



NEW MEXICO
TAXATION & REVENUE DEPARTMENT
CASE STUDY



MEETING THE CHALLENGE



Loretta Silva, TRD GenTax[®]
Technical Manager and
Beth Barreras, TRD Information Systems Manager

Nestled in the Land of Enchantment, the State of New Mexico Taxation and Revenue Department (TRD) serves over one million taxpayers. Nearly 1,000 agency employees are managing tax programs and motor vehicle fees that together generate more than \$5 billion in annual revenue.

In the early 1990s, TRD initiated an ambitious project to modernize its computer systems. The department wanted to integrate its tax programs into a single business application. At the time, a commercial off-the-shelf (COTS) product for integrated tax administration was not available. The agency embarked on a project to design and build its own custom system. The Taxation and Revenue Information Management System (TRIMS) project was to be completed in four years at a cost of slightly less than \$10 million.

Nine years and \$49 million later, only one tax program was in production and a second under development. As a result, the agency was still operating several non-integrated systems on multiple platforms. TRIMS was struggling. It was not delivering the functions that TRD had identified, the technology was no longer supported, and the mainframe maintenance costs were escalating.

TRD management recognized that TRIMS was not going to meet their needs. The agency was at a critical decision point: continue with TRIMS or find another solution.

"We knew we needed a dramatic change to achieve our operational and service goals."

— Loretta Silva, Information Systems Manager for the New Mexico Taxation and Revenue Department

While TRD had been developing its own system, the marketplace had been changing dramatically. A few technology innovators were introducing pre-packaged solutions developed specifically for government tax administration. In early 2001, New Mexico TRD decided to halt further development of TRIMS and acquire an off-the-shelf package through a competitive procurement process.

The new system had to be a fully integrated tax administration product that would support all of the agency's tax programs and operational functions. TRD required that it be capable of consolidating more than twenty different programs and handle registration, return processing, payment processing, audit management, collections, fiscal accounting, reporting, revenue distribution to over 120 local governments, and more. "The TRIMS vision of an integrated tax system still applied," stated Loretta Silva, TRD Technical Manager on the GenTax[®] project. "We knew we needed a dramatic change to achieve our operational and service goals."

From a technical perspective, the new system had to move the agency away from the mainframe and into current technology, including Microsoft tools and industry standard hardware. Also, the new application had to support ever-changing business processes and rules with minimal code modifications. For the users, the new integrated tax system had to be easy and intuitive to learn and use, while providing the flexibility to adapt to future tax policy and operational changes.

As the result of a request for proposal process in November 2001, New Mexico selected the GenTax[®] product from Fast Enterprises (FAST). Beth Barreras, Information Systems Manager and a member of the selection committee, recalls a number of deciding factors. "Their product met our requirements, it was user friendly, and the cost was a fraction of what we had spent on TRIMS."

"What gave us the most comfort with this decision was the reference checks; FAST's references were strong and convincing," said Barreras. "FAST staff had the depth and breadth of experience in tax administration as well as technology that we were looking for. Importantly, FAST had consistently delivered on time and within the quoted budget," Barreras commented.



Jan Goodwin, TRD Cabinet Secretary

"We wanted an integrated system that would support all of the agency's tax programs and operational functions."

— Jan Goodwin, Cabinet Secretary of the New Mexico Taxation and Revenue Department

Other considerations played into the decision as well. "FAST was too good to be true," Silva added. "It was not until we conducted a site visit, saw the system in operation, and spoke to our counterparts that we began to believe what we were hearing."

Once the selection was made, the project team immediately set to work. The schedule to bring up GenTax[®] was very aggressive. "We only had eight months to implement the personal and corporate income tax programs. Amazingly, we did it in seven," said Steve Dichter, TRD Deputy Secretary.

Over a 30-month period, TRD had four major rollouts implementing 21 different tax programs. "This time, our project was delivered on time and within budget," said Phil Salazar, Director of the Audit and Compliance Division. "Because of FAST's commitment, we met our targets," he added.

"After the fourth rollout, TRD staff independently implemented the 22nd program in GenTax[®] in two months," said Silva.

"Initially, we were willing to give up the theoretical flexibility of the design-and-build approach, but it turned out that, with GenTax[®], we got a proven product without giving up flexibility," added Dichter.



