

**POLK COUNTY, FLORIDA
TAX COLLECTOR**

WORKBOOK

February 2006

TABLE OF CONTENTS

TAX COLLECTOR OVERVIEW	1
MISSION STATEMENT	1
ORGANIZATION STRUCTURE	1
TAX COLLECTOR FY 2006 OPERATING BUDGET.....	3
INTERESTING DEVELOPMENTS.....	4
INVENTORY OF PRIOR STUDIES.....	6
PERFORMANCE MEASURES.....	6
ASSESSMENT OF EXISTING PERFORMANCE MEASURES	6
SERVICE LINKAGES.....	8
INTERNAL CUSTOMERS	8
POTENTIAL OVERLAPS OR DUPLICATION OF SERVICES	8
ISSUES FOR FURTHER ANALYSIS	8
AREAS FOR FURTHER RESEARCH	8
ATTACHMENT A ORGANIZATION CHART	11

TAX COLLECTOR OVERVIEW

Mission Statement

We are working to earn the public's trust and confidence by providing the best in customer services through assured quality and the efficient use of public funds. Our vision is to treat our customers with such professionalism and concern that we change their perception of government.

Organization Structure

The Tax Collector's Office is organized into the following organizational units:

- Property Taxes
- Information Technologies
- Finance
- Human Resources
- Branch Operations
- Delinquency & Enforcement
- Economic Development
- Compliance & Taxpayer Affairs

Property Taxes

This unit administers real estate and personal tangible tax programs for over thirty taxing authorities operating in Polk County, and managing the hunting and fishing license program. The agency manages 313,967 real estate property tax accounts, 66,172 tangible property tax accounts and collects and distributes nearly \$425 million in property taxes. There are 14 full-time employees in this unit.

Information Technologies

The Information Technologies unit oversees the development and support of highly specialized information and communications systems in the following areas: property taxes; vehicle transactions, occupational licenses; tourist development; and, electronic and internet payments. It is also responsible for supporting internal performance reporting and regular business applications. The unit supports over 500 computer components and peripherals. There are 4 full-time employees in this organization.

Finance

The Finance unit tracks and accurately records all funds processed through the Tax Collector's Office. It also invests funds to be distributed, as authorized by the State of Florida, to maximize taxpayer dollars. This unit collects and distributes funds for 36 government agencies, deposits over 40,000 checks on average per month, and distributes over \$4 million dollars in excess fee payments to the appropriate taxing jurisdictions. There are 3.5 full-time equivalent employees in this agency.

Human Resources

The Human Resources unit administers employee hiring and development programs, training, performance evaluations, payroll preparation and employee benefits. It is also responsible for external training programs. There are 1.5 full-time equivalent positions in this office.

Branch Operations

This unit operates offices in Bartow, Lakeland, Haines City and Lake Wales. The staff processes all vehicle transactions conducted in Polk County. The unit assists customers in meeting their responsibilities under the law with regard to vehicle transactions, property taxes, occupational licenses, and hunting and fishing licenses, including the collection of payments due. Staff conducted nearly 1 million vehicle transactions, nearly 400,000 property tax account transactions and issued over 30,000 Occupational Licenses. There are 72 full-time equivalent staff in this unit.

Delinquency & Enforcement

The Delinquency & Enforcement unit collects delinquent amounts due for tangible taxes, tourist development taxes, occupational license taxes and bad checks. It also enforces the mobile home decal requirements and going out of business permits. The staff monitors bankruptcies to assure the maximum collection of taxes due. Staff dealt with over 12,000 accounts on the delinquent tangible tax roll, collected over \$2.6 million in delinquent tangible taxes and checked nearly 90,000 mobile homes. There are 7 full-time equivalent employees in this office.

Economic Development

The Economic Development unit administers the County's Tourist Development Tax and Occupational License Tax programs. Proceeds from these taxes are directed by County policy to county economic development agencies. This unit manages 6,668 tourist development tax accounts and 31,150 occupational license tax accounts. These two taxes generated approximately \$5.8 million in revenue. There are 4 full-time equivalent employees in the Economic Development unit.

Compliance and Taxpayer Affairs

This is a relatively new organizational unit that is responsible for educating and informing the public and staff regarding duties of the Tax Collector's Office and responsibilities of taxpayers in order to insure maximum voluntary compliance and internal performance. The unit developed and produced mail-out material to over 1 million accounts and developed media for over 400,000 taxpayers, vehicle owners and businesses. There is one full-time person in this unit.

