Tioga County

Centralized Property Tax Administration Program Study

For a Centralized Tax Collection Database

Revision 2

10/24/2008

Tioga County Study prepared by George Allen, Consultant

I. Executive Summary

This Study has been prepared by George Allen, Consultant, for The Treasurer of Tioga County, to fulfill the requirements of the Tax Collection Database Study, under the NYS CPTAP Centralized Property Tax Administration Program.[1] A grant has been provided to Tioga County to cover a study to achieve a countywide database for property tax collection/enforcement.

This study documents the current systems in place, itemizes areas of issue, and makes recommendations on how to achieve a countywide, Centralized Tax Database.

A. Current Collection System

The current collection system for Tioga County consists of individual taxing jurisdictions for schools, towns, and villages that receive taxes and record payment information both via software and manual systems. Tioga County has no cities.

The following is a summary of manual/software oriented collections[2]:

Manual Collections	6
Unable to contact	2
Software based Collections	17
BAS	3
Allen Tunnell Corporation	2
BOCES	6
Infomatic	2
Harris	1
Williamson Law Book	1

[1] http://www.orps.state.ny.us/cptap/index.cfm
[2] Appendix A contains the details

A taxpayer must pay a full payment with a penalty being assessed for payments beyond the first collection period, up to the last legal day of collection. For the Town of Owego the last day of collection is April 30, while for the remaining towns, the last day of collection is May 31. Schools collect from September 1st thru the end of October. Villages collect from June 1st to the end of October. The county does not collect school taxes in November.

The County collects payments for corporations and special franchises.

At the end of collection, tax collectors manually balance their tax rolls and provide either a marked tax roll or an unpaid tax roll report. Town collectors also provide "paid receipts" to the County. The County manually enters unpaid parcel data into a County-written tax delinquency program on the AS400.

There is no centralized tax database at Tioga County. At any given point in time, a tax researcher would have to visit the county, village, school, and town tax offices to get current tax data. Historical data for paid taxes is maintained on returned tax rolls. Historical data for delinquencies can be retrieved from the software on the AS400 system. There are problems contacting some village offices. You call; but, nobody is home.

Currently, there are 6 different software vendors at schools/municipalities in Tioga County.[3] From a "Centralized Tax Database" standpoint, this is unworkable. It would be virtually impossible to get all 6 vendors to send daily payment/parcel-change files, in a standard format, to the county for inclusion in a Centralized Tax Database.

Another issue that was noticed is that the software to handle accounting for delinquent parcels is "home written" on the IBM AS400. The AS400 was introduced in the late 1980's and has been discontinued. While there are AS400 programmers around, the AS400 programmer population is dwindling. There is a strong risk that the current delinquency software may at some point, in the near future, become un-maintainable by the county.

[3]Tax Collection Software vendors in Tioga County: Allen Tunnell Corporation, BAS, BOCES, Harris, Infomatic, Williamson Law Book

The software industry, in general, has migrated to Microsoft Window's based platforms. State of the art software, with programmers to maintain it, is readily available and in most cases is "off the shelf" for tax collection and "Centralized Tax Database" applications.

Note that Dryden CSD and Ithaca CSD have but a few parcels in Tioga County. Dryden CSD has 26 parcels, Ithaca CSD has 71. Arrangements will have to be made to get a periodic transaction file from BOCES for these school districts.

B. Recommendations

A Centralized Tax Collection system with Centralized Tax Collection Software is recommended.[4] The Centralized Tax Database would hold current taxes from schools/municipalities as well as tax data for delinquent parcels. This Database would hold both a paid/unpaid history for current and delinquent parcels. The data would be posted to the internet on a daily basis for public access.

By using a Centralized Tax Database with Centralized Tax Collection software, "fiscal savings can be realized and cooperation among local officials can expand"[5], 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.

An integrated, countywide, Centralized Tax Database system should be implemented 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, for easy public access to paid/unpaid tax rolls. This will reduce phone calls into schools, municipalities, and the County, and eliminate the problem that taxpayers might experience now, where "nobody is home" at many tax offices except during very limited hours.

