

Tax and Licensing Systems Replacement

Pre-RFP Conference

Washington State Department of Revenue,
January 9, 2014



Today

- About Today's Event
- Revenue at a Glance
- Project Overview and Objectives
- RFP Approach and Timeline
- Comments and Questions

Note: A break will be provided, as needed.

About Today's Event

- Purpose
 - Facilitate an exchange of information that will assist DOR in drafting a clear Request for Proposal
- Intended Outcome
 - Promote a greater understanding and collaboration
 - More comprehensive responses to the RFP

About Today's Event...Conference Ground Rules

- Presentation will be followed by a comments and questions period; Please hold questions to the end
- Reminder, mute your phones unless asking a question; WebEx will be muted until the comments and questions period
- Ask questions about DOR or the proposed project and objectives. *Questions about other topics will not be addressed until the RFP is formally published*
- Verbal Responses to questions are unofficial
- This session is being recorded
- When speaking, please identify yourself and the company you represent

About Today's Event...Conference Ground Rules

Important Note

- Attendance today does not provide any advantage to potential Bidders responding to the future RFP
- If, as a result of this conference, DOR recognizes a need to modify the procurement documents currently under development, these changes will be reflected in the final Request For Proposal which will be posted in writing on WEBS and the DOR website
- Nothing said or discussed during this conference will modify, add to, alter or in any other way qualify or amend the procurement documents once they are published

Revenue at a Glance... Our Mission

To fairly and efficiently collect revenues and administer programs to fund public services and advocate sound tax policy.

Revenue at a Glance...Our Role

- Washington State's primary tax collection agency
- Oversees more than 60 different taxes
- Collects over 90 percent of state General Fund tax revenues
- Collects all local sales tax revenue
- Processes 2.15 million tax returns a year from nearly 486,000 businesses filing monthly, quarterly and annually
- Processes over 550,000 business license applications and renewals

Revenue at a Glance...Our Organization

- Headquartered in Olympia
- Public offices in Tumwater, Seattle, Bellingham, Bothell, Spokane, Wenatchee, Yakima, Richland, Vancouver, Tacoma, Kent and Port Angeles
- Our staff of 1,122 includes a wide variety of professions, such as: accountants, analysts, appraisers, auditors, foresters, lawyers, programmers and support staff
- Recognized nationally for its leadership, innovation and compliance.

Revenue at a Glance...Our Responsibilities

- Provide taxpayer assistance, information and education
- Process \$18.5 billion in tax revenues a year
- Respond to more than 471,000 telephone calls through the Telephone Information Center
- Issue business licenses
- Process corporate and business license renewals
- Conduct appeals
- Administer property taxes

Revenue at a Glance...Our Responsibilities

- Develop tax legislation
- Conduct tax and fiscal research
- Manage the state's Unclaimed Property Program
- Locate unregistered businesses
- Audit and collect delinquent taxes
- Enforce compliance
- Administer special programs affecting timber, cigarette, real estate, leasehold and estate taxes

Revenue at a Glance...Our Statistics (FY13)

Revenue Collected

- State Revenues: (in billions)
 - Retail Sales & Use Tax \$7.7
 - Business & Occupation \$3.3
 - State Property Tax Levy \$1.9
 - Other State Taxes \$2.5
- Local Revenues:
 - Retail Sales & Use Tax \$2.8
 - Other Local Revenues \$0.3
- Total Collections \$18.5

Revenue at a Glance...Our Statistics (FY13)

Reporting/Active Businesses

- Active Reporting (as of 7/1/13):
 - Monthly 118,226
 - Quarterly 139,756
 - Annual 228,186
 - Total 486,168

Revenue at a Glance...Our Statistics (FY13)

- Filed returns 2,149,032
- Returns filed electronically 90%
- Excise taxes paid electronically 97.5%
- Average tax return error rate 13.9%
- Audits conducted 7,491
- Telephone calls 471,000
- Average monthly website visits 597,024

Revenue at a Glance...Our Statistics (FY13)

- Processed over 130,000 business license applications
- Processed over 420,000 business license and legal entity license renewals, combined
- Provided over 350 state and local licenses, registrations, and endorsements
- Handled licensing for 11 state agency partners (representing 33 individual licensing programs), and 58 city partners

Project Overview

- The Washington State Department of Revenue (DOR) is facing a challenge shared by many agencies – an inventory of legacy systems that have become increasingly hard to maintain, are difficult to recruit and retain staff to support, and in which the end-user experience is cumbersome and time-consuming.
- The Agency is looking to consolidate systems, make it easier for businesses to register and comply with their business licensing and tax obligations.
- This presents the Agency with an opportunity to both modernize the technology and to improve the taxpayer and employee user experience.

Project Overview...Continued

Replacing the current Business Licensing Service and Core Tax Systems with one that uses current architecture and technologies will:

- Ensure continued operations
- Reduce risk
- Reduce maintenance
- Quicker enhancements
- Add efficiencies
- Make it easier and more efficient for businesses

Project Overview...Current Challenges

Core Tax and BLS Challenges

- Built on older technology (e.g., Cobol, Natural/Adabase, VB 6)
- Difficult to maintain, operate and use
- Systems errors are more prevalent
- Expensive to maintain and enhance
- Recruitment and retention of staff

Project Overview...Recap of Studies

- Two Studies
 - Core Tax Systems Replacement
 - Business Licensing Service Systems Replacement
- Nine month effort
- Evaluated Current State
- Defined Future Vision
- Analyzed Replacement Alternatives
- Developed Implementation Roadmap

Project Objectives

- Replace systems with a COTS solution
- Implement solution with minimal impact to taxpayers and BLS partners
- Implement incrementally over time – est. 5 years
- Eliminate the need for operating divisions to implement processes outside the system
- Improve efficiencies and customer services
- Form a partnership

RFP Approach and Timeline

- Intend to issue an RFP this quarter
- Competitive, multi-phase procurement
- We are looking for a long-term relationship with a single prime vendor
- Contract in place, and project started this year

Once the RFP is released, we will provide an opportunity to ask specific questions related to the procurement

Comments and Questions



For additional information, visit:
<http://dor.wa.gov/Content/Home/TLSR/>