An organization chart for the Tax Collector's Office is shown in Attachment A.

Tax Collector FY 2006 Operating Budget

The Tax Collector's operating budget for FY 2006 totals \$7,521,811 consisting of \$6,037,800 in personnel cost and \$1,331,811 in non-personnel cost.

The Tax Collector's budget is approved by the Florida Department of Revenue. Budget funding comes from fees and commissions paid from the revenue sources collected. Fee and commission income earned in excess of annual budget requirements is distributed on a pro rata basis to appropriate taxing jurisdictions. In the most recent fiscal year, fee income earned was in excess of \$10,500,000 and expenses were slightly more than \$6,300,000 resulting in a distribution of \$4,200,000 of excess fee income to the appropriate taxing jurisdictions.

Interesting Developments

- The Tax Collector's Office has one of the best developed performance measurement systems in Polk County. Nearly every aspect of operations is measured for output, efficiency and effectiveness. In addition, extensive measurement of individual performance is an integral element of the culture of the organization. The Tax Collector has created an "Outline for Success" (OFS)—which is managed by the Director of Compliance and Tax Payers Affairs—that spells out performance standards and expectations. Each element of the OFS is tracked electronically and monthly reports are generated that show performance against established standards. Managers meet monthly with staff to review results and with senior staff in the agency to identify successes and shortcomings. Success stories are shared with all staff. Shortcomings are analyzed and corrective action plans are developed to get performance back to standards. Results are made public monthly on the Tax Collector's Web Site. This sophisticated use of performance measurement is a model that should be studied and adopted by other agencies within County government.
- The Tax Collector's Office has developed and implemented an inexpensive, automated system that tracks customer waiting times in each branch by each type of service performed. The system is available on a real-time basis to branch managers and senior agency managers. This system allows agency management to adjust staffing resources on a timely basis in order to provide high quality customer service.
- The agency has developed a plan for implementing document imaging. Implementation of imaging will eventually eliminate much of the paper and file management that consumes labor hours with little value added. This improves productivity of staff and provides speedier answers to the public.
- The Tax Collector's Office is planning on installing new software that will allow payment transactions to be automatically sent to the agency's depository. This will allow for transaction booking by the depository within 4 hours of the transaction as opposed to the next day posting currently established. This will result in a significant increase in interest earnings on deposits.
- On-line sale of tax certificates was implemented for the first time last year. A process that previously took ten to twelve staff nine days to complete was completed in a single day, an enormous boost in productivity.

- The most recent external audit indicated that there are no material weaknesses in the internal control structure nor were any comments or recommendations for improvement made.
- The Tax Collector's Office accepts debit and credit card payments allowing further payment convenience and a finance option to taxpayers.
- The Tax Collector's Office offers online payments for property tax, vehicle registration renewal, and occupational license payments, etc., thereby driving transactions through a more efficient and cost saving process. This organization was one of the first local agencies in the nation, beginning in July of 2000, to offer online payments for a wide range of services.
- The Tax Collector's Office utilizes an automated system they developed that allows users to process multiple online vehicle registration renewals in one payment transaction, which saves customers transaction costs and further drives transactions through a more efficient and cost saving process.
- The Tax Collector's Office partnered with a local vendor and statewide not-for-profit organizations to allow for the purchase of specialty tag/license plates online, generating further efficiencies, customer convenience and an additional profit center for the office.
- The Tax Collector's Office utilizes an automated telephone (IVR) payment system they developed to further drive payment transactions through a more efficient and cost saving process.
- The Tax Collector's Office utilizes high speed batch technology to accelerate processing time and reduce cost for mail, online and IVR transactions.
- The Tax Collector's Office maximizes the use of staffing resources and facilities by cross training employees to process multiple transactions at its various branch office locations and customer service stations.
- The Tax Collector's Office established a Central Florida Consortium of Tax Collectors to improve customer service and implement additional customer service evaluation techniques, through an inter-county customer service evaluation program (ICSE or "secret shopper").
- The Tax Collector's Office engages in a variety of outreach programs designed to better educate and inform targeted

customers, such as tourist development clients, automobile dealerships, mobile home parks and occupational license holders.

