



FTA Awards Nomination/Entry Form

Person who led this effort or project

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About your program, idea, or project

Name your program, idea, or project: Automated Destination Based Sourcing Address Tools

What is the problem that you wanted to solve? Following the US Supreme Court's Wayfair decision of 2018, New Mexico enacted destination-based sourcing of its gross receipts tax. Taxpayers must report GRT where their goods or services are delivered. The sourcing requirements apply to both in-state businesses and those based elsewhere.

Although the Department initially provided a mapping tool that allowed taxpayers to enter addresses to determine destination codes and tax rates, the Department received feedback from businesses who found it too burdensome to manually look up each address. Taxpayers needed an efficient way to determine destinations for large volumes of e-commerce transactions.

Who was involved in addressing the problem? New Mexico Taxation & Revenue Department - Mike Baca, Chief Information Officer; Darshana Kanabar, Deputy Chief Information Officer; Larry Brotman, GIS Coordinator Ragha Mulakala, OCIO Manager; Srinivas Dommarlap, Application Developer; Joseph Cahil, Application Developer

University of New Mexico's Earth Data Analysis Center (EDAC) - Shirley Baros, Director; Brian Keller, GIS Program Manager; Hays Barrett, Developer

Local business representatives

How did they go about finding a solution? When the Department received feedback from frustrated businesses, we had internal discussions with the Information Technology (IT) team. The IT team analyzed various ways of utilizing or enhancing existing services to assist taxpayers. We determined we could combine the Department's GIS layer for gross receipts tax location codes and tax rates with GIS data available through the University of New Mexico's Earth Data Analysis Center (EDAC) to create automated, bulk location look up tools.

Describe the outcome. What is the new idea, approach, program, or activity?

The Department invited key constituents who had given pointed feedback to participate in designing and testing the new tools. After considering all options, we settled on two distinct areas where we could create tools to help businesses comply with destination-based sourcing.

The team developed two exciting tools to reduce the burden on taxpayers of destination-based sourcing.

First, a new Application Programming Interface (API) was built for automated e-commerce address/code/rate matching. The API allows an internet web service that takes an address input from an e-commerce application and returns a tax rate based on the respective location code for that address.

Second, we created a streamlined tool for taxpayers to upload a bulk set of addresses and receive back matched location codes and tax rates. The bulk upload enables taxpayers to submit a large batch of addresses in spreadsheet format, and receive an output that contains Location Code and base GRT rate for each address submitted. This eliminates the need for taxpayers to manually enter individual addresses into our initial mapping tool.

What has changed since this was implemented? How have your operations improved? Include any data, analytics or metrics that would show the value of your program. Don't forget management advantages such as improved morale.

Both the API and the bulk file upload immediately received praise from both taxpayers and the senior policymakers. The new tools were highlighted in legislative hearings on bills that were seeking to exempt certain industries from destination-based sourcing; ultimately, those bills did not pass in part due to the new tools being available.

While it's too early to demonstrate detailed performance metrics, we do have direct feedback from those taxpayers leveraging the new tools, and their feedback is phenomenal. Our constituents have praised us for listening and recognizing the need, involving them in the development of the tools, and the quick roll out of the tools.

Is there any component of your program that makes it workable only in your state or city?

Another agency with a similar tax type or this kind of problem could adapt or adopt this idea.

Is this an in-house project, or did you partner with an outside vendor or service-provider?

It's complicated. See details below.

Additional information or comments about your usage of outside vendors or service providers.

The collaboration between the Department and the University of New Mexico is a perfect example of how government agencies that work together can create innovation that improves quality of life for our constituents. By leveraging resources and intellectual capital that already exists within Tax & Rev and the University of New Mexico's Earth Data Analysis Center, we were able to solve immediate real-world challenges that benefit our local

business community. The tools are also expected to improve taxpayer compliance, reducing future needs for audit, collections, protests and litigation.

In addition, New Mexico's community of taxpayers participated in the efforts and helped create a truly focused and streamlined solution. The basic foundation of the tools' success was already in place thanks to many years of public and private collaborations involving our State's GIS community and our State's GIS clearinghouse.

What comes next – will you be adding to your program, rolling it out more widely, trying additional approaches?

The Department will continue to leverage past success and build on existing systems to meet newer demands that may come next. Our foundational GIS layers have proved themselves an excellent gateway to improved services and policy. We will continue to listen to our tax community and, as resources allow, enhance existing systems and roll out new tools.

Additional Optional Materials

Website/Documentation URL (Must be publicly accessible)

An explanation of the tools and how to use them is available on the GIS Data Files and Tools page at tax.newmexico.gov. To find the tools from the website's home page, open the "Businesses" menu and choose "GIS Data Files and Tools" in the "Online Services" column.