

News Release

June 30, 2008 - Department of Taxation Moving Forward with Technology Modernization Project

COLUMBUS, Ohio – The Ohio Department of Taxation is moving forward with a major technology upgrade designed to increase the scope of customer services, the efficiency of operations, and the effectiveness of tax collections.

Over the next four-and-a-half years, the upgrade will replace the department's 27 existing computer systems, some dating back to the 1980s, with a coordinated package of hardware and software called STARS, or the State Taxation Accounting and Revenue System.

“This project is a critical investment for the future of the department and a significant commitment to building a more effective, efficient operation.” Ohio Tax Commissioner Richard A. Levin said.

The department estimates that the project will more than pay for itself by reducing costs and increasing revenue collections.

During the first of six phases, the STARS project will replace the computer systems that help administer the state sales and use tax, the corporation franchise tax, and employer withholding for state and school district income taxes. Phase One changes are scheduled for completion by the end of 2009; computer systems supporting all the remaining taxes are scheduled to come online by the end of 2012.

STARS is expected to generate a \$271 million return on investment during the first six years of operations through a combination of reduced expenses and more efficient tax collections. The new system is also expected to greatly expand customer service options, including the potential for taxpayers to directly access and manage their tax accounts.

The Ohio General Assembly approved the project last year in House Bill 119, the two-year operating budget bill. The project cost, estimated at \$53.5 million, will be financed as a capital expense through the use of certificates of participation.

The department, in collaboration with the Ohio Office of Information Technology, recently awarded a contract for STARS to a vendor team lead by EDS, the Texas-based technology firm. Other vendors on the team include Oracle, CGI and Menya Communications.

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