

A Municipal Perspective on Implementing COTS Tax Software

FTA Technology Conference

Pittsburgh PA

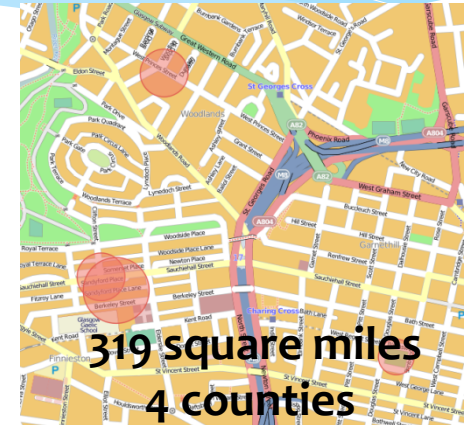
August 2016

Mari Ruck, Commissioner of Revenue

City of Kansas City Missouri

“Once upon a time...”

POPULATION



19
Tax Types

Semi - Integrated Systems



ARS (Automated Revenue System)
KIVA



Kwik-file online filing system

1. Withholding
2. Convention & Tourism Taxes
3. Wage Earners



Excel Spreadsheets

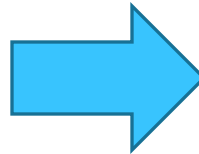
1. Property tax (3 of 4 counties)
2. Special Business Districts
3. NIDS
4. Cigarette Stamps
5. Temporary licenses for special events
6. Firework permits
7. Special

Reasons for a Change

No reporting capabilities	✓
Multiple applications for different tax types	✓
Limited performance	✓
No system modifications	✓
No vendor support	✓
Routine system breakdowns	✓
Applications which did not interface	✓
No new system developments	✓

Where we Wanted to Go

1980's Mainframe



COTS

FAST
ENTERPRISES

about | **solutions** | careers | news | contact

```
User_logged  
+ (?= )/g, a  
:c < a.length
```

FAST solutions

GenTax®

GenTax is a complete, integrated tax processing software package designed to support an agency implementing multiple taxes. It is commercial-off-the-shelf (COTS) software that accommodates diverse revenue agency requirements through configuration, not the creation or modification of program code.

Prepare

- * Too expensive to enter into blindly
- * Develop a plan of attack... do not react, plan ahead
- * Research before you start...
 - * FTA
 - * Other cities
 - * Other agencies,
 - * Case studies of COTS implementation
- * Prepare a detailed RFP for your needs
 - * Examples from other cities
 - * Wish list
 - * Avoid asking for what you have
 - * Think outside the box
- * Be open to changing practices and looking for efficiencies
- * Don't buy more than you need... challenge the bids if you are being charged for things that are not within your scope
- * Take classes at local universities on ERP implementation

Buy in of all Stakeholders

How to sell COTS to City Officials

- * ROI
 - * REALLY HARD
- * Can I collect taxes without a system... being able to administer taxes going forward...it is not a tradeoff
- * Age of your system
- * Number of systems
- * Condition of Systems
 - * What happens if it goes down permanently
- * Critical nature of tax collection for funding municipal services

Staffing

- * Flexibility - Small staff sizes which will require spreading people thin (not literally of course) to cover all of the functional areas.
 - * Plan for temp staff
 - * Be prepared for slower service delivery
 - * Put off what you can and utilize the new system to catch up
- * Creativity – Cities have to be creative when making assignments to insure that the daily operations continued while meeting project deadlines.

SME's

- * “Subject Matter Experts”
- * Best people working on the project
- * System vulnerabilities only in those areas with weak staff

Training

- * Get your staff on the system as soon as possible
- * Train the trainer used by most COTS developers
 - * Most training programs are designed for large agencies may not fit the needs of smaller jurisdictions.
- * General user training through CBT (Computer Based Training) and the Developer
- * Special topic or functional training by SME or in-house trainers

Public vs. Confidential Information

- * Public

- * Property tax
- * Special assessments
- * Business license

- * Confidential

- * All taxes

Security

- * Fraud considerations
- * Ease of use vs. security of confidential information
- * Internal Controls
- * Role-based security
 - * Define roles for different functions
 - * Limit access to “need to know”
- * Read only vs. ability to modify

Updating Processes

- * Review all old ordinances to improve tax administration
- * Change laws to implement best practices and improve tax administration
- * Streamline
- * Consolidation
- * Look for “out of the box” techniques for improvements and consider where technology will be going ... leave room for improvement
 - * Examples: MeF, EBN, online administration, etc.
 - * Fraud and security is ongoing and ever-changing element that requires constant attention
 - * Ease versus security

