



COMMONWEALTH of VIRGINIA

Department of Taxation

July 22, 2005

The Honorable John H. Chichester
Chairman, Senate Finance Committee
Post Office Box 904
Fredericksburg, Virginia 22404

The Honorable Vincent F. Callahan, Jr.
Chairman, House Appropriations Committee
Post Office Box 1173
McLean, Virginia 22101

Dear Chairmen:

Item 288.2 c of the 2005 Appropriations Act requires me to report annually on the total amount of increased revenue attributable to technology procured through new public-private partnerships. The increased revenues will be deposited into a nonreverting Technology Partnership Fund (the Fund), from which the private partner shall be paid. In addition, Item 288.2 e of the 2005 Appropriations Act requires me to submit an annual spending plan to the Department of Planning and Budget for approval of expenditures against the Department of Taxation's share of the Fund whenever TAX enters into a new public-private partnership. A copy of this plan must also be submitted to the chairmen of Senate Finance and House Appropriations Committees.

I have notified Richard D. Brown, Director, Department of Planning and Budget, that we have not entered into a new public-private partnership, and have no plans at this time to do so. Accordingly, there is no reporting requirement, and a spending plan will not be submitted for FY 2006.

The existing public-private partnership between TAX and CGI-AMS is referenced in item 288.1 of Chapter 915 of the Appropriations Act. TAX's authority to use a portion of the Fund for our existing public-private partnership to support operating expenses associated with the partnership ended June 30, 2004, the date on which additional compliance revenue ceased to be deposited into the fund. Consequently, a spending

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plan for TAX's operating portion of the fund is no longer relevant, and not required by the Appropriations Act. In terms of CGI-AMS's portion of the Fund, those expenditures are ongoing as required by our contract, but have never been the subject of a spending plan.

Please let me know if you have any questions.

Sincerely,


Kenneth W. Thorson
Tax Commissioner

c: The Honorable John M. Bennett
Secretary of Finance