Colorado Department of Revenue
and the Governor’s Office of Information Technology
Sales and Use Tax Simplification Update – Oct 25, 2019
**Agenda**

- Introduction
  - Dr. Theresa Szczurek, CIO and Exec. Director of OIT
  - Debbie Thibault, IT Director for CDOR, OIT
  - Scott McKimmy, Bus. Innovation Group, Sr. Director, CDOR
  - Jon Gottsegen, Chief Data Officer and GIS Coordinator, OIT
- SB19-006 Summary
- Project Goal – “Intuitive User Experience”
- Project Approach – “Collaboration brings Success”
- Project Update
  - Status of Collaboration
  - Status of Change Management activities
  - Update on Portal Module of Project
  - Update on GIS Module of Project
- How Budget is being Invested

October 25, 2019
SB19-006 Summary

* In Wayfair vs. South Dakota the Court overturned the physical presence requirement in the Quill and Bella Hess opinions; as a result, Colorado is able to require most out of state retailers to collect sales tax on sales of goods delivered into the state.

* The Court also suggested that, to prevent undue burdens on interstate commerce, states (in particular those with multiple taxing jurisdictions) should provide sales tax administration software (rate lookup and return processing) with taxpayer immunity for errors caused by the software.

* The other independent but related change affecting CO sales tax is the clarification of regulations on destination sourcing. This means sales tax is imposed at the point of delivery and retailers must be able to identify what sales taxes apply.

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SB19-006 Summary Cont.

- SB 19-006 requires OIT and DOR to develop and provide a single portal sales tax administration software solution for retailers to more easily comply with the Wayfair opinion and destination sourcing.
  - The software solution will have 2 modules: the GIS module (rate lookup) and the Portal module (single portal return processing).
- DOR administers state sales tax (2.9%) and sales tax for 270+ state-collected local jurisdictions. There are 71 Home Rule jurisdictions that administer their own sales tax - each with different processes. Local jurisdictions set their own sales tax rates and exemptions.
- The Portal module aims to allow retailers to register, report and remit sales tax for all jurisdictions. SB 19-006 encourages local jurisdictions to opt-in to using the Portal module, there is no requirement to do so. This is why its so important to develop a system with stakeholder involvement.

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Project Goal – "Intuitive User Experience"

Consumers → Tax Collected → Businesses → Remit → Lookup → Report

State Sales and Use Tax Simplification System (SUTS)

PORTAL

GIS

Enter Tax Rates & Banking Info

Remit: Tax Collected

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Project Approach – “Collaboration brings Success”

Governance

CCI, CML, Chamber, RTD, Legislator, DOR
Consortium Executive Council
DOR Product Owner
Agile Technical Oversight Team
DOR, OIT, Vendor

Stakeholders

Taxing Authorities
Business Community
Legislature

Product Owner

SB19-006 charges OIT to deliver a Technology System to DOR
DOR collaborates with, and reports out to, Stakeholder groups

Technology Provider

Governor's Office of Information Technology
Technology and GIS System

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Project Update

* Collaboration
  * Initial Stakeholders at Large meeting convened
  * Initial Consortium Executive Council convened
* Organizational Change Management
  * Planning set to begin shortly
* Portal Module
  * Portal project team building out
  * Vendor Solicitation on schedule
  * Budget, Scope and Schedule are green
* GIS Module
  * GIS project team building out
  * GIS User Stories completed
  * Data infrastructure build-out on schedule
  * Budget, Scope and Schedule are green

October 25, 2019
How the Budget is being Invested

* Lead Personnel
  * GIS & Portal Project Manager:
    * Eugene Hockenberry
  * GIS Lead
    * Jon Gottsegen
  * Portal Architecture/Security Lead
    * H. Barbara Grofe
  * Portal Business Rules Lead
    * Lu Ann Pyatt
  * Portal Vendor Lead
    * TBD

* GIS Funding $817,000
  * Projected
    * Staffing (2 FTE - 4000 hrs) $200K
    * Temporary Resources $280K
    * Software $254K
    * Hardware $76K
    * Contingency remaining $7K

* Portal Funding $9,183,000
  * Projected
    * $TBD*
  * Contingency remaining
    * $TBD*

*Awaiting vendor selection

* See Appendix for details on key personnel

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Questions?
Appendix – Key Personnel

* GIS & Portal Project Manager: Eugene Hockenberry
  * 19+ years leading complex programs
  * PMP certified, BS Computer Engineering, MS Electrical Engineering
  * 13 yrs Air Force, NRO and NASA program manager and lead engineer

* GIS Lead: Jon Gottsegen
  * State Chief Data Officer with 30+ years experience in GIS
  * Responsible for establishing a strategy for data sharing and protection for Colorado, in addition to coordinating data sharing and stewardship of statewide data sets for Colorado
  * Master’s Degree in Regional Planning
Appendix – Key Personnel (continued)

  * Designed the National Animal ID system along with other USDA APHIS systems where geospatial imagery and positive location data was key
  * Worked extensively with ESRI to improve the software function and their use of layers for point of interest/point of collection analysis
  * Security Certifications: GICSP, CISSP-ISSAP-ISSEP-ISSMP, HCISPP, CSSLP, CISM, DoDD 8140, 8570 IAM_IAT I-II-III, IASAE I-II, CND-SP, CCSK, PCIi, ITIL, MDQM

  * 18 years with the Department of Revenue
  * 8 years as Business Analyst for GenTax software implementation primary with conversation of data
  * 1 year as Business owner of GenTax software for the DOR

* **Portal Vendor Lead: TBD**
  * To be determined once vendor contract has been executed
# GIS Budget Details

## SB19-006 Sales Tax and Use Simplification Project

### GIS Baseline Budget

<table>
<thead>
<tr>
<th>Category</th>
<th>Role</th>
<th>High level tasks</th>
<th>Hours</th>
<th>FTE</th>
<th>Budget</th>
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<tbody>
<tr>
<td><strong>Staffing</strong></td>
<td>GIS Analyst</td>
<td>Manage GIS data for district boundaries and contribute to improving and building out GIS address point.</td>
<td>2,000</td>
<td>1.0</td>
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<td>Sr. GIS Analyst</td>
<td>Instantiate GIS servers and server software. Build geoprocessing functions and services.</td>
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<td><strong>Temp Resources</strong></td>
<td>Contractor</td>
<td>Build GIS data for districts to accelerate completion.</td>
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<td>App Developer</td>
<td>Build APIs</td>
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<td>Consulting</td>
<td>Assistance w/stakeholdering</td>
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<td>Change Mgmt</td>
<td>Develop training materials</td>
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<td>PM</td>
<td>Manage scope, schedule, budget</td>
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<td>Jr. Tester</td>
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October 24, 2019