Cindy Stearns, TRD Deputy Director of Audit and Compliance Division

OVERALL SUCCESS

Since the first rollout of GenTax®, TRD has seen dramatic improvements across all business functions including taxpayer services, return processing, refund management, audit, and collections. Revenue collections have gone up, and the department's customer service has improved. The most dramatic change has been the automation of the department's smaller revenue programs.

TRD managers say that the operational efficiencies and automation have resulted in an overall reduction of overtime as well as a reduction in programming effort. There is a general acknowledgement that TRD staff can now do more.

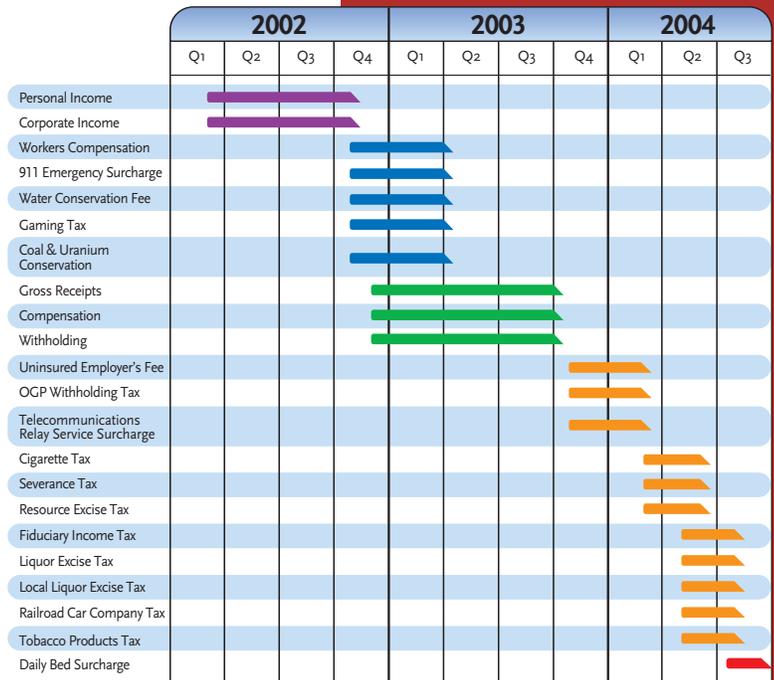
Taxpayers have benefited as well, with one-stop registration, more filing options, faster and more complete responses, and quicker notification of problems. Compliance has been enhanced because of expanded audit coverage, more reliable billing information, and the addition of a robust taxpayer offset program.

In addition, the department was able to meet Governor Bill Richardson's goal to increase delinquent tax collections by \$50 million in seventeen months. Building on that success, Governor Bill Richardson has asked TRD to raise an additional \$25 million over the department's previous baseline. Increased revenue collection, Goodwin said, means more money for local governments and improved public services. GenTax® is contributing to the department's overall success.

"Because we are collecting money on behalf of local governments, there's a double bonus here. When we bring in additional revenue the local government disbursements increase as well."

— Jan Goodwin, Cabinet Secretary of the New Mexico Taxation and Revenue Department

PROJECT SCHEDULE



As a result of the project's emphasis on knowledge transfer the New Mexico staff was able to independently implement the most recent tax onto GenTax®.

“COTS”, “configurable” and “integrated” were the three key attributes of GenTax® that attracted TRD to the program.

At the time TRD made its choice, GenTax® was installed and running in production in three major tax jurisdictions in North America. This meant that GenTax® architecture, functions, features, and the very code that would run in New Mexico was already running successfully elsewhere. This greatly reduced the department’s risk.

With the extensive configurability of GenTax®, the project team was able to focus on adapting rather than building software to fit New Mexico’s unique business rules. TRD was able to see how this was done successfully across a wide array of tax types at existing sites. The “configure, rather than code” approach had obvious implementation benefits of minimizing risk and shortening timeframes.

TRD was also attracted to the concept of a single integrated solution as opposed to implementing separate products linked together with interfaces. GenTax® supports the entire revenue processing pipeline from registration to returns to assessment to collection to audit. The system has a full range of supporting functions such as imaging, customer relationship management, workflow, reports, and letters. All of these modules ride on an integrated database and are accessed through a consistent, easy to use interface.



