

Sec. 56. Sec. 282 of No. 65 of the Acts of 2007, as amended by Sec. C.103 of No. 63 of the Acts of 2011, as amended by Sec. 65 of No. 1 of the Acts of 2013, is further amended to read:

Sec. 282. TAX COMPUTER SYSTEM MODERNIZATION FUND

(a) Creation of fund.

(1) There is established the tax computer system modernization special fund to consist of:

(A) The tax receipts received as a direct result of the data warehouse project initiated by the department of taxes beginning in calendar year 2011; and

(B) Eighty percent of tax receipts received as a direct result of the data sharing and comparison project between the Vermont department of labor and the department of taxes relative to entity and employee filings at both departments and/or lack thereof; and

(C) The incremental tax receipts received as a direct result of the implementation of the integrated tax system beginning in calendar year 2014, including any additional data warehouse modules. The Commissioner of Finance and Management shall approve baseline tax receipts in order to measure the increment from the new integrated tax system.

(2) Balances in the fund shall be administered by the department of taxes and used for the exclusive purposes of funding: A) ancillary development of information technology systems necessary for implementation and continued operation of the data warehouse project; B) payments due to the vendor under the data warehouse project contract; C) enhanced compliance costs related to the data warehouse project; D) planning for an integrated tax system solution, including present-day analysis of business case and business requirements, requests for proposals and due diligence; ~~and E) the next phase implementation~~ of tax types and any additional data warehouse modules into the selected integrated tax system solution; and F) a micro-simulation model for use by the department of taxes and the joint fiscal office. All balances in the fund at the end of any fiscal year shall be carried forward and remain part of the fund. Interest earned by the fund shall be deposited into the fund. This fund is established in the state treasury pursuant to 32 V.S.A. chapter 7, subchapter 5.

(b) Appropriation.

(1) There is appropriated in fiscal year 2008 from the special fund the sum of up to \$7,800,000 to the department of taxes for the purposes described in subdivision (a)(2) of this section. The commissioner shall anticipate receipts in accordance with 32 V.S.A. § 588(4)(C).

(c) Transfer.

(1) Twenty percent of the tax receipts received pursuant to subdivision (a)(1)(A) of this section after payment to the vendor under the data warehouse contract shall be transferred to the general fund annually for the duration of that contract. Thereafter, 20 percent of the tax receipts received pursuant to subdivision (a)(1)(A) shall be transferred to the general fund annually until the expiration of the tax computer system modernization fund.

(2) Twenty percent of the incremental tax receipts calculated pursuant to subdivision (a)(1)(C) shall be transferred to the general fund annually until the expiration of the tax computer modernization fund.

(d) Fund to terminate.

(1) This fund shall terminate on July 1, 2018 2024, provided that all amounts due pursuant to contract with the vendor of an integrated tax solution referenced in subdivision (a)(1)(C) of this section have been paid and any unexpended unencumbered balance in the fund shall be transferred to the general fund.

Sec. 56a. REPORT ON INTEGRATED TAX SYSTEM CONTRACT

(1) At the July 2014, meeting of the joint fiscal committee the commissioners of finance and tax shall jointly report on the integrated tax system contract including the following:

A. The implementation and payment schedules. The contract anticipates a six year implementation period with payment made over ten years. Implementation of corporate and business income tax processing will occur in year one; sales and use, meals and rooms tax processing in year two; personal income tax processing in year three; all remaining tax processing in year three with two additional years of warranty and support. The six year contract implementation, warranty and support cost of \$29,002,211 is paid out only to the extent that deliverables and milestones are accepted by the state, and sufficient incremental tax receipts directly attributable to the contract are generated over the ten year contract period through 2023.

B. The schedule for the implementation of and payment for Chainbridge software, currently anticipated to be paid out of the fund at a contract price of \$278,265 for implementation and \$297,000 for updates.

C. The results of the independent review of the contract, the experience of other states with the vendor, the methodology and timeline for deliverables and milestones in the contract, and the methodology for establishing baselines for measuring incremental tax receipts directly attributable to the contract.