



Lindsey M. Stepp
Commissioner

State of New Hampshire Department of Revenue Administration

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Ora M. LeMere
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FIS 22 355

October 3, 2022

The Honorable Karen Umberger, Chairman
Fiscal Committee of the General Court and

His Excellency, Governor Christopher T. Sununu
and the Honorable Council
State House
Concord, New Hampshire 03301

REQUESTED ACTION

Pursuant to RSA 14:30-a, VI, the Department of Revenue Administration (DRA) requests authorization to accept and expend funds in the amount of \$3,000,000 in American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) for RIMS Consultants (CORE21 software), effective upon Fiscal Committee and Governor and Council approval through June 30, 2023. This is an allowable use of ARPA SFRF funds under Section 602 (c)(1)(C) for provision of government services to the extent of the reduction in revenue. **100% Federal Funds.**

Funds are to be budgeted in FY2023 in the following account:

01-84-84-840010-26XX0000 ¹ DRA ARP CORE21 UPGRADE		
<u>CLASS</u>	<u>ACCOUNT</u>	<u>FY23 REQUESTED BUDGET</u>
EXPENDITURES		
038 – Software License / Maint.	500177	\$2,697,000
040 – Indirect Costs	500800	\$300,000
041 – Audit Fund Set Aside	500801	\$3,000
TOTAL EXPENSES		\$3,000,000
<u>SOURCE OF FUNDS</u>		
000 – Federal Funds	16-400338	\$3,000,000
TOTAL REVENUE		\$3,000,000

¹ All direct program costs will be accounted for using activity 00FRF602GS8401A and all administrative and indirect costs will be accounted for using activity 00FRF602GS8401Z. Accounting classifications may be subject to technical changes at the discretion of the Department of Administrative Services' Division of Accounting Services.

EXPLANATION

The State has experienced unprecedented pressure on its existing workforce, seeing staff shortages across agencies and increased wage competition with the private sector, as the negative effects of the COVID-19 health crisis continue to unfold. This reality has forced State agencies to attempt to operate with a high number of vacancies and find other means to adapt in order to achieve core responsibilities and required outcomes or deliverables.

This has resulted in the development of the State Workforce Efficiency Enhancement Program (SWEEP), an initiative focused on one-time investments in technology, systems, or other tools that will make it easier for State agencies to perform required functions over the long term as they adjust their roles and needs to the realities brought on by the pandemic and move toward a more sustainable staffing model that helps avoid burnout and encourages retention. This request is part of the overarching SWEEP effort.

This request will fund an upgrade of the core software used by the DRA's Revenue Information Management System (RIMS). On October 31, 2018, Governor and Council approved a contract between the DRA and FAST Enterprises LLC (FAST). This contract provides for the design and implementation of GenTax, a revenue information management system, for the DRA in three distinct implementation periods, together with ongoing maintenance and support. The RIMS implementation was successfully completed on time and on budget with the final phase going live in August 2021.

The RIMS system is used by the DRA, and also by taxpayers and tax practitioners through the online web portal Granite Tax Connect (GTC). RIMS and GTC have modernized the way the DRA performs much of its work and how the DRA interacts with its constituents. The implementation of RIMS and GTC have been well received by DRA staff as well as the taxpayer community and the DRA aims to continuously improve on software's efficiencies and effectiveness.

The FAST Core software on which RIMS is based receives new functionality and enhanced user interface improvements with each new version. Upgrading to a new core version (Core21) allows for FAST to implement new industry standards for Revenue Administration and to remove custom code/configuration from the site implementation of GenTax/RIMS, resulting in more core functions which are used across the FAST client base. In addition, the Core21 upgrade increases the core COTS software footprint in RIMS while also allowing FAST and DoIT developers to remove configuration or code built specifically for New Hampshire during the implementation of RIMS. Reduced custom/site-specific code means less of a site dependency on testing resources, consulting, and coding to correct site bugs, error logging, and management and will allow for more efficient implementation of future software upgrades. Ultimately, in addition to

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the benefits for FAST/DoIT, there will be time savings for the business users (DRA) once implemented in production and all of the tax administration efficiencies are available. NH DRA is not the only state department of revenue that is experiencing workforce challenges and the Core21 product will allow all states to benefit from efficiencies identified across FAST client sites as we all try to do more with less.

Upgrading programming language, which is a feature of this investment, will not only improve the functionality of RIMS and increase the efficiency of coding, but may be seen as more desirable language for recruiting new developers within DRA/DoIT and allow DRA/DoIT to continue to support RIMS as opposed to solely outsourcing maintenance to the vendor. Existing maintenance costs will not increase as a result of the upgrade to Core21, thus this is a one-time expense.

Funds are budgeted as follows:

Class 038 – Software License / Maintenance –funds will be used for contracted services to provide upgrade and enhancements to the application as described above.

Class 040 – Indirect Costs – at a rate of 10%

Class 041 – Audit Fund Set-Aside – 1% of federal funds payable to DAS for audit fees.

In the event that Federal Funds are no longer available, General Funds will not be requested to support this program.

Respectfully submitted,



Lindsey M. Stepp
Commissioner of Revenue Administration