While not a specific requirement of the ORPS "Centralized Tax Database Study", it is clear that costs-for-collection can be reduced by implementing a countywide

[4] http://www.orps.state.ny.us/cptap/resources/taxCollectionWorkshopV2.pdf, p. 6.
[5] Op. cit.

tax collection operation. The Town of Owego collects the majority of town taxes within the county. All of the other towns and villages have tax collectors (some are clerk/collectors) on the payroll. If tax collectors, outside of the Town of Owego, are eliminated, there would be significant cost savings, with little increase in county expenditures.

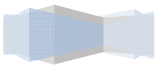
It is recognized that collection jurisdictions that have installed software will be reticent to change software to accommodate a centralized database system; however, it will be less costly to change software than it will be to make changes to the Common Centralized Tax Database system to accept data in 6 different formats. It will be virtually impossible to get 6 different vendors to provide daily transfer files in a common format. Resistance to change can be overcome if the county pays for the yearly maintenance as well as for the new software.

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.

A specification for a Centralized Tax Database system, with Centralized Tax Collection Software, is part of this study. When implemented, it will provide the benefits as stated by ORPS.[6] 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 this specification.

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.



[6] http://www.orps.state.ny.us/cptap/resources/taxCollectionWorkshopV2.pdf, pp. 6-8

1. Benefits to the Recommendations

a. ***There will be no initial cost to Tioga County*** to implement a Centralized Tax Database, upgrade software, and improve the way that the county and municipalities/schools collect taxes. Yearly maintenance fees for following years should be no greater than current fees and most likely will go down. St. Lawrence County and Sullivan County counties, among others, have seen substantial cost reductions with a Centralized Tax Database and common tax collection software, and have seen improved collection rates.

b. The public will benefit by having all tax information available, on-line, for instant access. It will not be necessary for anyone researching taxes to have to contact multiple taxing jurisdictions to get tax information as must be done with our current system.

c. With an automated Article 11 (Foreclosure) system, accurate foreclosure information will be available, timely decisions may be made by county management, and fewer errors will occur.

d. Automated mailings can be made to delinquent taxpayers resulting in faster payments of delinquent taxes and increased payment rates for delinquent taxes.

e. By installing software into taxing jurisdictions that are collecting taxes manually, accuracy will be improved, and manpower requirements will be reduced.

f. By utilizing standardized software throughout the county, economies of scale will cause yearly software maintenance costs to be reduced.

g. A minimal effort will be required in jurisdictions where "consolidation of services" is desired. The County or a selected taxing jurisdiction can collect for other jurisdictions with corresponding reductions in maintenance and reduction of personnel. With increasing tax requirements in a rapidly faltering economy, "consolidation of

services" such as assessing and tax collection must be encouraged in order to reduce the cost of tax collection.

2. Issues Regarding the Recommendations

a. Independent collectors may feel that their jobs are threatened, may be resistant to change, and may be reluctant to cooperate.

b. Collectors who are currently collecting manually, and are unfamiliar with computers, may be reticent to use a computer system. This is common with smaller villages.

c. For jurisdictions that collect taxes manually, there will be an increase in cost due to the requirement for yearly maintenance and support fees. While the county can provide software and little or no cost under license, these jurisdictions will have to buy a computer system if they do not already have one.

d. Collectors who currently use software to collect taxes may be resistant to installing new software even if the County provides the software at no cost and shows a cost savings for maintenance in future years.

II. Existing Database System

A. Current Taxes – discussion

1. Data Flow Diagrams

See Appendix B

2. Identified Manual Operations

The current tax collection system has several manual operations:

(a.) At least 6 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 an AS400 based delinquency system. The AS400 does not hold information for "paid" parcels; however, does hold payment information for delinquencies that are paid. Annotated tax rolls are used as the source for paid/unpaid 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. Multiple taxing entities exacerbate the complexity of retrieving tax data for a given parcel.

4. Notes about Current Collection System

a) At the County

(1) Number of Parcels:

25,000 estimated

(2) Type of Database and Current Software:

"Home Grown" delinquency software on the AS400 system.

(3) Data Housing:

Printed tax rolls are maintained for historical purposes.