IT/Development Support Post Implementation

- * Do not forget to plan for this
 - * Cost of the system does not end once implemented
 - * Budget five years out, at minimum
- * In-house vs. contracted developers
 - * Do you have enough in house developers to maintain the system?
 - * Do you have enough in house developers for system upgrades?
- * In-house servers vs. cloud based servers
 - * Cost vs. control
 - * Replacement
 - * Life cycle is short

Vendor Relationship

- * Your new BFF
- * Honesty and transparency
- * Identify weak links
 - * City and vendor
 - * Plan to avoid pitfalls
- * Weekly, monthly and quarterly updates
- * Project manager
 - * Consider role to be played
 - * Consider doing it yourself if the vendor has a strong project manager
 - * Hire someone who has been through it before

Pitfalls to Avoid



In-House IT Developers

- * Make sure that enough of your in-house IT staff work on the project
 - * Conversion staff
 - * Development staff working side by side with vendor customizing your COTS
- * Investment in in-house IT staff upfront will save you \$ \$ down the road

Know Your Requirements

- * Pushback from developers on your requirements
- * Review system requirements throughout the project
- * Research alternatives
- * Pick your battles

Don't Recreate What you Already Have

- * Use the system to update processes
- * Automate
- * Change laws to work smarter not harder
- * Build a robust system capable of change
- * Clean up data and account information
- * Push taxpayer communication and filing to the taxpayer

Don't Leave Anyone Behind

- * Make sure all departments have buy in
- * Prepare anyone touching the system for the change
- * Only accept excellence in processes
 - * This might mean you leave some behind

Don't Forget to Change

- * Staffing requirements may change
 - * New staff or different skill sets may be needed
- * Billing process may change
- * New bottlenecks may occur
- * Forms and letters may change
 - * “Plain English”
- * Resources/expenses may change... don't forget to budget for them

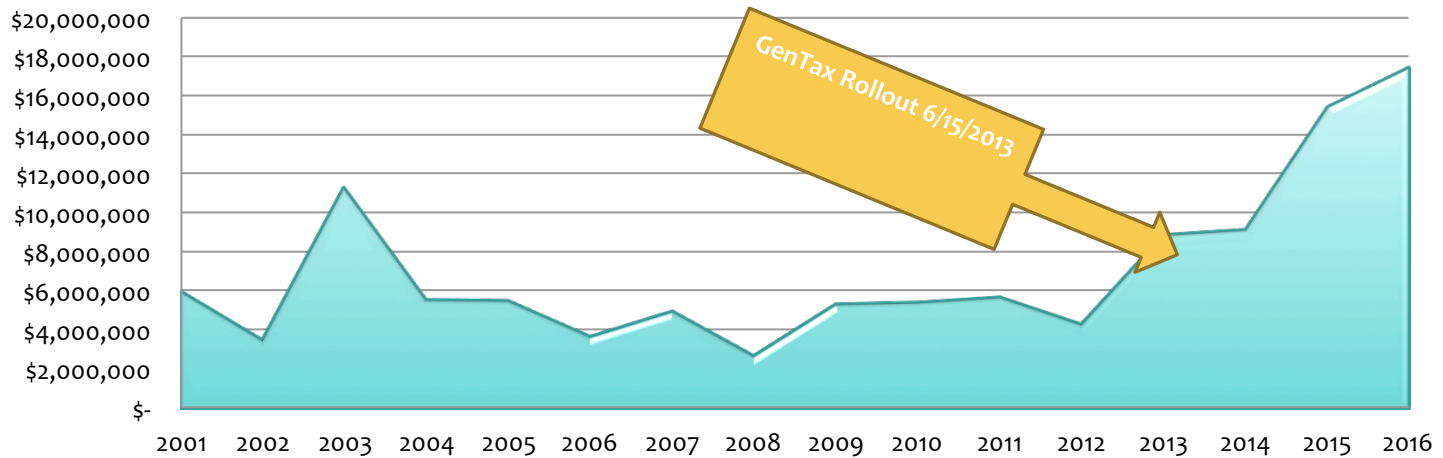
You be the judge

ROI... Is it worth it?

