**New Tax Revenue Management Information System Plan** **FY2011 Request: $300,000**
**Reference No: 48745**

**AP/AL:** Appropriation
**Project Type:** Information Technology / Systems / Communication

**Category:** General Government
**Location:** Statewide
**House District:** Statewide (HD 1-40)
**Contact:** Ginger Blaisdell
**Contact Phone:** (907)465-2312
**Estimated Project Dates:** 07/01/2010 - 06/30/2015

**Brief Summary and Statement of Need:**
The Tax Division will be requesting a new tax management computer system to streamline revenue administration. A new system is needed to incorporate tax programs for which there is currently no computer system or where the current system is antiquated or poorly functioning. This request will fund a plan of the Tax Division's system needs at the recommendation of the state's Enterprise Investment Board (EIB) Planning Committee. The comprehensive plan will include stakeholder analysis, risk analysis, project scope development and best practices to justify the costs of the system.

| **Funding:** | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 | Total |
|---|---|---|---|---|---|---|---|
| Gen Fund | $300,000 | $35,000,000 | $2,000,000 | $2,000,000 | $2,000,000 | $2,000,000 | $43,300,000 |
| Total: | $300,000 | $35,000,000 | $2,000,000 | $2,000,000 | $2,000,000 | $2,000,000 | $43,300,000 |

☐ State Match Required ☐ One-Time Project ☑ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

**Operating & Maintenance Costs:**

| | Amount | Staff |
|---|---|---|
| Project Development: | 0 | 0 |
| Ongoing Operating: | 0 | 0 |
| One-Time Startup: | 0 | |
| Totals: | 0 | 0 |

**Additional Information / Prior Funding History:**
None

**Project Description/Justification:**

**Information Technology Capital Project Review Form FY2011**

**1. Has this project been previously approved?**

No.

**2. What is the purpose of the project?**

This project will develop a plan for the computer system needs of the Tax Division, prior to embarking on a replacement of existing tax systems. The Tax Division seeks a single, comprehensive, integrated revenue information management system for all tax types to meet the needs of tax administration. This plan is being prepared at the recommendation of the state's EIB

Planning Committee, and is a requirement to obtain their approval of a Tax Management Information System project in the future.

| **Project cost:** | **Capital:** | | | **Annual O&M costs or savings** |
|---|---|---|---|---|
| | **Prior Years** | **FY 2010** | **FY 2011** | |
| General Funds | | | $300,000 | |
| General Fund Match | | | | |
| General Fund Program Receipts | | | | |
| I/A Receipts (dept. and fund source) | | | | |
| Other Funds (name and fund number) | | | | |
| Federal Funds | | | | |
| Total | | | $300,000 | |

**3. Is this a new systems development project?**

This is a plan for a new systems development project.

**4. Specifically, what hardware, software, consulting services, or other items will be purchased with this expenditure? (Include a line item breakdown.)**

Line 73000-Contractual: $300,000 for consulting services

**5. How will service to the public measurably improve if this project is funded?**

Service to the public will not improve until a new tax system is actually in place. This plan is the first step in that process.

**6. Does project affect the way in which other public agencies will conduct their business?**

No.

**7. What are the potential out-year cost implications if this project is approved? (Bandwidth requirements, etc.)**

Initial estimates of total project cost are about $35 million.

**8. What will happen if the project is not approved?**

If this plan is not funded, the Tax Division will not obtain the approval of the EIB to proceed with the actual project. A new system is needed to incorporate tax programs for which there is currently

no computer system or where the current system is antiquated or poorly functioning. Currently, and most importantly, there is no computerized system for oil and gas production tax; the tax type that accounts for approximately 84% of the revenue collected by the division and generates 61% of the State's total unrestricted revenue. Data for oil and gas production tax is received from taxpayers in a variety of formats and maintained, analyzed, and reconciled manually. Computer systems that are in place for other tax programs are either outdated, do not function properly, or only provide a small percentage of the automated processes needed to effectively and efficiently manage those programs. The existing systems are lacking many core revenue processing modules and support functions.

The Tax Division will continue to operate with existing systems which slow down its ability to respond to requests for information by taxpayers, Legislators, the Governor and other stakeholders. In addition, the Tax Division's ability to conduct efficient and effective audits will be hampered by lack of control, organization, and access to taxpayer data.