

Idaho praises software Montana now is using

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HELENA — Before Idaho tax officials stepped off the computer-upgrade cliff, they took a look around at other states — and didn't necessarily like what they saw.

They saw revenue departments spending tens of millions of dollars on new systems that took several years to build and adapt.

"We just didn't think we could do that, with the size of our state," says Steve Wilson, information-technology manager for the Idaho State Tax Commission. "We weren't sure we could afford the money or the time."

Then Idaho officials learned about GenTax, a pre-designed software package developed by a relatively new firm, Fast Enterprises.

Now, courtesy of GenTax, Idaho's tax collectors have their new computerized tax-tracking system, at a cost and schedule they could afford.

And because of the efficiency of the new system, Idaho has actually increased tax collections by \$36 million the past two years, Wilson says.

Montana has hired Fast Enterprises to install GenTax for five Montana taxes, as the first phase of replacing the state's disastrous POINTS system.

POINTS was a computerized tax-tracking system developed by Unisys, another private contractor. Montana scrapped POINTS last year after paying Unisys \$32 million.

In computer lingo, Unisys offered a "design and build" system, a one-of-a-kind system crafted for Montana. GenTax is "off-the-shelf" software, more like a one-size-fits-all product.

Idaho paid just \$15 million for installation of GenTax, which is now used to track and collect 16 Idaho taxes, including sales, personal and business income, beer, wine, tobacco, estate and income-tax withholding.

Idaho was the first U.S. state to install GenTax, beginning in early 2000. The previous year, Fast Enterprises had installed the software for British Columbia's tax collectors — the first big job for the company.

Wilson says Idaho officials talked to British Columbia tax officials, who said GenTax worked well.

He says Idaho officials also were impressed with Fast Enterprises' personnel, who had broad experience working on tax-collection systems.

"It was very clear to us that they were extremely knowledgeable about tax," Wilson says. "We had a lot of (software) vendors in

here talking to us, saying 'We don't exactly know what you do with tax, but we can build you a system.'"

James Harrison, a partner in Fast Enterprises, says the company was formed by people who had worked on tax-collection systems but saw the flaws with the "design-and-build" concept.

Why build a system from the ground up and address the same questions over and over again, they thought, when one, less-expensive product could do the job?

"Everybody we put on the ground already has experience in working with tax and revenue agencies," Harrison says. "We know when to say 'no' (on certain requests) and when a problem is important and needs to be dealt with."

Wilson says GenTax enables tax collectors to clear up backlogs on tax-withholding accounts, speed the time it takes to check individual income-tax returns, and enhance Idaho's "tax-discovery" process.

With one system tracking most taxes, the "tax discovery" staff can more easily find people who aren't paying certain taxes but should be, he says.

Idaho will have to pay for periodic upgrades to the system, such as an \$800,000 adaptation this year, he says. But Wilson thinks it's worth the investment over time.

"I'm convinced that there is no comparison between this product and the 'design-and-build' model we saw in other states," he says. "(Our) model requires you to maintain an ongoing relationship with the contractor, and there's a cost to that. But in the long run, we'll come out better."