Steve Dichter, TRD Deputy Secretary and
Jennifer Tuwell, FAST Project Director

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– Steve Dichter, Deputy Secretary
of the New Mexico Taxation and
Revenue Department

Comprehensive Taxpayer Views

GenTax[®] consolidates taxpayer information from multiple tax programs into a single system under a single sign-on. Authorized agency staff can view all taxpayer activities in every revenue program across all periods. With imaging, users can also examine checks, vouchers, payment stubs, tax returns, and other relevant documents online. Real-time changes to this single source of taxpayer demographics such as name, address, contacts, and account status are reflected immediately across all accounts and for all functions.

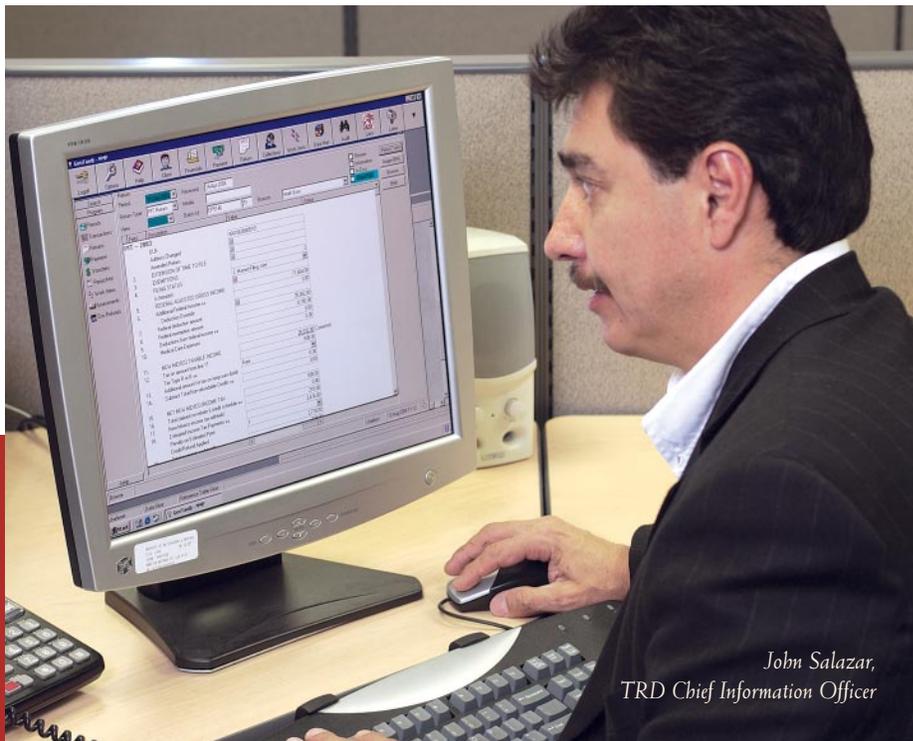
Customer service representatives have all the information related to a taxpayer in one place. Taxpayer and account summaries, detailed financial activity by account and period, payments received, letters and notices sent, status of collection, and audit cases are all presented in a logical way. True taxpayer service is possible, without having to access multiple systems and paper files or transfer calls around the department.

With access to complete information, auditors find it easier to identify non-compliant behavior: a business remitting withholding tax that is not also paying worker compensation fees is a simple example. An auditor focusing on one tax type can review filing and payment patterns across all of a taxpayer's accounts to identify possible patterns of error, omission, abuse, or fraud.

Collectors find the consolidated view of filing habits, debt, and payment history invaluable in providing a more complete picture of the taxpayer. Debts can be consolidated and pursued together, reducing the number of calls and notices and making the collector more efficient and effective.

Automation

TRD is using a number of GenTax[®]'s automated features to operate more efficiently, to reduce and eliminate backlogs, and to redeploy staff to other critical tasks. Auto-correcting rules configured in GenTax[®] reduce the level of user intervention required to handle return processing exceptions. Applying configurable tolerances, these rules automatically perfect the arithmetic on returns. When errors exceed predefined thresholds, they are brought to the user's attention via the Work Items module. Working from an online error and exception list, users make corrections in real time.



