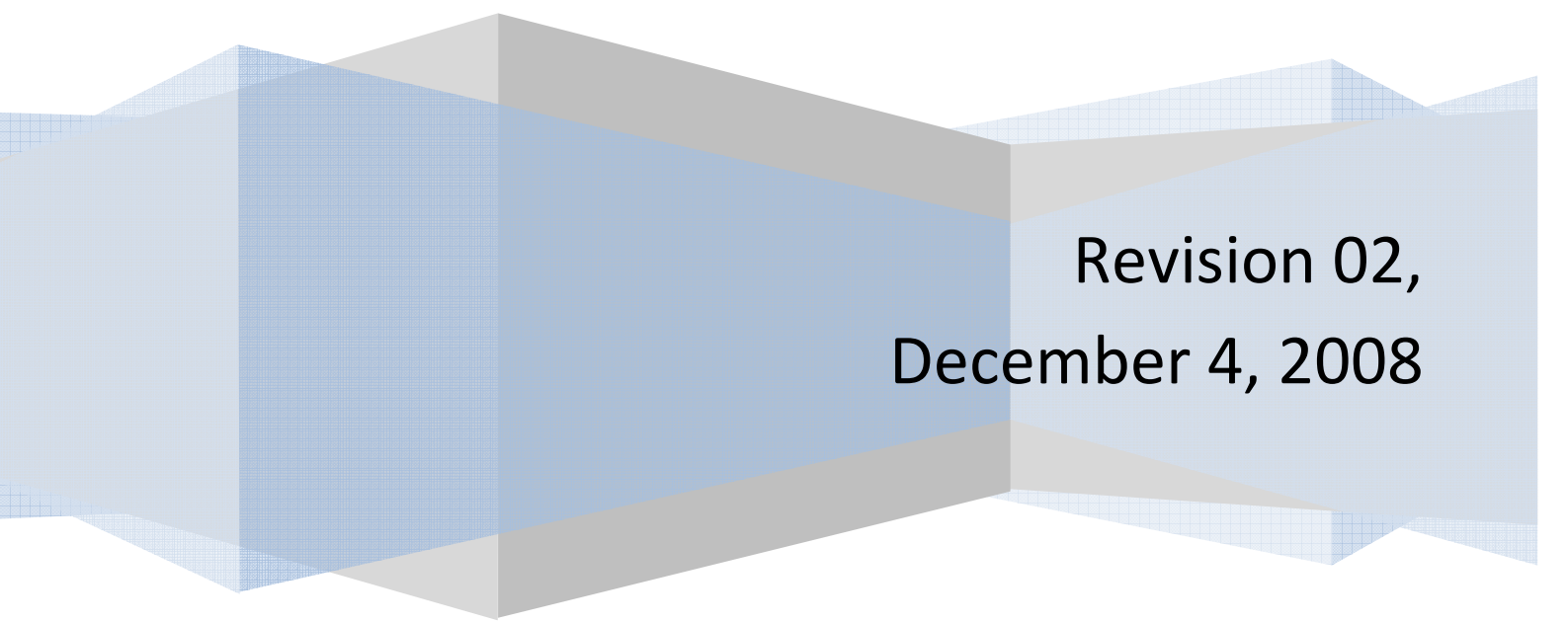


Chemung County

Centralized Property Tax Administration Program Study

For a Centralized Tax Collection Database



Revision 02,
December 4, 2008

I. Executive Summary

This Study has been prepared by Allen Tunnell Corporation for The Treasurer of Chemung 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 Chemung County to cover a study to develop 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 implement a countywide, Centralized Tax Database.

A. Current Collection System

The current collection system for Chemung County consists of individual taxing jurisdictions for schools, towns, villages, and the city of Elmira, that receive taxes and record payment information both via software and manual systems.

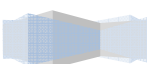
The following is a summary of manual/software oriented collections²:

Manual Collections	3	
		Town of Baldwin, Village of Millport, Village of Van Etnan
Software based Collections		
BAS	3	
BOCES	2	
Infotax	1	
Munis	1	
KVS	1	
Williamson Law Book	9	
Chemung Canal Bank	2	(City of Elmira, and City School)

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, the end of

¹ <http://www.orps.state.ny.us/cptap/index.cfm>

² Appendix A contains the details



March. 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 City of Elmira collects taxes in two installments. The first installment is due May 1st, the 2nd is due September 1st.

The City of Elmira School collects taxes in two installments. The first installment is due October 1st, the 2nd is due March 1st.

The County collects payments for corporations and special franchises.

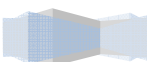
At the end of collection, tax collectors manually balance their tax rolls and provide a paid tax roll as an electronic file, except for the town of Van Etnan which provides a marked tax roll. The Town of Baldwin and Village of Millport, even though they collect manually, put their paid items into an electronic file.

Delinquencies are collected by a software system written by the county. There are support issues with this software and there is a strong risk that this software may become unsupportable in the future. The county would prefer to have an “off the shelf” system that integrates automatically with a Centralized Tax Database.

