Franklin County
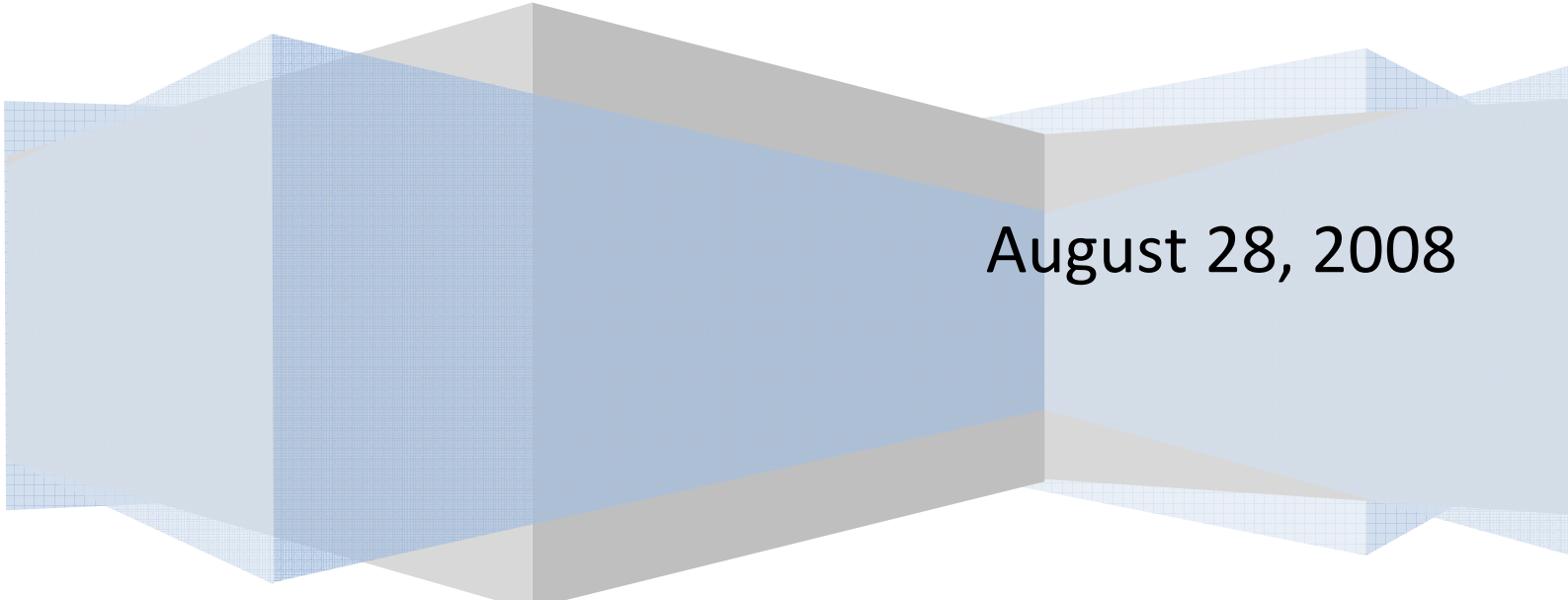
Centralized Property Tax Administration Program Study

For a centralized Collection Database

August 28, 2008

Franklin County Study prepared by Allen Tunnell Corporation

I.   Executive Summary

A.   Current Collection System

The current collection system for Franklin County consists of individual taxing jurisdictions that receive taxes, and record payment information. Most of the collecting agencies in the County use a "manual system", whereby notations regarding payments are made on the printed tax rolls. Nine collectors have a computer and software to assist them. There is no centralized database.

A taxpayer must pay a full payment. A penalty is assessed for payments beyond the first collection period, up to the last legal day of collection.

The County collects payments for corporations and special franchises.

At the end of collection, Tax collectors manually balance their tax rolls using a "reconciliation work sheet" and a register tape of the "unpaid" parcels. The County manually enters unpaid parcel data into a tax collection module from New World software.

For nine collectors with a computer system, an unpaid report is printed; however, the tax roll is still marked and is balanced in the same manner as manual collections, and unpaids are still manually entered into the New World system.

Article 11 processing is largely a manual operation with the assistance of spreadsheets.

Installment contracts are handled manually with the assistance of spreadsheets.

B.   Recommendations

A totally integrated tax collection system with software from a single vendor is recommended. By using a single vendor, training and support will be simplified, costs will be reduced based on economies of scale, manual operations that are currently required will be eliminated, and the collection process will be the same regardless of where the payment is made, i.e., at the municipality/school or at the County tax collection office. The single vendor approach is recommended by NYS ORPS.