INVENTORY OF PRIOR STUDIES

There have been no recent studies recommending changes within the operations of the Tax Collector's Office.

PERFORMANCE MEASURES

Assessment of Existing Performance Measures

As mentioned previously, the Tax Collector has one of the most sophisticated systems for performance measurement of all Polk County agencies. Indeed, performance measurement is one of the critical elements of the organizational culture of the Tax Collector.

Performance Measurement in the organization begins with annual review, update and revision of the "Outline for Success" (OFS). The OFS, as the title implies, spells out in detail the service standards and performance targets that are the determinants of whether the Tax Collector is being "successful". After annual review, revision and update of the OFS it is distributed to every employee in the Tax Collector's office. The OFS then becomes the basis from which additional measures, relevant to the sub-units and individuals in the sub-units, are derived. Monthly performance against the OFS standards is tracked through an electronic database and corrective action plans are developed when performance is outside of established plan parameters. Successes are noted and celebrated as well. In addition to providing objective data for tracking organizational performance, the OFS provides data for tracking individual performance. Most of the data that goes into tracking system is automatically generated from the transaction systems used daily by staff to carry out their service responsibilities. For example, average customer waiting times is automatically tracked through an inexpensive software program that computes the cycle time from when a customer receives a number upon entering the service queue to when their number is entered upon being called. The system also shows the total service time by tracking the cycle time from when the customer's number is entered for service to the time when the service has been completed.

The family of performance measures also makes extensive use of comment cards that are completed by customers. The comments on all cards are reproduced monthly and distributed to all staff of the Tax Collector. Comments are analyzed for common themes in order to address any weakness in service or to identify the strong suits in operations.

Results against performance standards are not only dealt with internally on a systematic basis, the results are also published on the Tax Collector's web site so that the public may have a transparent view of the agency's success and shortcomings. The comprehensive report is available at www.PolkTaxes.com.

It would take many pages to reproduce all the performance measures that are being used by the Tax Collector. It would not be efficient to do that in this report since all information is available on the web site noted above. However, it would be useful to see results reported by the Tax Collector for the BoCC's 2005 Annual Report.

Expectation Measurement		
Answer all customer service telephone calls within three minutes	Met Expectation	98.6%
Process mail payment transactions in two days	Met Expectation	99.2%
Customer service wait time is 10 minutes or less	Met Expectation	87.1%
Staff is perceived by customers to be courteous and knowledgeable	Met Expectation	99.6%
Real estate property tax roll amount is collected	Met Expectation	99.7%
Tourist development tax remitted from customer on time	Met Expectation	85.8%
Occupation license tax remitted from customer on time	Met Expectation	73.0%
Collect current roll delinquent tangible personal property tax dollars by October	Met Expectation	64.0%
Remit tax dollars to appropriate taxing authorities by deadlines	Met Expectation	99.2%
Automobile dealer work is processed in two days or less	Met Expectation	100%
Top five ranking in staffing efficiency (based on Department of Revenue statistics)	Ranking	# 3
Top five ranking in spending efficiency (based on Department of Revenue statistics)	Ranking	# 2

SERVICE LINKAGES

Internal Customers

The Tax Collector collects and distributes proceeds to 36 taxing jurisdictions within Polk County, including the Polk County Board of County Commissioners.

Potential Overlaps or Duplication of Services

No overlaps or duplication of services were noted.

ISSUES FOR FURTHER ANALYSIS

Areas for further research

- The Tax Collector operation is funded by receiving fees for the service provided. The Tax Collector operates branch offices in Bartow, Lakeland, Haines City and Lake Wales. Approximately 85% of the business in the branch offices involves State Department of Motor Vehicles (DMV) transactions, including registrations and sales/transfers. The Tax Collector estimates that the cost of this service is slightly less than \$4.2 million. Based on the fee schedule that the DMV pays the Tax Collector retains approximately \$2.6 million. In other words, the DMV cost center of the Tax Collector loses approximately \$1.6 million. This is due primarily to the fact that the DMV schedule of payments has not been increased for 10 years. This \$1.6 million loss is subsidized primarily by retaining additional fees above the actual cost of collecting and distributing ad valorem taxes. In other words, ad valorem taxes, due primarily to Polk County, are providing a subsidy for DMV services rendered by the Tax Collector.

