funds among the financial institutions that have submitted a claim for the fee.

Procedure for Requesting Reimbursement

Financial Institutions must submit an invoice for their quarterly data matching within 15 days from the end of each calendar quarter. The financial institution will be reimbursed for their actual costs of performing the data match for the Department of Revenue as outlined in the paragraph above. An example of this invoice is included in this handbook, Appendix B.

Appendix A

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Minnesota Department of Revenue
Tax Debtor Financial Institution Data Match

FINANCIAL INSTITUTION DATA MATCH AGREEMENT

Financial Institution:

Payment Address:

City, State, ZIP:

Contact Person:

Phone Number:

Fax Number”

Federal Tax I.D. No.:

Minn. Tax I.D. No.:

(Name of Financial Institution) agrees to cooperate on a quarterly basis with the Tax Debtor Financial Institution Data Match program as provided by Minnesota Statutes 13B.07

The financial institution may be reimbursed for its actual costs of complying with this section. The maximum allowable quarterly reimbursement shall be based upon the lesser of the verified actual cost, or \$150.00. Expenditure reports must be submitted with a Minnesota Department of Revenue FIDM invoice within fifteen days of the end of each calendar quarter.

Payment of the reimbursement is limited by the amount appropriated by the Minnesota State Legislature for this purpose. If the appropriation is insufficient, or if fund availability in the fourth quarter would allow payments for actual costs in excess of \$150.00, the Commissioner of the Department of Revenue shall prorate the available funds among the financial institutions that have submitted a claim for reimbursement.

In the event the Minnesota State Legislature has not made funds available, or, if those funds have been expended in a prior quarter, the Financial Institution will be notified. This document will become public record upon execution.

Method of Reporting

Method 1 (All Accounts) _____ Selected week _____

Method 2 (Matched Accounts) _____ Select first ½ of the quarter _____ or second ½ of the quarter _____

Authorized Signature, Financial Institution

Terri Steenblock

Title:

Division Director

Date:

Date:

Return completed agreement form and financial institution information form to:

Minnesota FIDM Program
P.O. Box 64915
St. Paul, MN 55164-0915

Appendix B

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Name of F.I.
Address 1
Address
City, State Zip

Date Submitted: _____

Quarter Ended: _____

INVOICE

Minnesota Department of Revenue
FINANCIAL INSTITUTION DATA MATCH AGREEMENT

Quarterly Matching Expense

If your institution uses a Service Bureau, please complete the following:

- a. Name of Service Bureau _____
- b. Service Bureau fee for FIDM processing \$ _____

If your institution does not use a Service Bureau, please complete the following:

- a. Salary and Fringe \$ _____
- b. Non-Salary Expenditures \$ _____

Total Quarterly Match/Extract Costs \$ _____

Financial Institutions are responsible for maintaining detailed schedules supporting these expenditure claims for twenty-seven (27) months.

Invoices should be sent to:

MNDOR FIDM Invoice Clerk
Minnesota Department of Revenue
P. O. Box 64447
St. Paul, MN 55164-0915

Appendix C

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Name of F.I.
Address 1
Address
City, State Zip

Date Submitted: _____

Quarter Ended: _____

The quarter start-up costs were incurred: _____

INFORMATION FOR
2009 LEGISLATIVE REPORT

Minnesota Department of Revenue

FINANCIAL INSTITUTION DATA MATCH AGREEMENT

The Department of Revenue is required to submit a report to the Minnesota Legislature regarding the adequacy of the funds available for compensating financial institutions for the actual costs of performing tax debtor data matches. (See 2008 Minnesota Statutes 13B.07 Subd. 7) The data you provide will assist the Department in preparing the report.

1. **Start-Up Costs:** If you incurred start-up costs in this quarter, please detail them here.

_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
Total Start-up Costs	\$ _____

2. **Data Matching/Extract Costs:**

a. Labor time to process match/extract _____ (hour/minutes)

b. Hourly labor rate, including fringe benefits \$ _____

Total labor cost to process match/extract \$ _____

c. Computer processing costs \$ _____

d. Postage, mailing, and other supplies \$ _____

Total computer and supplies cost \$ _____

Upon completion, please send this document to:
MDOR FIDM Invoice Clerk
Minnesota Department of Revenue
P.O. Box 64447
St. Paul, MN 55164