

**AP/AL:** Appropriation

**Project Type:** Information Systems

**Category:** General Government

**Location:** Statewide

**Contact:** Jerry Burnett

**House District:** Statewide (HD 1-40)

**Contact Phone:** (907)465-2312

**Estimated Project Dates:** 07/01/2008 - 06/30/2013

**Brief Summary and Statement of Need:**

The current corporate and motor fuel tax database does not meet the needs of the Tax Division nor can it be enhanced. The division's custom built integrated system for 20 excise tax programs will be expanded to accommodate the corporate and motor fuel tax programs. This project will also allow taxpayers to conduct business with the division through the internet.

<b>Funding:</b>	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Gen Fund	\$830,000						\$830,000
<b>Total:</b>	\$830,000	\$0	\$0	\$0	\$0	\$0	\$830,000

<input type="checkbox"/> State Match Required	<input checked="" type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

**Operating & Maintenance Costs:**

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	0
<b>Totals:</b>	<b>0</b>	<b>0</b>

**Additional Information / Prior Funding History:**

No prior funding.

**Project Description/Justification:**

**Information Technology Capital Project Review Form FY2009**

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

No.

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

The existing corporate and motor fuel tax data entry and examination system was originally built in 2000 using the Wyoming Mineral Tax System for the Motor Fuel Tax Program and modified in 2002 to include the Corporate Income Tax program. The current version neither meets the needs of the Tax Division nor can it be enhanced.

The Tax Division has a separate custom built integrated system (excise system) used by 20 other excise tax programs. This project will expand the excise system to accommodate the corporate and motor fuel tax programs by merging the business requirements and processes used by both systems. This project will also include expanding the existing Tax Web Portal to provide taxpayers the ability to conduct business (filing, paying and communicating) with the Tax Division via the internet. This project will enhance the current excise system's data entry and examination module to

accommodate the motor fuel and corporate income tax programs, integrate these programs into existing financial system and online services and provide new audit level requirements.

Project cost:	Capital:			Annual O&M costs or savings
	Prior Years	FY 2008	FY 2009	
General Funds		\$830,000		
General Fund Match				
General Fund Program Receipts				
I/A Receipts (dept. and fund source)				
Other Funds (name and fund number)				
Federal Funds				
Total		\$830,000		

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

No.

**Upgrade or enhancement to existing department capabilities?**

Yes. This project will emulate the workflow processes currently used in the existing systems while enhancing several areas for improvements in efficiency of processing and data retrieval. The new modules will use the existing databases following Tax Division standards. The project will consist of Client/Server for the in-house application, and Web Applications and Web Services for online system.

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

Contractual Services

Project Initiation / Planning	100,000
Requirements Definition	50,000
Staff Resources Required	150,000
System Design	75,000
Software Installation / Programming	225,000
Hardware / Infrastructure Installation	10,000
Hardware / Infrastructure Testing	5,000
System Integration and Testing	125,000
Installation and Deployment	25,000
Training	25,000
Total	\$790,000

Equipment

Software Acquisition	20,000
Hardware / Infrastructure Acquisition	20,000
Total	\$40,000

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

There are multiple customers of this project including corporate and motor fuel taxpayers (in and out of state), Alaska taxpayers who use the existing Excise Tax system, and the Federal Highway Administration. Customers will be better served through increased accuracy of tax returns and supporting data, timely access to the data, and by the web application with real time access.

In addition, taxpayers and the state can take advantage of the Federal/State eFile system. Currently the IRS mandates corporations with assets of \$10 million to file electronically. If any of these corporations are required to file an Alaska Corporate Net Income Tax return, the state can leverage the existing data stream from the federal system and thus reduce paperwork handling and cost for both the taxpayer and the state and increase the accuracy of the data submitted. Since this group of corporations usually comprise 80% of the tax collected, the data supplied would enhance audit selection through high risk identification and audits.

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

Other public agencies such as the Alaska Legislature, DCCED, DEC, ADF&G, and city and borough governments will be served by better communications with stakeholders, increased ability to identify high risk returns, better data for compliance projects and improved forecasting of projected tax revenues.

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

Out-year costs include system operation and maintenance, including corrective and adaptive maintenance. It is anticipated that there will be minimal impact to the existing bandwidth. This will be re-evaluated after the design/planning stage and the business case adjusted accordingly.

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

The impact on the department if this project is not implemented include continued personnel costs to manually process paper returns, revenue collections hindered, compliance projects sidelined due to lack of available resources, increased cost of collections, inability to comply with federal reporting requirements, increased downtime due to system failures, increased data errors resulting in inaccurate or faulty revenue forecasting, and increased costs of IT support for existing data.