

FY24 Budget Review - Treasurer/Tax Collector (145)

Interview with Treasurer/Tax Collector Scott Walker on 2/7/23
Finance Committee: Nick Athanassiou, Chris Kanaga and Lynn Bruneau

Proposed FY24 Budget

Revenue and Expense Summary for Treasurer/Tax Collector's Office:

- Estimated Annual Revenue for FY24 - \$40 million. Property taxes about \$30M plus vehicle and vessel excise taxes; investment income.
- Estimated FY24 Expenses: \$263k Salaries; \$52.3k for Operating Expenses

Operating Expense History

Treasurer/Tax Collector

	<u>FY19 Expd</u>	<u>FY20 Expd</u>	<u>FY21 Expd</u>	<u>FY22 Expd</u>	<u>FY23 Voted</u>	<u>FY24 Reqst</u>	<u>Avg Incr</u>
Sal	\$216k	\$216k	\$226k	\$242.6k	\$252.7k	\$263k	\$9.4k
Exp	39k	37k	52k	49.7k	51k	52.3k	2.7k
Tot	\$255k	\$253k	\$279k	\$292.4k	\$303.8k	\$315.4k	\$12.1k

Revenue and Expense History

Since FY19, the average annual increase of the total expenses (Salaries plus Operating Expenses) for the Treasurer/Tax Collector's Department has been just \$12.1k (against a total budget request for FY24 of \$315.4k). Salary increases have followed general guidelines over this period; however, the biggest "jump" in expenses has been due to an increase and then flattening in the cost of Bank Services (note the "jump" in Expenses from FY20 to FY21).

Background

Operations: The Treasurer's Office is responsible for all details pertaining to Town payroll. Also for managing state & federal issues re health/life insurance premiums, policies, Medicare, retiree insurance, etc. Also various government financial reporting requirements, Trust fund/guardianship accounting/reporting and the investment of all Town funds. Also responsible for tax title, liens and foreclosures of delinquent properties. Liaison between all benefit providers / Town employees.

-Also responsible for billing and collection of all taxes, collection of all department revenue, posting and reporting of all collections, research and development of municipal lien certificates and abatement lists for all uncollectible taxes.

Billing: As noted previously, when the Town converted to quarterly tax billing (five years ago), there was initially some confusion with tax bills mailed just twice/year (expecting taxpayers to remember to pay the “second half” on time - though taxpayers can sign up for on-line reminders). However, most taxpayers have now made the adjustment to the new billing cycle. Mr. Walker noted last year that with Town Hall closed during the pandemic, more taxpayers began dropping off their payments in the Drop Box in front of Town Hall. Even with Town Hall now re-opened, the convenient use of the Drop Box has continued. More taxpayers are making online payments now as well.

-Through December 2022, the Total Interest and Penalties on Unpaid Taxes was just under \$37k, down from \$38.6k a year ago. For the same period, the Total Interest and Penalties on Motor Vehicle Excise Taxes was \$6.7k, up a little from \$5.9k a year ago. As noted previously, Motor Vehicle Excise Taxes are levied on vehicles “housed” in Orleans - whether the owner is a full-time or part-time resident. This information is confirmed through vehicle registration and insurance records.

Credit card payments - Operating Expenses are relatively flat from FY23 to FY24. Interestingly, Bank Services at year-end 6/30/22 were down substantially from the prior year (\$11.2k vs. \$19.8k). Previously, credit card charges had been absorbed within department revenue lines. The focus in Town has been to limit/eliminate cash transactions - thus an increase in credit card transactions and related bank fees. In “year 1” of this shift (FY21), the Bank Services budget was increased by about \$15k to fund the bank charges but now many (but not all) of these transactions are set up with the service fee paid by the user, added to the transaction cost. A challenge for the user though is that there are a variety of vendor platforms used by the Town (of necessity) to provide these credit card services. At present, there is still no one vendor that provides credit card services for all of the different services the Town offers (eg, beach and transfer station stickers, various permits, recreation department registration, etc.). As noted previously, this is a problem that all Cape Cod towns face. Eventually, residents may

be able to use a single town website for all on-line transactions, even if each transaction type is supported by a different vendor.

-Different vendors charge different transaction fees. For some, it is a fixed fee per transaction. For others, it is a percentage of the transaction dollars (eg, for property taxes). The Town still gets the full cost of whatever is being paid for (eg, property tax balance).