The integrated tax collection system should have a countywide, tax collection database residing at the County. Schools/municipalities should be required to send collection data to the County on a daily basis, so that paid/unpaid tax rolls can be displayed on the Internet, in a non-restrictive manner, so that the public has easy access to paid/unpaid tax rolls. This will reduce phone calls into schools, municipalities, and the County.
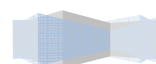
It is recognized that there are current restrictions that prevent the County from collecting municipal tax payments during the period of time where municipalities collect taxes. We recommend that NY State legislation be explored to eliminate this restriction.

It is also recommended that bill printing be integrated into the centralized tax database system. Bill printing should include barcodes on bills and should allow an interface into a validated-address system such as the Pitney Bowes mailing system.

As part of this single vendor system, it is recommended that the installment contract system interface to the Countywide, centralized tax database to reduce errors when entering contracts.

A prototype "school collection" is recommended as part of the centralized tax database effort, to determine the feasibility for countywide tax collection. The County has legal authority to collect school taxes at the County.

A specification for a single vendor, centralized tax database system is part of this study. The County at its option may go out for bids, based on this specification, or may contract directly with a vendor for professional services to implement a centralized tax database system.

Since the majority of the collections within the County are manual collections, the specification will include requirements for software for the school/municipal portion. As part of these requirements, layouts for required daily data transfers will be given. School/Municipal collections will be required to transfer payment, apportionment, and parcel change data to the County on a daily basis to keep the centralized database current.

The software being used at the nine collections that have a computerized collection system, should also be required to transfer data to the centralized tax database using data formats as specified by the County. Should changes to existing software be expensive or impractical, the County should provide compatible software to these collections at no charge.

It is recommended that the County initiate a dialog with the existing municipal software vendor to determine the costs, practicality, and time schedule to provide the required data transfer files.

Note that in cases where a municipality has no Internet access, file transfers should be via CD mailed to the County. The centralized tax database software at the County should have the ability to accept data via FTP, email, or CD.
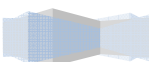
II.   Existing Database System

A.   Current Taxes – discussion

1.   Data Flow Diagrams
See Appendix A

2.   Identified Manual Operations
The current tax collection system has several manual operations:

(a.) Tax collectors, with the exception of a few collecting agencies, collect taxes manually. When a payment is received, the tax roll is marked with the date, the amount received, and the "paid by" information.

(b.) Unpaid parcels are manually entered into a delinquency system. The annotated tax rolls are used as the source for the data.

(c.) Prior years bills cannot be re-printed; but, must be manually retrieved from the archives.

(d.) Prior years tax rolls must be manually retrieved from the archives.

3.   Access to historical data
Historical data is not available for any parcel in a single report. To research historical data for a parcel, archived tax rolls must be retrieved and copied. If data for multiple years is required for a parcel, then multiple tax roll documents must be retrieved and copied.

4.   Notes about Current Collection System

a)   At the County

(1)   Number of Parcels:
31,100 estimated

(2)   Type of Database and Current Software:
Spreadsheets, New World – tax collection module on the AS400 system.

The County collects school taxes through the end of November. On or about December 1 of each year, unpaid school taxes are relevied on the January town/county tax bills.

The County collects delinquencies in the tax collection module of their New World software.
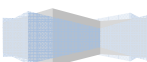
(3)   Data Housing:
Printed tax rolls are maintained for historical purposes. Delinquent information for multiple years is maintained in the New World system on the AS400 system and payments made on delinquent parcels are also maintained.

The County has no electronic records for parcels that have been paid at the school or municipality.

(4)   Data Maintenance
Multiple staff members maintain delinquent data.

(5)   Payment Methods:
Cash, check, money order, or certified funds. Checks are scanned into an ACH scanner for immediate deposit and clearing.

(6)   Barcode Scanning:
None

(7)   Backup & Security:
Individual user codes and passwords
System is backed up on tape nightly.

(8)   Internet Access:
There is no tax data available on the Internet.

(9)   Data Integrity:
Data Integrity and accuracy can be an issue since delinquent data is manually entered from school/municipal tax rolls. There are password restrictions that allow only specified users to change data.

(10)   Support:
The treasurer's office supports itself except for the New World tax collection module. New World supports that module.