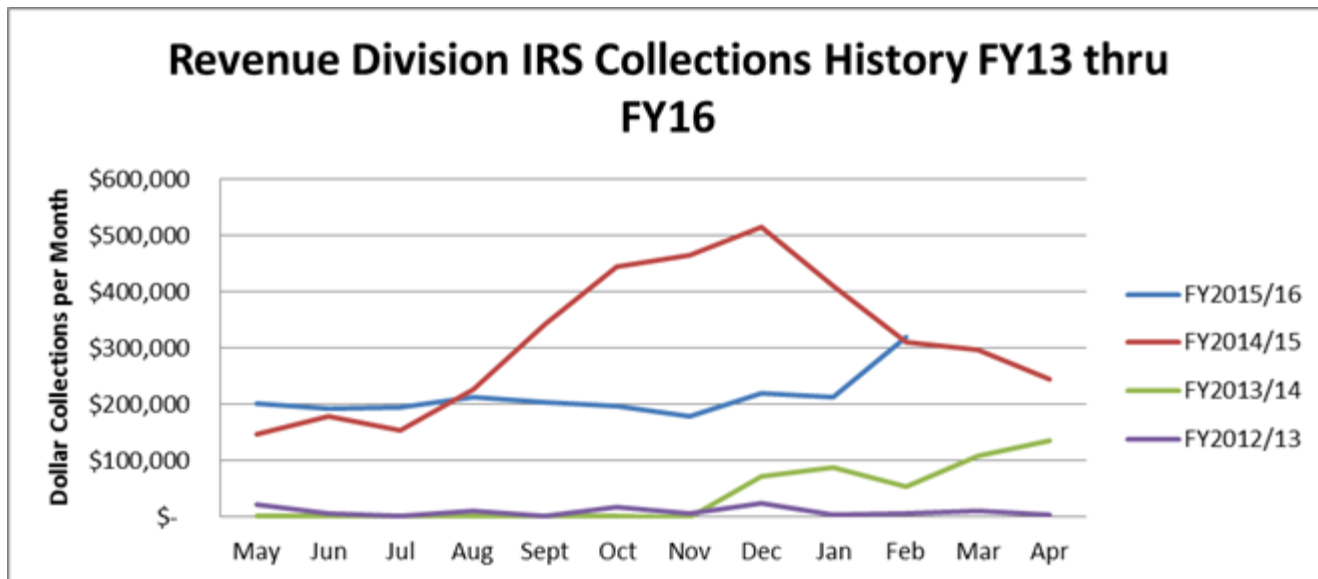


Involuntary Collections

History of Yearly Involuntary Collections City for the Kansas City MO

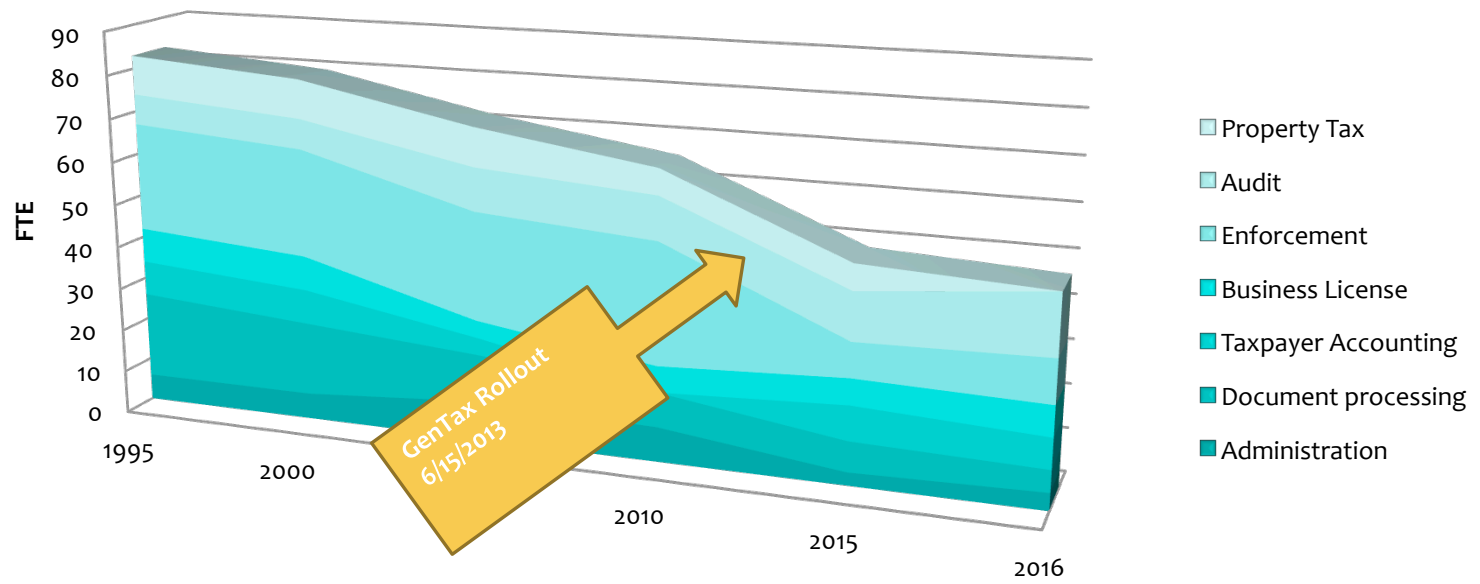


IRS Match Collections



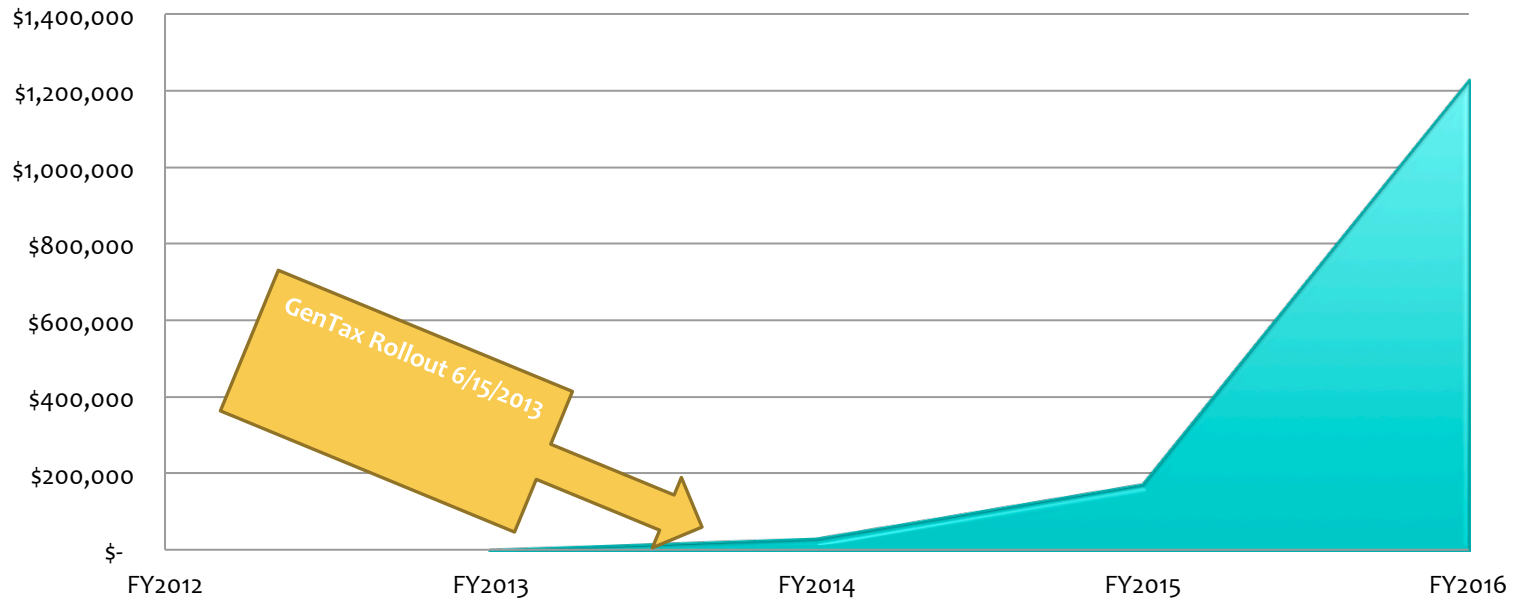
FTE's

City of Kansas City Tax Administration FTE's



New Projects

W-2 Penalties Collected for Noncompliance



Reduction of Paper Returns

- * Electronically filed returns save money
 - * Keying
 - * Printing
 - * Storing
- * Electronic formats
 - * Quick Tax
 - * Electronic Notifications
 - * Bulk Upload of withholding returns and form w-2
 - * MeF

The Work is Never Done

**STAY
SMART
ONLINE**



Mobile Apps



Concluding Remarks

- * Success or failure ...you choose
 - * Be prepared
 - * Look for Best Practices
 - * Learn lessons from other agencies
- * GO ROYALS!!!!



