



# City of Norman, OK

Municipal Building Council  
Chambers  
201 West Gray Street  
Norman, OK 73069

## Text File

File Number: K-1213-78

Introduced: 9/10/2012

Current Status: Consent Item

Version: 1

Matter Type: Contract

### Title

CONTRACT NO. K-1213-78: A CONTRACT BY AND BETWEEN THE CITY OF NORMAN AND PRA GOVERNMENT SERVICES, L.L.C., D/B/A REVENUE DISCOVER SYSTEMS (RDS) IN ORDER TO PERFORM COMPLIANCE AUDIT SERVICES.

ACTION NEEDED: Motion to approve or reject Contract No. K-1213-78 with PRA Government Services, L.L.C., d/b/a RDS; and, if approved, authorize the execution thereof.

ACTION TAKEN: \_\_\_\_\_

### Body

**BACKGROUND:** Businesses in Oklahoma that sell taxable goods are required to collect applicable state and municipal sales taxes from the purchasers of such goods. Those state and municipal taxes collected from the purchasers are then required to be remitted by the retailer to the Oklahoma Tax Commission. The Oklahoma Tax Commission then sends the taxes paid by the purchasers to the taxing entities. Historically, the OTC has been responsible for pursuing retailers that fail to remit the taxes collected from the purchasers to the OTC. Senate Bill (SB) 750 relating to the collection of sales tax was amended on May 26, 2011 to authorize municipalities to “engage in compliance activities, either directly or through contract with private persons or entities, to augment the collection of the municipal tax by the Tax Commission”. The Oklahoma Municipal League states that under the amended bill “municipalities will now have greater leeway to contact local merchants about compliance with the local sales tax ordinance.”

**DESCRIPTION:** The City of Norman could benefit financially from the implementation of more effective delinquent sales, use and franchise tax collection programs, through in-house staff collection efforts on behalf of the Oklahoma Tax Commission and through the efforts of external audit firms. These collection efforts are supplemental to the collection efforts performed on the City’s behalf by the Oklahoma Tax Commission under the master contract with OTC to collect the City’s sales and use tax (Contract K-1112-45).

The Oklahoma Tax Commission has authorized three external auditing firms to act as agents on its behalf to collect municipal sales taxes. We would also like to enter into a third-party agreement to perform compliance auditing services with one of these firms RDS (Revenue Discovery Systems), a company that provides compliance auditing and revenue enhancement services. These services will be billed at an hourly rate and based on all time recorded by RDS personnel performing auditing services for the City of Norman. The City of Norman would not authorize RDS to pursue audits that would not potentially generate sufficient revenue to offset the costs of the audit.

**RECOMMENDATION:** Staff recommends that Council approve K-1213-78 with PRA Government Services, L.L.C. d/b/a Revenue Discovery Systems. Funds for RDS' services are available in Consultant (account 010-3001-415.40-09).