Article 11 processing is a manual process. Installment payments are handled by an “off the shelf” Installment Payment system provided by Allen Tunnell Corporation. This system has the capability to interface with a Centralized Tax Database; but, since the county does not have a Centralized Tax Database, it is operating as a stand-alone system.

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

Currently, there are 7 different software vendors at schools/municipalities in Chemung County. Software from each of these vendors creates a “paid, end of



year” file, that is sent to the county. The county has specified the format for this end of year file and feels that it can specify a new file format that would be compatible with a Centralized Tax Database. For Chemung County, it should not be necessary to change school/municipal tax collection software in order to implement a Centralized Tax Database. Unpaid data is not sent. Items not marked “paid” must be unpaid by default. There is no reason to receive “unpaid” information from collectors.

The software industry, in general, has migrated to Microsoft Windows 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.

B. Recommendations

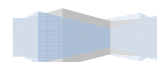
A Centralized Tax Collection system with Centralized Tax Collection Software is recommended.³ The Centralized Tax Database would hold current taxes from schools/municipalities as well as tax data for delinquent parcels. This Database would hold both a paid/unpaid history for current and delinquent parcels. 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”⁴, 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/city 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, the City of Elmira, and the County, and eliminate the problem that

³ <http://www.orps.state.ny.us/cptap/resources/taxCollectionWorkshopV2.pdf>, p. 6.

⁴ Op. cit.



taxpayers might experience now, where “nobody is home” at many tax offices except during very limited hours. Tax collectors would benefit by receiving fewer phone calls into their offices both during and after collection periods, possibly reducing staff, workload, and budgets.

It is recognized that collection jurisdictions with installed software will be reticent to modify their software for a new “end of year” file to accommodate a centralized database system. “Cost” is the anticipated issue. Should a school/municipal balk at paying for a change to the file format, Chemung County will pay for new software as well as for the yearly maintenance, or the county will continue to accept data in the existing format. Chemung County is not agreeable to pay for a file format change for existing software, especially since ORPS recommends the use of common tax collection software.⁵ Elimination of maintenance cost is a direct benefit to the tax collector as well as the tax payer.

There is strong vendor loyalty and independence among most tax collectors. Virtually all tax collectors have stated that they are happy with their existing tax collection software. None have admitted to being unhappy. Some collectors might change software when the county states that there will be no cost to change and that yearly maintenance/support will be paid by the county.

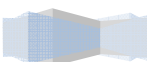
Estimated Costs are contained in section III A.

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.

On the surface, it would appear that Chemung county could participate in a joint effort to develop a centralized tax database system. This approach is ***not recommended*** for the following reasons:

- The Tax Collection process is different between counties. There is no standard within New York on how to collect taxes or how to display the tax

⁵ <http://www.orps.state.ny.us/cptap/resources/taxCollectionWorkshopV2.pdf>, pp 6-8.



data. For example, St. Lawrence County collects multiple installments with surcharges; while Broome County allows partial payments. Sullivan County is implementing an installment payment scheme *without surcharges, on a one year trial*. Franklin County is implementing a “pay as much as you want, as often as you want, as long as the payment is \$100 or more” scheme. Each county has different requirements for collecting and displaying tax information.

- Because of government bureaucracy, cooperation between counties would be difficult. It is highly unlikely that concurrence between counties could be achieved before the expiration of the ORPS grants.
- Participation in a joint effort would be risky. Chemung County has no way of evaluating the capabilities of the IT departments of other counties. Participation would be on a “caveat emptor” basis. By selecting a centralized tax database system from a vendor who has “up and running” centralized tax database systems, Chemung County will be assured of getting a proven product that works.

II. Existing Database System

A. Current Taxes – discussion

1. Data Flow Diagrams

See Appendix B

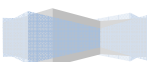
2. Identified Manual Operations

The current tax collection system has several manual operations:

- (a.) Tax Rolls are manually marked with payment information.
- (b.) 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



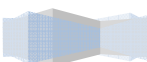
copied. Multiple taxing entities exacerbate the complexity of retrieving tax data for a given parcel.

4. Notes about Current Collection System

a) *At the County*

- (1) Number of Parcels:
39,448
 - (2) Type of Database and Current Software:
“Home Grown” delinquency software.
 - (3) Data Housing:
Printed tax rolls are maintained for historical purposes.
Delinquent information for multiple years is maintained in the
“home grown” software.
 - (4) Data Maintenance
Multiple staff members maintain delinquent data.
 - (5) Payment Methods:
Cash, check, money order, or certified funds. Credit Card
Payments are not accepted.
 - (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:
Paid data is loaded into the delinquent system from electronic
files, so data Integrity is not an issue.
 - (10) Support:

The treasurer’s office supports itself. The IT department
supports the “home grown” delinquency system.
- Costs:
Costs not available.



b) At Collection Points

(1) High Speed Internet
At all collection points.

