

Otsego County

197 Main St.
Cooperstown, NY 13326



Centralized Property Tax Administration Program Study

For a Centralized Tax Collection Database

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I. Executive Summary

This Study has been prepared by Brian Pokorny, Director of Information Technology, for The Treasurer of Otsego 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 Otsego 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 Otsego County consists of individual taxing jurisdictions for 24 towns, 21 schools, 9 villages, and one city, that receive taxes and record payment information both via software and manual systems. Note that 13 of the schools have their facilities in Otsego County. The remaining 8 schools are located in other counties; but, have some parcels in Otsego County. The following is a summary of manual/software oriented collections²:

Manual Collections	6
Unable to contact	10
Software based Collections	27
BAS	8
Allen Tunnell Corporation	6
Steve Lawton	4
Infomatic	2
Infotech	1
Williamson Law Book	4
Personal Data Systems	1
Village Clerk	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; except, for the Village of Cooperstown that has two installment payments. For Towns and the City of Oneonta, the collection period runs from January 1 thru April 30 of each year. Schools collect from September 1st through October 31 or November 1, 2, 3, which depends on the percent of the tax warrant. Otsego County collects school taxes and village taxes, from November 15th thru November 30th of each year. Villages collect from June 1st to the end of October. Oneonta City School collects taxes from October 1 through November 30 or December 1, which depends on the percent of the tax warrant. The Oneonta City School District collection returns to the County by December 15 and the County becomes the collector.

The County collects payments for corporations and special franchises, in addition to New York State forest lands and County forest lands.

At the end of collection, all tax collectors manually balance and mark the paid in their tax rolls and provide an unpaid tax roll report. The County loads data files from automated collection districts into a County-Written delinquency program on the AS400. The county manually enters unpaid parcel data from manual collections.

There is no centralized tax database at Otsego County. At any given point in time, a tax researcher would have to visit the county, village, school, town, or city tax offices to get current or historical tax data. Historical data for paid taxes is maintained in the database on the AS400. Historical data for delinquencies can be retrieved from the software on the AS400 system. There are problems contacting some village and town offices because of limited office hours.

Currently, there are 8 different software vendors at schools/municipalities in Otsego County. From a "Centralized Tax Database" standpoint, this is unworkable. It would be virtually impossible to get all 8 vendors to send daily payment/parcel-change files, in a standard format, to the county for inclusion in a Centralized Tax Database. While the County can accept daily transaction files

from the vendors in “end of year file” format, this data is incomplete since it does not contain information on apportionments, corrections of errors, or small claims adjustments.

Another issue is that the software to handle accounting for delinquent parcels is “home written” in RPG on the IBM AS400. While there are very competent 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.

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.

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 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

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

⁴ Op. cit.

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.

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 8 different formats. It will be virtually impossible to get 8 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.

Off-the-shelf software, that should meet county requirements, is currently available from several vendors. Most of these vendors have written their software in various high level languages, and most have good track records. There are vendors whose software is still “DOS based” that runs in emulation mode. Software from these vendors should be avoided. At some point in time in the future, there will be serious “emulation” problems that may prevent the software from working at all.

Otsego County should consider choosing a vendor with products written in the “state of the art”, Microsoft Windows Foundation Platform (“Dot Net”) environment. This environment is “browser based” where all data is hosted and maintained by the County on its servers. The County could handle apportionments, correction of errors, and small claims adjustments. By doing this, changes would be made at one place. Currently, changes of this nature are made both in the County database as well as in the databases at municipal/school collections. Data disconnects occur when changes are made in two different databases.

The Microsoft WFP environment requires that districts have “high speed” internet available. It is recognized that some districts will not have access to high speed internet; thus, these district will still have to have PC based software that will transmit transaction and parcel change data to the county on a periodic basis. Transmission can be via “dial up” FTP or via a mailed CD.

The Centralized Tax Database software at the County must have the ability to accept data via FTP, email, or CD.

It is 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.

1. **Benefits to the Recommendations**
 - a. **NYS Is providing funding for a Centralized Tax Database; thus, by judicious selection of a vendor who can provide software for the NYS funding provided, there will be no initial cost to Otsego 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 commensurate with the benefits of having a Centralized Tax Database and Common Tax Collection software. St. Lawrence County and Sullivan County counties, among others, have seen 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. The Centralized Tax Database will have current, accurate, foreclosure data.

- 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 reasonable.
 - 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 procurement of computer hardware. While the county can provide software at 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 even if the County shows a cost savings for maintenance in future years.

II. Existing Database System

A. Current Taxes – discussion

1. 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 for manual collections. Unpaid data goes back several years.
- (c.) Prior years bills can be re-printed; but, must be manually retrieved from the archives. Reprints do not include any changes.
- (d.) Prior years tax rolls must be manually retrieved from the archives. Reprints do not include any changes.

2. 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.