John Salazar,
TRD Chief Information Officer

"We are now so much more operationally efficient that we have been able to redirect resources to other critical areas."

— John Salazar, Chief Information Officer of the New Mexico Taxation and Revenue Department

TRD'S SUCCESS



Phil Salazar, TRD
Director of Audit and
Compliance Division
and Libby Gonzales,
Director of the Revenue
Processing Division

"No longer do we have to work with lists of errors and exceptions and measure progress by depth of paper. Everything is online, quick and easy."

*— Libby Gonzales,
Director of the Revenue Processing Division
of the New Mexico Taxation and
Revenue Department*

Posting audit assessments is much quicker with GenTax®. Information from audit work papers is uploaded to GenTax® where the assessment is applied automatically. Revisions resulting from assessment review are applied easily. Once TRD approves an audit, GenTax® posts the audit assessment to the taxpayer account and resulting revenue or disbursements flow through to receivables, payables, and revenue accounting. "We previously did ten a day; now we can do ten an hour," said Aaron Brown, Senior Tax Auditor.

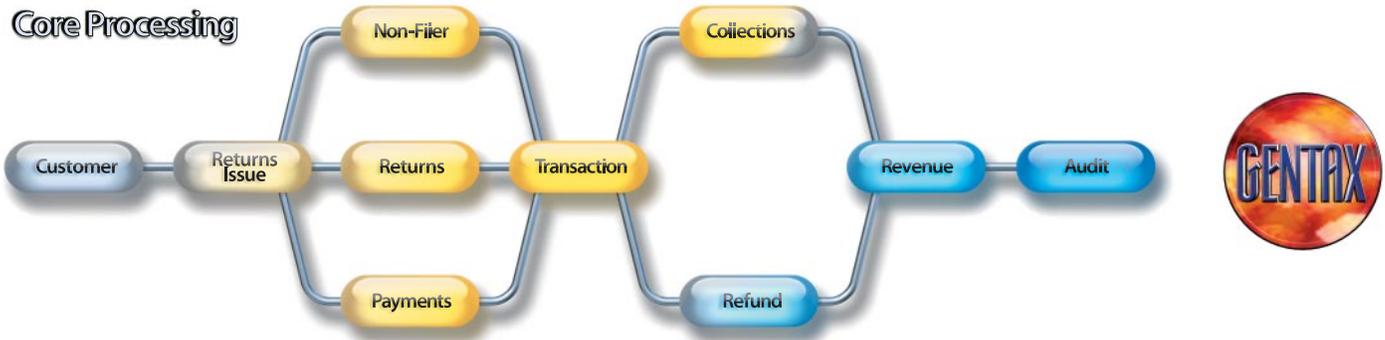
GenTax® offers several automated collection processes that eliminate or accelerate mundane and repetitive work. Automated billing procedures that prepare and send bills to taxpayers based on predetermined criteria guarantee timely notification of debt. An interface to a predictive dialer enables automatic calls to taxpayers which, when answered, are transferred to an agent that has the complete collection case available in GenTax®.

Improved Workflow and Reports

GenTax® provides functions that structure, manage, track, and control common business procedures through workflow. Both "push" and "pull" task assignments are supported: supervisors can assign tasks, or knowledgeable users can select from their own reserved work or from a list of items appropriate to their role and expertise. Through online windows and immediate reports, supervisors get a clear view of what is going on and can immediately detect and address backlogs. As with all data entrusted to GenTax®, historical versions are maintained along with an audit trail of who made the change and when. "No longer do we have to work with lists of errors and exceptions, and measure progress by depth of paper. Everything is online, quick and easy," said Libby Gonzales, Director of the Revenue Processing Division.

The New Mexico Taxation and Revenue Department has successfully made the paradigm shift from the long, expensive, and risky design-and-build approach to the time-and-cost-effective world of commercially available "off-the shelf" solutions. The "configure, rather than code" architecture of GenTax® has helped the department refocus on its tax administration mission rather than being distracted by software development. State-of-the-art software and integration of information and function in a single system is providing TRD staff with the tools to serve New Mexico's citizens.

Core Processing



Support Functions



Contact us to learn more:

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