





***Business Reengineering/Integrated
Tax System (BRITS)***

***Federation of Tax Administrators
Conference
Presented by Lynette States
June, 2003***



Presentation Agenda

- **What is BRITS**
- **Why BRITS**
- **Brits Background**
- **Benefit Sharing**
- **Key Success Factors**
- **Benefits of BRITS**
- **Questions and Answers**



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What is BRITS?

Business Re-engineering Integrated Tax System

The opportunity to redesign & restructure DOR business processes and their supporting systems to increase Arizona's revenue and greatly improve customer service.

Best practices
New tools
New technology

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WHY BRITS?

- **Tax systems are old and inflexible**
 - Transaction Privilege Tax System initial implementation was in 1980.
- **Transaction Privilege Tax System has reached its maximum capacity**
- **DOR's business practices are out of date**
 - Collections cannot accept EFT payments
 - Individual and business taxpayers are difficult to locate, contact, and track
- **Arizona budget is tight**
- **Requests for funding new systems have been denied or triggered by revenue collections**

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BRITS Background

- **Legislature appropriated funds in the spring of 1999 to hire a consultant to conduct a review of DOR business processes, operations, technology and organization structure**
- **ARS 41-2559 - Public/Private Partnership Contracts - legislation passed in 2000 which allowed any state agency to enter into a benefits based agreement**
- **Early discussions about the concept of benefit sharing held with Governor's staff and Legislative staff**
- **Issued RFP in spring of 2001**

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BRITS Background

- **13 vendors from all over the world submitted responses**
- **Four were asked to continue with the Phase II/ Discovery which started in July 2001**
- **Two vendors submitted proposals on February 28, 2002**
- **Evaluation Team spent 5 1/2 months rigorously evaluating proposals**
- **Evaluation team included representatives from Department of Revenue, Governor's Office of Strategic Planning & Budget, Government Information Technology Agency, Information Technology Advisory Committee and the Business Community**

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BRITS Background

- **Highly respected Arizona economists evaluated the methodology for benefit sharing**
- **Economists concluded that benefit sharing is a viable business solution**
- **Awarded contract to Accenture on August 20, 2002**
- **Officially started implementation on September 1, 2002**

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Benefit Sharing

- **Concept**
 - Improved processes and technology will increase capabilities and effectiveness which results in increased revenue
- **Two types of benefits**
 - Zero Based
 - All generated dollars belong to the benefit gain
 - Efficiency
 - Complex calculation that equates efficiency gains to a dollar amount
 - Measured against a calculated baseline

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Benefit Sharing

- **Guiding Principle**
“DOR will maintain its level of effort in Audit, Collections and Processing.”
- **Benefits will be calculated on a monthly basis.**
- **Calculation holds the state harmless**
 - Payments only made if:
 1. Monthly collections dollars are higher than monthly baseline
 2. Year to date collections dollars are higher than the Year to date baseline
 3. State owes money on completed work, e.g. there is a cap on payments up to the amount owed

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Key Success Factors:

Factor	BRITS
Partnership	✓
Innovative Procurement	✓
Innovative Solution	✓
Project and Risk Management	✓

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Benefits of BRITS

- **An estimated \$400 million in additional revenue**
- **Improved customer service**
- **Concern about the TPT system failure is REMOVED**
- **Improved productivity and efficiency**
 - Faster processing of all returns/tax dollars
- **E-government**
 - 24/7 accessibility to DOR
 - on line registration
 - on line filing payment
- **Taxpayers pay their fair share**
- **No initial outlay of capital for the project**

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Questions

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