

State Tax Agency Gets New Computer System Aimed at Improving Service and Compliance

Release Date: 07 / 27 / 2005

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from the Alabama Department of Revenue

MONTGOMERY -- State Revenue Commissioner Tom Surtees announced today that the Alabama Department of Revenue has contracted with Fast Enterprises for installation of a new integrated tax computer system that will replace the department's automated system within the next five years. The department's current system has been in place since 1987.

Beginning in early August, Fast Enterprises will install and adapt its software product, GenTax, to meet the specific accounting, billing and taxpayer compliance needs of the state revenue agency. The department's new system will be called the Revenue Integrated Tax System or RITS.

"The first phase will involve the sales and use tax area. Implementation schedules will then focus on several miscellaneous business taxes, corporate taxes and individual income tax," explained Surtees. "Additional implementation phases and schedules will follow until all agency-administered taxes are on the new system."

The new integrated tax system has a price tag of \$22 million, spread over a five-year implementation period, with an annual \$2 million maintenance cost after full implementation. Currently, the department's maintenance and usage costs for its existing computer system total approximately \$2.9 million annually.

"The track records of other states implementing the integrated software have shown that the system works to pay for itself through additional revenues from enhanced taxpayer compliance. We expect similar results here in Alabama.

"We estimate that after full implementation of the new integrated system, the state will realize a total revenue benefit of some \$23 million annually," said Surtees.

The estimated \$23 million will come from improved audit tracking and collection efforts, elimination of mainframe computer usage and programming costs, and reduced personnel and document storage costs.

"Our current system is a mainframe-based system with integrated data, but lacks many integrated functions. In today's 'real-time' processing, our current system is cumbersome to use, difficult to change and expensive to maintain," explained Surtees.

According to Surtees, the new system will use all of the capabilities available to modern personal computers and networks, including the integrated use of "off-the-shelf" word processing, spreadsheet and database software programs. The software programs will be adapted to fit the unique aspects of the department's accounting, processing, billing and compliance needs and can be modified to meet future needs significantly easier, quicker and cheaper than mainframe programming.

Since the late 1980s, the ADOR has sought an integrated tax system that would allow the department to track or link multiple taxes paid and/or owed by a single taxpayer. Several computerized systems were created, and processing and billing functions automated, but the systems were not linked or integrated. Different taxes administered by the ADOR were given different levels of automation, further impeding the ability to integrate or link all tax types with taxpayers' accounts.

According to the ADOR, the new system will allow the department to be more responsive to Alabama taxpayers in answering questions about their individual or business tax accounts. ADOR staff can access taxpayer account information immediately and obtain a comprehensive view of all the different tax types and activities associated with a particular taxpayer. The department's current automated system does not allow that capability.

"When taxpayers call or visit our offices, our examiners will be able to find what they need to know on our system quickly and provide this information to the taxpayer or to the taxpayer's representative," explained Surtees.

The new system will also provide the ADOR with improved compliance tools to help with audit selection and non-filer identification.

State tax agencies that have recently implemented the GenTax software include Idaho, New Mexico, Montana, Georgia and Louisiana.