Delinquent information for multiple years is maintained in the "home grown" software on the

AS400 system. Payment data for payments made on delinquent parcels is 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.

(6) Barcode Scanning

None

(7) Backup & Security:

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.

(10) Support:

The treasurer's office supports itself. County programmers support the AS400 software.

(11) Costs:

Costs not available.

b) At Collection Points

(1) High Speed Internet

At all collection points. We do not have a response from the Town of Berkshire and the Village of Nichols.

(2) Description of Municipality/School Collection

(a) Collection Process:

Taxes are collected with software at most of the collecting agencies. At the end of collection, the tax collector provides receipts for all payments as well as a delinquent report where available. For agencies that have computer software, the software is used to record payment information and balance daily batches to a cash drawer.

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

(b) Data Maintenance:

For collectors with computer software, an electronic tax roll provides the data for the local database. Parcel changes and apportionments and made only to a local database.

(c) Payment Methods:

Cash, check, money order, or certified funds.

(d) Escrow Company Payments

Some software accepts Escrow Company Payments by electronic file; but, not all. BAS and Allen Tunnell Corporation accept escrow payment files. Schools that use a bank-lockbox don't worry about this as the bank enters in all payment data.

(e) Barcode Scanning:

None

(f) Backup & Security:

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, with a manual collection, during the collection cycle, tax collection records could be lost.

(g) Internet Access

Except for the Town of Owego and the Owego Free Academy (school), there is no data on the Internet. These two collections have tax tolls displayed on the internet for public access, at http://www.taxlookup.net.

(h) Data Integrity:

For manual collections, data integrity is an issue. Manually marked tax rolls are much more subject to error than computerized tax rolls.

(i) Support:

Via telephone to the treasurer's office

(j) Costs:

see appendix A

B. Delinquent Tax Collection – discussion

1. Installment Contracts

Installment contracts are only offered for bankruptcy protected parcels. They are manually tracked by case file.

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 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 Tax Database system be implemented based on one of the existing models in New York State, such as those used by St. Lawrence, Broome, and Sullivan Counties. The recommended system would offer the following capabilities: Delinquency payment and management, Foreclosure processing, Internet display of Current/Delinquent

parcels, Internet payment of taxes with credit card, Installment Contract processing, and a Municipal/School payment program. To benefit from economies of scale, simplified training, and ease of support, we recommend that Centralized Tax Collection Software be used for the entire system to achieve the benefits as itemized by NYS ORPS.[7]

Please refer to the diagram "Automated, Centralized Tax Collection System"[8].

With the proposed system, a Centralized Tax Database resides at the County. The County collects delinquencies and could offer installment contract payments. The municipalities collect full payments during their collection cycle and transfer payment and property change data to the county on a daily basis. The school/municipal collectors collect full payments during their collection cycle and transfer payment and property change data to the County at the end of each day. At the end of the day, an internet tax database is updated, by the County, with current and delinquent tax data.

Each collecting agency would also have a web site with current tax data so that taxpayers can pay current taxes by credit card.

The municipal collectors would receive data CDs or emailed files from the mortgage companies for loading into their systems.

Manual operations identified in the current system will be eliminated.

Article 11 processing would be 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.

[7] Op. cit.
[8] Appendix C

The first grant to Tioga County was $25,000 for the study. $7,500 has been allocated for the study, leaving a balance of $17,500. The implementation portion of the grant will be $25,000. It is our feeling that these plans may be implemented for the $42,500 remaining.

B. Request for Proposals, or In-House development

1. We recommend that Tioga County request RFP's from vendors to implement a Centralized Tax Database, as has been done in other counties (i.e. St. Lawrence , Broome, and Sullivan Counties). Upon selection of a suitable vendor, the following implementation steps will be taken.

2. An Alternate Approach to create a Centralized Tax Database

a. In House Development

Several Counties in New York State are undertaking "in house" development of a Centralized Tax Database using county employees to write software on a computer system that is in the County IT department. This approach should be considered to see if it is a cost effective alternate. With this approach, Tioga County would not use an outside vendor; but, would develop its own Centralized Tax Database system.

Should the County solicit bids, as recommended in section D, and get responses that appear to be unsatisfactory, the County could consider writing their own system.

