


TO: Mayor via City Secretary

REQUEST FOR COUNCIL ACTION

<b>SUBJECT:</b> Amendment to Ordinance #2011-998 to increase the maximum contract amount to a contract between the City and MuniServices, LLC for Sales/Use Tax Audit and Sales/Use Tax Analysis and Reporting Services		Page 1 of 1	Agenda Item  13
<b>FROM (Department or other point of origin):</b> Finance Department		<b>Origination Date :</b> September 24, 2014	<b>Agenda Date</b> SEP 15 2014
<b>DIRECTOR'S SIGNATURE:</b> Kelly Dowe 		<b>Council District(s) affected:</b> All OCT 15 2014	
<b>For additional information contact:</b> Arif Rasheed Phone: 832-393-9013		<b>Date and identification of prior authorizing Council action:</b> Ordinance No. 2011-998, November 16, 2011	
<b>RECOMMENDATION:</b> Ordinance to approve an increase in the maximum contract amount to a contract between the City and MuniServices, LLC for Sales/Use Tax Audit and Sales/Use Tax Analysis and Reporting Services			
<b>Amount and Source of Funding:</b> Current Maximum Contract Amount: \$850,000 Allocation Increase: \$1,500,000 General Fund (1000) New Maximum Contract Amount: \$2,350,000		<b>Finance Budget:</b>	
<b>SPECIFIC EXPLANATION:</b> Finance Department recommends that City Council approve an increase to the maximum contract amount to a contract between the City and MuniServices, LLC for the continued performance of two services, 1) Sales and Use Tax Audit and 2) provide Sales and Use Tax Analysis and Reporting Services.  The purpose of the audit is to ensure that the City is not being underpaid for sales tax by taxpayers and that the Texas Comptroller of Public Accounts is not misallocating funds due to the City. The services of sales and use tax analysis and reporting will be used as the economic reporting entity for sales tax forecasting, collection analysis, and the identification of sales tax leakage.  <b>Compensation to MuniServices, LLC is based on the following payment terms:</b>  Sales and Use Tax Audit – The Contractor is paid a contingency fee of 30% based on sales tax recovery paid to the City of Houston by the Texas Comptroller of Public Accounts. Over the contract period, the Contractor has been paid a contingency fee of \$832,000 in sales tax audit services, of which, the City of Houston received \$2,900,000 from the Texas Comptroller of Public Accounts for sales tax recovery. The FY15 contingency fee is estimated at \$1,430,000.  Sales and Use Tax Analysis and Reporting Services – The Contractor is paid a fee of approximately \$70,000 for services including sales tax forecasting, quarterly sales tax capture leakage analysis, monthly cash reports, and a quarterly digest containing Top Sales Tax performance accounts, economic category performance, business classification codes, historical economic composition, and geographical area reports.  The total additional funding for these two services is \$1,500,000 which will cover the remaining contract period. The contract ends in November 2015.			
<b>REQUIRED AUTHORIZATION</b>			
<b>Other Authorization:</b>	<b>Other Authorization:</b>	<b>Other Authorization:</b>	