(2) Description of Municipality/School Collection

(a) Collection Process:

Taxes are collected with software at all collecting agencies except for 3 manual collections. At the end of collection, the tax collector provides an annotated tax roll to the county. For collections with software, a “paid”, electronic file is sent to the county.

(b) Data Maintenance:

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

(c) Payment Methods:

Cash, check, money order, or certified funds. Credit Cards are not accepted.

(d) Escrow Company Payments

Some software accepts Escrow Company Payments by electronic file. Schools that use a bank-lockbox don’t accept escrow files since the lockbox handles all data entry.

(e) Barcode Scanning:

None

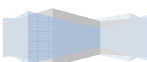
(f) Backup & Security:

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

Horseheads CSD is the only collection that has a tax roll on the internet for public access. BOCES provides a web site that displays the tax roll.



- (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 processed through Allen Tunnell Corporation’s Installment Contract package. Because of the absence of a centralized tax database, this package is currently operating in “stand-alone” mode. It can be integrated into a Centralized Tax Database.

2. Article 11 Process

Article 11, Foreclosure Processing is handled manually

3. Delinquent Payments

Delinquent parcels are paid through a “home grown” delinquency system.

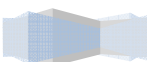
4. Online Payment of Delinquencies

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 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.⁶

We recognize the issues that would be encountered with switching all collection software to common software. In Chemung County, 7 different software vendors would probably make this impossible. In Chemung County, however, a common “year end” file format has been specified. By changing this format slightly and requesting it on a daily basis, data can be loaded into the “Centralized Tax Database” with few issues. New software, that is compatible with the Centralized Tax Database, can be installed in those municipalities that are collecting manually.

Chemung Canal Bank would provide data in the “year end” format for both the City and the City School.

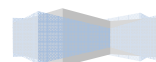
Please refer to the diagram “Automated, Centralized Tax Collection System”⁷.

With the proposed system, a Centralized Tax Database resides at the County. The County collects delinquencies, offers installment contract payments, and processes Article 11 Foreclosures using an automated process. 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.

Schools/Municipalities that decline to participate must send the county a year-end “paid” disk in order to mark properties as delinquent, as they are now doing, as required by law. The software at the county will be able to read these disks without requiring a format change. Thus, non-participating schools/municipalities will have correct data in the centralized tax database at the end of the collection cycle, which meets the required of the grant.

⁶ Op. cit.

⁷ Appendix C



Each collecting agency would also have a web site with current tax data so that taxpayers can pay current taxes by credit card. NYS law prohibits a tax collecting organization from absorbing transaction fees; thus, there is no cost to the county or to schools/municipalities to receive a payment via credit card. There is, however, a “convenience fee” of 2 to 4% that is passed on to the taxpayer. It should be noted that the major credit card companies have implemented “yearly account maintenance fees” as of December 2008. Some banks will absorb these fees based on compensating balances.

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.

The first grant to Chemung 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, based on current bids received by Franklin, Clinton, and Otsego Counties.

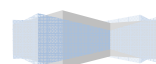
Estimated yearly maintenance for the Centralized Tax Database Software and tax collection software for schools and municipalities would be \$19,000 based on informal discussions between Chemung County and the winning bidder at Franklin and Clinton Counties. Note that current maintenance costs for all municipal/school collection software plus software installed at the county is estimated to be between \$15,000 to \$20,000. An estimate is required since we cannot accurately determine the in-house maintenance costs for “home-grown” software, nor can we accurately determine the maintenance costs for the city and city school due to the fact that “maintenance” costs include lockbox/bank collection costs. In any case, we estimate that the increase in maintenance will be relatively small, if any at all.

B. Implementation Plan

A detailed Request for Proposal for a County Wide Centralized Database system should be prepared and forwarded to several vendors. It is recommended that Chemung County use the RFP generated by Franklin County as the basis for a Chemung County RFP. This RFP can be used with minor modifications and can be issued quickly. An award could be made in January, 2009. Upon selection of a suitable vendor, the following implementation steps would be taken:

- February 2009 – Install the Centralized Tax Database with the Delinquency system at the county. Convert the data from the “home grown” delinquency program into a readable file for loading into the Centralized. Load delinquency data. Put delinquency data online.

Load all of the prior year’s RPSV4 bill extract files.
- March 2009 – Manually enter the article 11 foreclosure data, the address book, and the interested party data. Manually enter the lis pendance data. Start sending out required foreclosure letters.
- May 2009 – install new tax collection software into the 3 districts collecting manually. Should a village decline to install a software system, they would enter year end data on a computer at the county.
- June 2009 – Accept data transfers from villages – put village data online
- September 2009 – Accept data transfers from all schools into the Centralized Tax Database (except city school), put school data online
- January 2010 – Accept data transfers from all towns into the Centralized Tax Database, put town data online
- April 2010 – Accept data from Chemung Canal Bank to put City of Elmira Tax Payments into the Centralized Tax Database. Put City data online



- September 2010 – Accept school payment data from Chemung Canal Bank to put City of Elmira School into the Centralized Tax Database. Put data online.

C. 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 in addition to having schools/municipalities collect tax payments.
- 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.

