

Joint Committee on Ways and Means Subcommittee on Capital Construction

May 12, 2017

SB5505

POP 104/Core Systems Replacement Project (CSR)

Summary

We're in the midst of replacing the majority of its core tax systems to mitigate the growing risks of not being able to support its aging legacy systems and maintain current service levels. The Core Systems Replacement (CSR) Project spans three biennia, and this policy option package (POP) fulfills the project's final funding needs for the 2017–19 biennium.

Comments

For the record, my name is Gary Johnson, Oregon Department of Revenue's chief information officer and project director for the Core Systems Replacement Project.

In 2013, DOR received initial project funding and approval to embark on implementation of a new commercial, off-the-shelf (COTS) integrated tax system and data warehouse (GenTax) through Fast Enterprises, LLC. We've been working with Fast to implement GenTax, configure the system to meet the agency's requirements, and adopt industry best practices supported by GenTax. Over the past decade, more than half of other states' revenue agencies have replaced their core systems, most of them with COTS solutions. Twenty-six of those agencies selected GenTax.

We've successfully implemented the first three rollouts of the CSR project on time and within budget. The first rollout, including the corporation, cigarette, and tobacco tax programs, went live on November 12, 2014. The second rollout, including the personal income, transit self-employment, fiduciary, estate, and E-911 tax programs and the disabled and senior citizen property tax deferral program, went live December 1, 2015. The third rollout, including the withholding, transit payroll, marijuana, and a few smaller tax programs and our Other Agency Accounts program, went live on November 15, 2016.

The fourth and final project rollout—which is scheduled to go live on November 13, 2017—will implement GenTax for our remaining programs, including:

- Timber tax.
- Electrical co-op tax.
- Rail car tax.
- Gas and oil production tax.
- County Assessment Function Funding Assistance.
- Elderly Rental Assistance.

- Green Light.
- Court fines and assessments.
- Non-Profit Homes.
- Revenue accounting.

In Policy Option Package 104—Core Systems Replacement Project, we requested \$9.5 million in Other Funds from the sale of general obligation bonds and a related \$1.7 million in General Funds for capital debt services costs. Since the GRB was published in December 2016, we've completed additional analysis of the project. We've determined that the \$3 million that was budgeted for contingency will not be needed. We're working with Capital Finance and LFO to adjust the budget request. We're requesting \$5.4 million in general obligation bonds and \$261,992 in General Funds for capital debt services.

For more information about this testimony, call Gary Johnson at (503) 945-8095.