The Tax Collector has examined several alternatives for providing this service. The service could be contracted to a private vendor, as is the practice in Dade County. The Tax Collector has met with a vendor willing to provide the service, but would charge customers between \$10 - \$15 in addition to the State DMV charges as a service fee. This is approximately five to six times greater than the adjustment the Tax Collector would need to break even on providing the service. In other words, it would cost the customer more to have the service privatized.

The Tax Collector has also investigated the impact of not providing the DMV service. There is no legal requirement for the Tax Collector to provide DMV registration, sale and transfer

services. However, if the Tax Collector discontinued these services at the four branch offices, customers would be required to go to the State DMV offices for service. This would result in extended waiting times for customers. (The DMV offices measure their waiting times in hours while the Tax Collector measures theirs in minutes.) The most likely outcome to the Tax Collector dropping the service is that a private vendor would fill the void with results described in the preceding paragraph – a much higher cost to the customer.

The Tax Collector and other public DMV agents across the state have unsuccessfully lobbied for a fee increase for several years. The BoCC should join the efforts of the Tax Collector to raise the fee paid to the Tax Collector to a breakeven level. This would result in the County receiving approximately \$1.6 million in additional property tax revenue each year. If the fees are not increased, the County will either continue to provide a non-transparent subsidy to DMV services, or the Tax Collector could discontinue the service, which is most likely to ultimately result in an even higher cost to customers at a service level this is less than what they currently enjoy.

Management Response: “We concur with the recommendation that the state DMV service fees should be increased to support the services rendered by the Tax Collector’s Office on behalf of the state. The Florida Tax Collector’s Inc. has proposed legislation for the past four years requesting review of the fee structure.”

- The Tax Collector’s Annual Report for the year ended September 30, 2004 reports that there were 6,063 accounts paying a total of \$4,852,416 in tourist development taxes. That is an average of approximately \$800 per account. Tax Collector staff estimates that approximately 100 of the accounts are hotels. The balance of nearly 6,000 accounts are single family homes rented out to tourists. Hotels account for the majority of the proceeds of this tax. Certainly each hotel account is paying more than \$800 a year in tourist development taxes. This means that the single family homes being occupied by tourists are paying much less than \$800 a year in tourist development taxes.

The Tourist Development Tax is structured under state law as a sales tax and is levied at a 5% level in Polk County. As a sales tax, the only means of enforcement available to the Tax Collector is to perform field investigations and audits of the paying accounts. While the Tax Collector is doing an admirable job of enforcement, the dilemma he faces is that at an average of \$800 in revenue per account, he cannot justify a significant audit effort. Good business practice dictates that he focus his audit efforts on the large accounts – hotels. Meanwhile, the single family home tourist rental market is difficult to identify and expensive to audit

once it is identified. In circumstances such as this, it is possible that rentals in the single family market are being under reported.

Polk County is somewhat unique in that such a large proportion of accounts are for single family houses being rented for tourism purposes. One potential approach to making the tourist development tax more efficient would be to seek a change in state law that would make it optional for a county to levy tourist development taxes either as a percentage or as a flat fee, depending on the type of rental market. For example, hotels could pay tourist development taxes at the current 5% rate while single family houses might pay a flat rate of \$1,000 or some other level. This approach could eliminate the need for the Tax Collector to pin down the rental proceeds for single family accounts.

There are certainly issues that must be studied in altering the approach to tourist development tax structure and enforcement. An initial step could be to convene a task force from the Tax Collector, hotels, property managers, tourism development agencies, County Budget and Management staff and other appropriate stakeholders, to study this issue. The first order of research would be to try to determine whether single-family homes are significantly underpaying the tax. If it that appears to be the case, the next step would be to determine if there is an equitable, efficient and effective solution to the situation.

It should be emphasized that the Tax Collector does not levy or control the tourist development tax. He is the collection and enforcement agent and can only work with the structure of the tax as it exists. Changes, if any, that make it easier for the Tax Collector to enforce the tourist development tax, could only be realized with a broad based effort and empirical research.

Management Response: "As the report indicates, the tourist development tax is a sales tax established in Florida Statutes. This taxing policy is based on a percentage of the purchase price paid. The suggested action for further review may be less cumbersome with regard to collecting tourist development taxes from vacation home rentals, but it would entail a significant change in taxing policy that would require extensive statewide legislative analysis."

ATTACHMENT A ORGANIZATION CHART

