

Tag and Tax Together Implementation Update

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December 10, 2013

State of North Carolina



System

“Billing In Arrears”

Major Issues Collecting Registered Motor Vehicle Taxes:

Average of 66% of RMV bills are paid on time

Average Collection Rates at Fiscal Year End by County
Population:

	<u>RMV</u>	<u>Annual</u>
Statewide Average	87.22%	97.91%
100,000+	88.09%	98.37%
50,000 – 99,999	85.37%	96.96%
25,000 – 49,999	84.01%	96.61%
24,999 and Below	84.08%	95.23%

*Source: LGC Memorandum #2012-14, 4/17/2012

Project Goals

- ✓ To improve the citizen's experience:
 - Reduce the number of government interactions.
 - Eliminate the need for delinquent collections.
- ✓ Reduce/share costs:
 - Duplicate mailings (postage, materials, handling, and so on)
- ✓ Increase Efficiency of an Existing Tax
 - Improved collections and revenues.
 - Improved compliance.

Tag and Tax Together Billing

- ✓ In the new system, property taxes are included with the “invitation to renew”:
 - County assessor determines value, SITUS, and taxable status of the vehicle in advance – not in arrears.
 - File is “delivered” electronically to DMV to prepare the invitations to renew the registration.
 - Taxes must be paid in order to obtain the registration – no partial payments will be allowed.

Configuration

- ✓ STARS is a mainframe system, scheduled for replacement.
 - ✓ RFI has been issued.
- ✓ Decision was made to take a modular approach.
- ✓ Vehicle Tax System (VTS) is a separate system housed at the NC DOR data center.
- ✓ DMV maintains responsibility for titles and registrations.
- ✓ DOR responsible for property tax administration.

Implementation

- ✓ Counties worked their first files in the new system in May and June of 2013
- ✓ September 1, new vehicles came under the new system
- ✓ Combined notices have been mailed out for several months.

Implementation

- ✓ Property Tax collected by DMV starting during July, August, September and October.
- ✓ Money has been distributed to local governments during August, September and October and November.
- ✓ The November distribution was the first to show the expenses.

How We Pay For It

- ✓ Project costs were paid by local governments.
- ✓ Operational Costs will be passed to the local governments:
 - Costs will be prorated, based on a given jurisdiction's contribution to the total of all local taxes/fees.

Costs - Points to Consider:

- ✓ All taxing jurisdictions represented on the combined notice would bear their share of the costs based upon each unit's contribution to the total amount of the notice.

Costs – Points to Consider:

- ✓ An analysis of current county costs should include:
 - ✓ Staff costs
 - ✓ Assessing
 - ✓ Cashiering
 - ✓ Delinquent enforcement
 - ✓ IT support
 - ✓ Administrative support
 - ✓ Printing and Postage
 - ✓ Initial Bills
 - ✓ Past due notices
 - ✓ Blocking notices
 - ✓ Enforcement notices

Costs – Points to Consider:

- ✓ An analysis of county costs should include:
 - ✓ Vehicle valuation costs
 - ✓ Lock box and banking fees
 - ✓ IVR and credit card costs
 - ✓ Collection agency, debt setoff, certified mail and other enforcement costs
 - ✓ Software licensure
 - ✓ Annualized equipment costs
 - ✓ Any other indirect costs

Implementation

- ✓ Overall the implementation has gone smoothly considering it is a state wide rollout.
- ✓ A few minor defects are being fixed.
- ✓ It is a major change but it has been accepted by the citizens and other stakeholders.

Update on Project:

- ✓ The implementation phase closed the end of September.
- ✓ Project closed out the end of November.
- ✓ Final MOU has been approved and signed by all stakeholders.

Update on Project:

- ✓ Steering Committee has transferred the project over to the Change Control Board.
- ✓ Make up of the Change Control Board
 - ✓ Chairman – David Baker, NCDOR
 - ✓ Six voting members
 - ✓ Group of SME's (subject matter experts)
 - ✓ Purpose

Update on Project:

✓ VTS Users Group

- ✓ Made up of all different size counties from across the State.
- ✓ Contract with VTS vendor will be transferred from NCDOT to NCDOR at end of fiscal year.
- ✓ NCDOR will work with all stakeholders to improve the system as we move forward.