This section outlines the primary efforts required, and gives approximate cost efforts in terms of "man-hours". At minimum, a CSEA grade of 23 would be required for the personnel participating in this effort, at a published rate of $26.42/hour.

b. Description of Centralized Tax Database, Software Items required

(1.) Set up and test an "SQL Server" and "Internet Page Display" server, such as "PHP" or Microsoft's Internet server.

40 hours

(2.) Define, prototype, and test, a proposed Centralized Tax Database, based on the current RPS database structure, using an in-house software development system.

160 hours

(3.) Define, prototype, and test, the internet display of this Centralized Tax Database on an in-house internet server using internet-software tools owned by the county. Set the system up to allow multiple, simultaneous, internet users to access the data. Optimize the "lookup" scheme for rapid access.

480 hours

(4.) Define, prototype, and test, interfaces to the Centralized Tax Database to accept data files from existing collection systems installed within Broome County. Data files must be accepted from the software vendors listed above. The data files must send parcel change data as well as transaction data so that correction of errors, small claims adjustments, as well as payments will appear in the centralized tax database.

320 hours

(5.) Provide SQL Queries to allow users to retrieve data from the Centralized Tax Database by "owner name", "parcel id", "street", "account number". Test.

80 hours

(6.) Create lookup screens so that data can be displayed on the internet. Lookup screens must be accessible from multiple, simultaneous users, and must show all property information as well as tax information for multiple years. "Printer Friendly" screens must be displayed so that users can print the tax information displayed. The capability to "click and print" must be provided. Screens must display property data, payment information, and paid-by information. Levy line and exemption data must be displayed.

320 hours

(7.) Provide a capability to calculate penalties based on a display date. Penalties must calculate on "balance due". Penalties and amounts due must show on the internet lookup screen.

200 hours

(8.) An administrative interface must be provided so that a school/municipal tax administrator can change screen titles, phone numbers, and the like. This capability must be password protected to keep unauthorized users from changing critical operational parameters.

200 hours

(9.) Overall Systems test of complete system, using data from multiple collections in multiple formats.

480 hours

(10.) Total Estimated costs to create a Centralized Tax Database similar to that use by the St. Lawrence, Broome, and Sullivan Counties

2280 man-hours x 26.42/hour=$60,237

If Tioga County wishes to take this approach, it is recommended that the in-house IT department provide estimates and costs to create a Centralized Tax Database with

public access capability that would duplicate the system used by St. Lawrence, Broome, and Sullivan Counties.

(11.) A Tax collection program for schools/municipalities
As part of the Centralized Tax Database system, common software is desired. Having participated in the development of a comprehensive tax collection program, I feel that the cost for the Information Technology department to develop a tax collection program suitable to use for schools/municipalities, would be in the range of $100,000 and would take about a year.

(12.) I recognize that several counties within New York State are developing their own software. I suggest that the County IT department be contacted to see if staff is available to develop a Centralized Tax Database system, including municipal/school collection, for the County. Note that if this route is chosen, an internal "contract" must be submitted to ORPS well before April 1, 2009, in order to get the second $25,000 in funding.

C. Implementation Plan

- January 2009 – Install the Centralized Tax Database with the Delinquency system at the county. Convert the data from the AS400 delinquency program into a readable file for loading into the Centralized Tax Database
- January 2009 – Install tax collection software into the Towns/Villages that have manual collections.
- March 2009 – Start accepting data transfers from the Town of Owego and towns that had manual collections.

- May 2009 – Install the article 11, and contract program at the County.
- June 2009 – work with BOCES to accept data files from schools using their software
- September 2009 – start data transfers from all schools into the Centralized Tax Database
- Fall 2009 – start replacing remaining town/village collection software with the common software used throughout the county.
- Spring 2010 – replace remaining towns/villages with the common software.

D. Legislation Recommended

The following legislation is recommended to reduce the cost of tax collection:

- State 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.

The following legislation is recommended so that qualified personnel who have prerequisite knowledge and training for tax collection would be used to fill the position of tax collection. Currently, there are no qualifications for the elected position of "tax collector".

- 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.