SENATE COMMITTEE ON FINANCE

March 1, 2022

- Department of Revenue – FY2022 Supplemental & FY2023 Request
- ARPA Funds – Tax Modernization

STATE OF RHODE ISLAND
DEPARTMENT OF REVENUE

DOR Accomplishments and Ongoing Initiatives

Office of Revenue Analysis (ORA):
- Madiha Zaffou is currently the Acting Chief of ORA after former Chief Paul Dion transitioned to a new position in the executive branch.
    - The position has been posted and we are actively recruiting to fill the role.
- ORA produced and published the following reports:
    - FY 2021 Unified Economic Development Report (UEDR).
    - FY2022 Tax Expenditures Report (TER).
    - Motion Picture Tax Credits (MPPTC) Evaluation.
    - Jobs Development Act (JDA) Evaluation.
- Reviewed all motor vehicle phase-out files for assessment date 12-31-2020
- Madiha Zaffou & Emily Fazio were selected again this year by the PEW Charitable Trusts to lead a roundtable discussion on tax incentives evaluation at the Society of Benefit Cost Analysis (SBCA) 2022 Annual Conference.

Lottery (RILOT):
- Through two years of the pandemic, the Lottery was never closed to the public.
    - Dedicated staff manned the customer windows to cash winning Lottery tickets and the sales team engaged retailers to ensure adequate instant tickets/supplies.
- Casino reopening has been safe, with no known community spread of COVID.
- Increased Instant Ticket sales by 9.4% and 19.5% during FY '20 and FY'21, respectively.
- Increased sports betting handle by 62% year-to-date FY '22.
- Negotiated multiple legal documents, with Bally's and IGT, related to the Marc Crisafulli Economic Development Act.

DOR Accomplishments and Ongoing Initiatives

Division of Motor Vehicles (DMV):
- Website modernized www.dmv.ri.gov.
- New Reservation system built and developed inhouse.
  - System simpler, more user friendly.
  - Capable of sending text or email reminders to customers.
- Servicing approximately same number of customers as pre-pandemic.
- Current average wait time 12-14 minutes, pre-pandemic 60-70 minutes average (approx. 75% reduction).
- RIMS milestones: 5,522,805 live customer transactions and 13,157,428 total transactions successfully completed since launch without a system failure.
- DMV, but for 2 days, remained open throughout the entire pandemic to provide service to our customers.
- Over 900 plate designs submitted for consideration by the public for our plate design contest.

Taxation:
- Website modernized www.tax.ri.gov
- Continuing to prioritize taxpayer services, enhance voluntary compliance, and increase responsiveness.
- Proactive outreach to all new businesses within ten days of registration to assist with any issues, using remote platforms to engage small businesses, other agencies, and tax professionals.
- Continuing to reach more taxpayers, with reduced wait-times, and better responsiveness even with resource and staffing challenges.
  - Reached over 15,000 more taxpayers in FY 21, with fewer walk-ins, almost 21K more emails answered—most within 2 business days.

Division of Municipal Finance (DMF):

- Website modernized www.municipalfinance.ri.gov as well as integration of www.data.ri.gov (Municipal Transparency Portal).
- Distributed over $130M in federal ARPA funds to municipalities.
- Evaluation of programs that impact over $1.0B in state aid.
- Implementing new workflows utilizing Microsoft Dynamics to enable a central portal for stakeholder data submissions.
    - PSCT (Public Service Corporation Tangible Tax) is the first program being rolled into the new system.
    - Administrative functions will be less burdensome utilizing the new system.
- Currently 8 of the 10 FTEs are filled and staffing levels continue to be a challenge.
    - Microsoft Dynamics was selected to alleviate some resource constraints.

Central Collections Unit (CCU):

- $1.5M collected in FY22 as of 2/28/2022 ($1.1M in GR)
- 115 civil cases filed in court ($144K revenue collected from court cases)
- $13,564.15 in restitution to employees
- Currently the sunset of the unit is set for June 30, 2023

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- **Modernize/Secure/Stabilize Tax Technology Infrastructure: Microsoft Azure Government Cloud Migration Project.**

  - Replace aging on-premise, end-of-life, infrastructure.
  - Optimization of State Tax Administration and Revenue System (STAARS) application platform and infrastructure scalability.
  - Compliance with IRS Pub 1075.
  - Multiple Stakeholder (RSI, DoIT, Tax/DOR), Multi-Year, Complex, State-of-the-Art Project.
  - Enhanced management and security.

- **Continue Innovation of Taxpayer Experience: PC/Cameras for Remote Taxpayer Engagement.**

- **Real Time Mail Tracking Will Aid Management of Taxpayer Communications/Resources.**

Estimated Fiscal Impact		
Initiative	**FY 2023**	**FY 2024**
Azure Government Cloud Migration	$677,500	$1,500,000
12 Monitors/External Cameras	$12,500	
Real-Time Mail Tracking System	$60,000	