



ARIZONA STATE SENATE
Forty-ninth Legislature, First Regular Session

PROGRAM PRESENTATION
Business Reengineering/Integrated Tax System (BRITS)

Background

BRITS is the computer system the Department of Revenue (DOR) is using to integrate their separate tax systems. BRITS involves a complete reengineering and automation of the work processes of the four primary taxes administered by DOR: Transaction Privilege Tax (sales tax), Withholding Tax, Corporate Income Tax and Individual Income Tax. In 2002, DOR contracted with Accenture to assist in updating its processes and computer systems in order to make all taxpayer information available through one integrated system. BRITS permits business taxpayers to file and pay taxes online and assists DOR in collecting unpaid taxes.

Fiscal Information

BRITS is funded from the increased revenues generated by BRITS instead of through a yearly appropriation from the Legislature. A baseline was determined when BRITS was initially contracted. Until the contract is paid, 85 percent of tax enforcement revenues generated above the baseline are paid to the contractor who is financing the system, and 15 percent of the revenues are paid to the state.

The overall cost of the original BRITS contract was approximately \$133.7 million, including \$122.7 for the base contract and \$11 million for estimated interest. DOR currently estimates a total cost of \$162.1 million, including \$122.7 for the base contract, \$7 million for estimated interest and \$32.5 million for BRITS contract extensions. [See attachment.]

Laws 2008, Chapter 290, continues to require DOR to submit for Joint Legislative Budget Committee review any BRITS contract extensions or modifications that increase the contractor's share of gain-sharing proceeds from state revenues during FY 2008-2009. Contract extensions have allowed DOR to use additional state General Fund resources on this project without a legislative appropriation.

Committee Activity

The Senate Finance Committee held one public hearing on February 4, 2009, to hear a presentation on BRITS. Representatives from the Department of Revenue presented information on the development history of BRITS and answered committee members' questions on the same subject. The representatives also answered committee members' questions related to the initial development costs of BRITS and BRITS' ongoing costs. Committee members discussed a proposed budget request for \$2.5 million in appropriated monies for internal BRITS system support staff instead of contracting for support staff through Accenture at a cost of \$4.9 million.

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Attachments

- Excerpt from *Fiscal Year 2009 Appropriations Report*, p.378.
- Graphical representation of BRITS Fiscal Information.

Prepared by Senate Research

February 5, 2009

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