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11/15/12

Tax System Computer Modernization Fund

Budget Adjustment: Proposed Amendment to Act 63 of 2011 Section C103

(a) Creation of fund.

(1) There is established the tax computer system modernization special fund to consist of:

(A) The tax receipts received as a direct result of the data warehouse project initiated by the department of taxes beginning in calendar year 2011; and

(B) Eighty percent of tax receipts received as a direct result of the data sharing and comparison project between the Vermont department of labor and the department of taxes relative to entity and employee filings at both departments and/or lack thereof.

(2) Balances in the fund shall be administered by the department of taxes and used for the exclusive purposes of funding: A) ancillary development of Information technology systems ~~the ETM system~~ necessary for implementation and continued operation of the data warehouse project ~~and in preparation of the transfer of tax types from the current VIRCS system to the VIRCS/ETM system, including modernization of billing capability;~~ B) payments due to the vendor under the data warehouse project contract; C) enhanced compliance costs related to the data warehouse project; ~~and~~ D) planning for an integrated tax system solution, including analysis of business case and business requirements, requests for proposals and due diligence ~~phase 1 of the transfer of five tax types, specifically income taxation of individuals, trusts and estates, withholding tax, sales and use tax, meals and rooms tax, and property tax adjustments, from the current VIRCS system to the VIRCS/ETM system;~~ (E) and implementation of tax types into selected integrated tax system solution. All balances in the fund at the end of any fiscal year shall be carried forward and remain part of the fund. Interest earned by the fund shall be deposited into the fund. This fund is established in the state treasury pursuant to subchapter 5 of chapter 7 of Title 32.

(b) Appropriation. [Note: see also appropriation in Sec. C.103.1]

(1) There is appropriated in fiscal year 2008 from the special fund the sum of up to \$7,800,000 to the department of taxes for the purposes described in subdivision (a)(2) of this section. The commissioner shall anticipate receipts in accordance with 32 V.S.A. § 588(4)(C).

(c) Transfer.

(1) Twenty percent of the tax receipts received pursuant to subdivision (a)(1)(A) of this section after payment to the vendor under the data warehouse contract shall be transferred to the general fund

TAX COMPUTER SYSTEM MODERNIZATION FUND

Act 65 of 2007 Section 282, Act 63 of 2011 Section C103

Sources of Funds: Enhanced revenue from DOL project (2007-2012), Data Warehouse (2011-2016)

Use of Funds: Investments in modernized compliance and an Integrated Tax System (ITS)

DOL Project: 2007-January 29, 2012. Over \$13M in enhanced revenue.

GF(20%)	2,746,552
CSMF(80%)	10,562,172

To CGI/Oracle: 7,800,000 (Appropriation 2007, payments 2008-2011)
Balance forward: 2,762,172

RSI Project: 2011-2016 (Live in February, 2012). Estimate over \$16M enhanced revenue.

RSI	4.9M
GF(20%)	2.2M
CSMF(80%)	8.9M

Total Enhanced Revenue through October (w/o collections module): \$808,168

RSI	484,901
GF(20%)	64,653
CSMF(80%)	258,613

Spending by Department From CSMF FY12-FY13 to date (other than RSI/GF payments)

Total	452,505
DII Hardware	316,812
Registry Software	4,798
Oracle Services*	32,029
Additional FTE**	98,864

*additional services paid through Department Budget

**IT FTE eventually rolled to Department Budget

APPROPRIATION REQUEST for BAA: \$15.9M through FY16

Est. RSI	4,420,000
Current Fund Balance	2,463,913*
Est. CSMF 80% Share	8,541,387*

*Total Available to Department for ITS projects: \$11M