3. Notes about Current Collection System

a) *At the County*

- (1) Number of Parcels:
39,280
- (2) Type of Database and Current Software:
"Home Grown" delinquency software on the AS400 system. Written in RPG using a DB2 database.
- (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.

- (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 from manual collections.
- (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 many; but, not all, collection points.
- (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, automated collections provide an electronic paid roll. For agencies that have computer software, the software is used to record payment information and balance daily batches to a cash drawer.

For manual collections, at the end of collection, unpaid data is manually entered into a database at 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. The County makes corresponding changes to its databases, then reconciles the changes at the end of collection.

(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, such as Edmeston, Milford Central, and Oneonta CSD, 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

Several Districts, such as Oneonta CSD, Unidilla, Edmeston, Milford Central, and Owen D Young, have tax data on the internet at <http://www.taxlookup.net>. I have no information about other districts having data on the internet.

(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 and from the respective software vendors.

(j) Costs:

See the spreadsheet, appendix A

B. Delinquent Tax Collection – discussion

1. Installment Contracts

The county does not offer installment contracts as an option.

2. Article 11 Process

Handled on the AS400. Formatting has to be done 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

I 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, I recommend that Centralized Tax Collection Software be used for the entire system to achieve the benefits as itemized by NYS ORPS.⁵

I recommend that the Tax Collection portion of the Centralized Tax Database be a system developed in the Microsoft WPF (“dot net”) environment with all data being housed at the county. PC based software would be supplied for collections that are unable or unwilling to use the WPF platform. The WPF system would accept transaction files from these collections in the existing “end of year file” format.

Please refer to the diagram “Automated, Centralized Tax Collection System”⁶.

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 connecting into the database at the county, using browse based WPF software. Property changes would be made by the county directly into the database at the

⁵ Op. cit.

⁶ Appendix C

county. (Note – the elected tax collectors must grant permission for the county to perform this function.) The internet displays tax data in real time as the WPF tax database is updated. A secure interface is used to access the data and displays both 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, if desired.

The municipal collectors would receive data CDs or emailed files from the mortgage companies for loading into their systems. The county could also perform this function, if permission is granted by the tax collectors.

Manual operations identified in the current system will be eliminated.

Article 11 processing would be handled by automated software at the County.

Barcoded tax bills would be printed by the county using an integrated bill printing program that would print bills from the centralized tax database.

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.

It is my feeling that this system, as described, can be implemented for the \$50,000 provided by NYS grants.

IV. In-House development

1. I do not recommend in-house development of a Centralized Tax Database system. This system would be costly, would have to be developed and maintained by my staff, and would not address the issues of delinquencies, installment contracts, and article 11 processing.

This section outlines the primary efforts required, and gives approximate cost efforts in terms of “man-hours”. At minimum, a CSEA grade of 19 would be required for the personnel participating in this effort, at a published rate of \$22.50/hour.

a. 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 11.50/hour=\$51,300

B. Implementation Plan

A. Implementation

The Centralized Tax Database would be implemented as follows:

1. At the County

- a. January 2009 – County to Notify all tax collectors that a software changeover will be required to software in a “browser based” format starting for School Tax Collection 2009. For collections that are unable to comply (lack of high speed internet or other reason), continue accepting “end of year” data in the existing data format.

Modify the file transfer process in the Centralized Tax Database to accept the file format currently used by Otsego County for its year end disk, to allow file transfers from collections unable/unwilling to comply with the request to go to a new software platform.

The City of Oneonta to be notified that in order for the County to “make the city whole” that they must changeover to the browser based platform by the summer of 2010. Should the city be unable or

unwilling to comply, the centralized database will continue to accept year-end data in the current format.

- b. December 2008 - Install the Foxpro based tax collection system into the Town of Otsego. This program currently generates a daily output file for inclusion into the Centralized Tax Database.
- c. February 2009, start converting data and install the Centralized Tax Database, software package that will contain information on every parcel in the county. This package will send data to the internet server for public access, for every property in the county. Will handle delinquency payments, installment contracts, article 11 processing, and bill printing. Estimated completion date, end of April 2009.
- d. Spring 2009, Provide training in the use of the Centralized Tax Database system.
- e. It is recognized that some tax collection offices may be unable or unwilling to comply with the request to change collection software to a "browser based" platform. For this reason, the Centralized Tax Database will continue to accept "year end" data in the current format.

This proposal recommends that the county pay for the maintenance for all tax collections within the county. Tax Collectors will be hard pressed to justify why they should continue to pay maintenance costs for tax collection software that they are currently using. It is conceivable that the county could "backcharge" costs for accepting data in the current format, a format that does not include information for splits or parcel changes.

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.
- State legislation to allow tax bills to be sent electronically to taxpayers via email. (Note that Allen Tunnell Corporation has a prototype of “emailing of electronic tax bills”.)

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.