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RV23 CEDAR Special Event Application

State of South Dakota
Department of Revenue
and
Bureau of Information and Telecommunications

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Executive Summary

The South Dakota Department of Revenue (SDDOR) is responsible for collecting all taxes required by law and ensuring fairness by enforcing tax compliance of all businesses. Mobile vendors offering services and wares at special events challenge the processes and procedures developed to ensure compliance of fixed location businesses. SDDOR sought an improvement that would permit staff to address mobile vendors utilizing the processes and technology underlying the services provided to fixed-location businesses.

SDDOR utilizes an in-house developed central tax processing and collection system, RV23 CEDAR (Capitalizing on Efficiency and Data Accelerating Revenue), to administer and account for all taxes owed the state. RV23 CEDAR supports processes for licensing, tax return and payment processing, tax discovery and compliance. The system provides for audit and collection case management of these businesses and the orderly disbursement of collected taxes to local units of governments.

Businesses may elect to market merchandise or services at a variety of “Special Events” across the State -- the Sturgis Motorcycle Rally, State Fair, Black Hills Stock Show and Rodeo, Brookings Arts Festival, and hundreds of others. SDDOR processes used to successfully collect taxes remitted by fixed-site business were inadequate to support mobile vendors. SDDOR had augmented standard processes with a variety of manual processes to address these challenges. Yet the resulting effort remained plagued with processing delays, increased errors, and demands for additional resources. Treating each event as a unique entity exacerbated these issues and led to confusion by businesses trying to comply with regulations.

The RV23 CEDAR Special Event Application was developed to allow for the efficient, consistent licensing and tax remittance of mobile vendors serving special events by providing for real-time interaction with the central tax collection system and allowing SDDOR staff across the state to access information regarding vendors from their desk or in the field.

Although increased tax compliance and collection of tax dollars is one benefit of this project, the major return realized is the use of consistent practices, streamlined processes, reduction of processing and staff time, immediate access to accurate and current data, faster licensing and payment collections, and trust from vendors that all are subject to the same regulations and expectations. One application supporting all special events and integrated with the central system reduces confusion and frustration for the vendors and SDDOR field staff.

Concept

At Special Events mobile vendors have the opportunity to offer services and wares subject to sales tax. These events last from one to several days and occur in various venues. For a variety of reasons, these activities have challenged Department of Revenue (SDDOR) staff to ensure tax compliance:

- Mobile vendors tend to be more transient and lack a permanent presence in South Dakota.
- Vendors may sell items at one event, neglect to report the sales and/or remit the tax collected on these sales and move on to attend another event.
- Lack of real time communication between SDDOR field staff at the event and the main SDDOR office.
- Manual processes forced staff to “reinvent the wheel” for each event.
- Vendors were sometimes vexed with inconsistent processes among events.

To efficiently resolve these issues SDDOR elected to create a local desktop application and mobile application, each of which communicate with RV23 CEDAR, the internally developed central tax processing and collection system.

- The local desktop application provides an interface to the central system with a customized view of only special event licensing and collection information. If connectivity issues occur at an event, data can be stored locally and synchronized at a later time. The application features:
 - Real time access to field agent data
 - Detailed reports of vendor licensing and collection status
 - Ability to print license cards, receipts, and bank deposit slips at the event
 - Remote monitoring for management and central accounting
- The mobile application uses synchronization features and GIS mapping technology to allow field agents to confirm vendor locations, upload photographs, incorporate notes regarding licensed vendors, and to add data and locations of unlicensed vendors by:
 - Accurately recording vendor location through GIS
 - Geocodes the local address provided during the licensing process
 - Utilizing GPS to more accurately specify location, if necessary
 - Providing easy access to vendor license status (licensed, unlicensed, delinquent, needs visit)
 - Synchronizing notes, photos, and information across platforms
 - Allowing office staff to quickly license any unlicensed vendors identified by field agents

This project evolved from an application developed to address the needs of SDDOR to license and monitor vendors at the 75th annual Sturgis Motorcycle Rally in 2015. Although this early application accommodated limited GIS functionality and mobility, it did not integrate with the

central tax system (RV23 CEDAR) and functioned as a stand-alone application designed solely for one event. Despite the limitations of this application, the modest efficiency gains led SDDOR to realize a more functional application integrated with the RV23 CEDAR system could be utilized across all special events and would yield greater efficiencies and savings.

Significance

The RV23 CEDAR Special Event application provides a solution to the challenge of automating and incorporating special events tax compliance processes into a successful automated central tax collection system already familiar to many, ensuring uniformity and consistency for vendors.

Although the tax collected as a result of vendor sales at special events is but a small portion of tax collected by SDDOR, these events cannot be ignored. SDDOR strives to ensure businesses view their role in tax collection as a partnership where fair and equal processes provide no advantage to competitors. Tax collection regulations must be applied uniformly and consistently to transient vendors and “brick and mortar” businesses alike.

SDDOR bears the administrative burden of collecting sales tax on behalf of local municipalities and is occasionally pressured by local governments to ensure special event vendors are compliant with state and local tax collection requirements.

Prior to the implementation of the RV23 CEDAR Special Event application, licensing and collection reporting information for special event vendors was maintained in disparate stand-alone databases at SDDOR field offices. Staff from one office were unable to access the data maintained by other offices and were, consequently, unaware of the complete sales or reporting history of migratory vendors traveling the state and perhaps occasionally collecting tax that was never reported or remitted to state coffers.

Real-time Integration of Special Event data with RV23 CEDAR allows SDDOR staff to utilize the Licensing, Reporting, Collection Activity, Automated Billing Notices, Audit & Collection Case Management, Penalty and Interest Assessment, Cash Controls, and other features incorporated into the CEDAR system. This integration provides all SDDOR staff access to real time data regarding all vendors allowing compliance issues to be timely addressed. Integration also allows vendors to report sales and to electronically remit taxes collected.

Impact

The RV23 CEDAR Special Event Application is designed to provide a set of common, uniform, consistent process offering real-time interactive support of SDDOR efforts at the hundreds of special events held throughout the state. Improvements resulting from this project include:

- Vendors experience consistent customer service when attending various special events.
- Enables on-site sales reporting and remittance of taxes collected at any event.

- Reduces vendor wait time by streamlining processes.
- Real time data access facilitates communication between vendors and Revenue staff.
- Eliminates duplication of effort by both vendor and Revenue staff.
- Consistent data collection and improved reporting accuracy for all special events.
- Revenue agents can easily locate and engage with vendors to promote compliance.
- Application is transferable across all events, regardless of size or frequency.
- Transient vendors can easily remit taxes at the special event.
- Vendor tracking and monitoring to increase compliance.
- Utilizes standard, accepted central system processes to improve integrity of special events data.
- Provides historical data for planning support requirements of future events.
- Allows the central remittance center to encode individual returns for each business at the special event.