-There is no service charge for paying by check (instead of cash). The Town has recently installed kiosks at the upper lot at Nauset Beach and hopes that most visitors will pay by credit card or payment “app” - or with a beach sticker and license plate recognition. TBD whether there will still be an attendant for one cash “lane”. Skaket Beach will still have a traditional gate house/attendant but they hope to move away from cash transactions.

-Credit card fees for gate transactions at the Transfer Station are now billed to the Transfer Station Enterprise Fund. The Recreation Department has a revolving fund and any credit card fees are deducted from that fund as an expense.

-Credit card “convenience fees” still absorbed by the town include those for the Nauset Beach “store”. Fire Department burn permits can now be obtained on-line with fees paid by credit-card.

-Mr. Walker continues to speak with his peers in neighboring Cape towns about some of these challenges (eg, the lack of a single vendor to support similar Cape transactions). See attached list of “Credit Card Payment Types” provided by Mr. Walker at the 2/7/23 meeting.

Revenues Drivers

As noted above, estimated FY24 revenue is \$40 million with the majority coming from property taxes (just under \$30M).

Expenses Drivers

-The largest single operating expense for FY24 is Printing/Postage (\$18k) for various tax bills and related mailings, followed by Bank Services (\$17.7k). Mr. Walker noted that the Department is using a new bill printing company, founded by a group who left a firm that had been part of the Boston Globe organization. Mr. Walker has worked with these individuals for a number of years and has full confidence in their ability to provide quality, on-time service.

Challenges and Staffing Considerations

-During the FY22 budget discussion, we learned that the extra hours used by the Department to help with the processing of end-of-fiscal-year payroll reporting requirements and the quarterly property tax payment processing had been cut from the budget. However, those hours were subsequently restored to the FY22 budget. Mr. Walker noted that his department is still very busy during that period, with all staff working overtime, but the work gets done.

-The total staff hours for FY24 seems adequate to accommodate peak paperwork processing periods. Going forward, however, following the start-up of the Downtown sewers, “betterment” charges would be included as a line item on the property tax bills for properties required to connect to the sewer lines. Property owners could pay the charge in a lump sum payment, or with a low-interest loan with payments spread over up to 20 years. Likely when the betterment first appears on tax bills (anticipated for December 2024), there will be at least some confusion and a need for additional resources in the Tax Department to provide support for taxpayer inquiries, at least initially.

5-Year Look-Ahead Worksheet

-The 5-year look-ahead worksheet submitted by Mr. Walker w/ the Tax Collector/Treasurer’s FY24 Budget is the same as submitted a year ago - including a potential increase in bank service charges for credit card transactions (anticipating up to \$1500/year, beginning in FY24). He is again recommending that appropriate structural changes be made to his department’s work space to improve physical security (eg, w/ a permanent safety glass partition). Subsequent to our meeting w/ Mr. Walker, there was a meeting regarding physical security for a number of town buildings. As a result, a Warrant Article had been tentatively proposed for May Town Meeting to fund a project for addressing physical security with a “place-holder” amount of \$350k; however, at the February 16, 2023 Public Hearing on the FY25-FY29 CIP and the FY24 Capital Budget, it was indicated that this topic would be postponed at least until the Fall/Special Town Meeting.

-Mr. Walker also provided a copy of 2 draft Warrant Articles that he had recently submitted to Interim Town Manager Charlie Sumner. Both of them provide for the adoption of sections of MA General Law, one specific to the Town Assessor and the other to the Treasurer/Tax Collector. Each would provide for additional compensation, not to exceed \$1k/year, for the professional being awarded specific certification by their appropriate MA professional organization. The purpose

would be to provide an incentive for these professionals to maintain a level of educational and professional proficiency in their respective practices.

Update (3/28/23): the draft Warrant for the Annual Town Meeting currently includes an Article to support a \$1k/year compensation adjustment for the Treasurer/Collector if that individual is awarded specific certification by the appropriate MA professional organization.

The information below was provided by Mr. Walker, outlining the Credit Card information provided to his staff to help address questions from residents/others who have paid various town fees by credit card:

Credit Card Payment Types

For those who may call to investigate whether or not they made a credit card payment to the Town (because it appears on their credit card statement, yet they don't recall ever making such a payment), here are the possibilities you should ask them to try to recall:

- Tax Payment
- Water Payment
- Ambulance Billing payment
- Sticker Office purchase
- Harbormaster permits
- Parking Tickets
- Transfer Station
- Recreation programs
- Building Department permits
- Fire Department permits
- FINS Beach Store purchases

That's 11 different possibilities, several of which can't easily be researched by last name. Hopefully the mention of these various purposes will jog their memories.