(11)   Costs:

Annual maintenance fee is $5,300 for the tax collection module from New World.
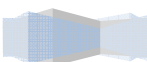
b) ***At Collection Points***

(1) High Speed Internet
At most collection points; but, not all

(2) Description of Municipality/School Collection

(a) *Collection Process:*
Taxes are collected manually at most of the collecting agencies. The tax collector annotates the tax roll (provided by Franklin County) with the date paid, amount paid, and "paid by" information. For agencies that have computer software, the software is used to record payment information and balance daily batches to a cash drawer; however, the tax rolls are still annotated with the same information as a manual collection.

At the end of collection, unpaid data is manuallyentered into a database at the County. This database contains only unpaid parcels.

(b) *Data Maintenance:*
For the majority of collectors in Franklin County, there is no data maintenance. Records consist of an annotated tax roll.

(c) *Payment Methods:*
Cash, check, money order, or certified funds.

(d) *Escrow Company Payments*
Manually entered for the majority of collectors.
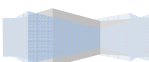
(e) *Barcode Scanning:*
None

(f) *Backup & Security:*
There are no backups or security except for the few collectors who have a computer and software. Collectors with a computer and software back up their own data. Backup medium is unknown.
Should a fire occur in a school/municipal tax collection office during the collection cycle, tax collection records could be lost.

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(g)   Internet Access:
There is no data on the Internet. Tax rolls are not accessible on the internet.

(h)   Data Integrity:
Data integrity is an issue. Errors are made when manually marking the tax rolls. Errors are caught when the County accepts the returned tax rolls and balances them.

(i)   Support:
Via telephone to the treasurer's office

(j)   Costs:
see attached table

B.   Delinquent Tax Collection – discussion

1.   Installment Contracts
Installment contracts are handled manually. Manual documents are prepared and maintained.

2.   Article 11 Process
Article 11 data is maintained in an Access database. Most mailings and documents are handled manually.

3.   Delinquent Payments
Delinquent parcels are manually entered in to a tax payment module within the New World software, accounting system, on the AS400 system. Payments are made into this system.

4.   Online Payment of Delinquencies
There is no online payment of delinquencies.

III.   Proposed Centralized Database System

A.   Proposed System – discussion
We recommend that a countywide, centralized database system be implemented based on one of the existing models in New York State. The recommended system consists of the following: County Payment/Delinquency/Foreclosures, Internet display, Internet payments, Installment Contract processing, and Municipal/School payment program. To benefit from economies of scale, simplified training, and ease of support, we recommend that a single vendor be used for the entire system. Please refer to the diagram "Automated, Centralized Tax Collection System".
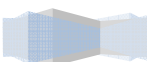
With the proposed system, a centralized database resides at the County. The County collects delinquencies and installment contract payments, and full payments for school "current taxes"; while, the municipalities collect full payments. The municipal collectors transfer payment and property change data to the County at the end of each day.

The municipal collectors receive data CDs from the mortgage companies which are automatically loaded into their systems.

Manual operations identified in the current system will be eliminated.

Article 11 processing is handled by automated software at the County.

At some time in the future, the County could generate bar-coded tax bill files which would go into a Pitney Bowes or a similar Address Validation and printing system. By using this system, addresses could be validated before bills are printed. This would reduce the cost of postage for returned bills; and since bills are printed in carrier route order, the lowest available postage rate would be used for first class mailing of the bills. Bills would not be mailed to addresses that cannot be validated, saving postage.

Reference: Appendix B

B.   Implementation Plan

A detailed Request for Proposal for a County Wide Centralized Database system will be prepared and forwarded to several vendors, or the County can contract with a vendor for professional services as has been done in other counties (i.e. St. Lawrence and Sullivan Counties). Upon selection of a suitable vendor, the following implementation steps will be taken:

- August, first week 2008 – Brushton-Moira school to be installed, used for Fall Collection, as a prototype for the centralized tax database and for countywide tax collection.
- November/December 2008 – Install town collection software, as required, into 2 towns, hold training session for those 2 towns.
- January 2009 – turn on the on-line credit card payment system for those 2 towns.
- February 2009 – Install centralized database and delinquency software, article 11, and contract program at the County. Convert delinquency data from current system and load into the new system.
- March 2009 –accept daily data transfers from towns.
- August 2009 – Set up the County software to collect tax payments from the remaining schools.

C.   Legislation Required

- County legislation to allow the County to collect any current, municipal payment.
- State legislation to allow tax bills to be sent electronically to taxpayers via email.
- State Legislation to require education and a professional background for tax collectors. Currently anyone can run for or request an appointment to be the tax collector for a town, village or school district. Some of these collectors may not have any financial background or technical experience in the collection and balancing of millions of tax dollars.