CUSTOMER SPOTLIGHT
KOOTENAI COUNTY, IDAHO

Budget coffers and property owners enjoy benefits of tech-friendly tax administration

When Kootenai County, Idaho, brought the Aumentum system online, it not only streamlined calculation and billing time, it helped administrators increase collections while boosting public trust in the county's property valuation system.

Let's face it, property-tax administration is not the sexiest function of local government, nor the most popular. But that doesn't make it any less essential. Without accurate property assessments and workable systems for tax collection, budgeting, and revenue distribution, local government services would be far less effective.

Good governance isn't just a matter of working harder to get better results. It's also about working smarter and using the right tools, techniques, and technologies for the job.

Ten years ago, officials in Kootenai County, Idaho made several smart decisions to upgrade a system that was becoming outdated. The results have been remarkable. Improving the county's technological capabilities was the first step, followed by an overhaul of procedures and processes designed to meet the needs of a growing region where the tax base is constantly shifting. Now, virtually every aspect of the county's property-tax administration process works more efficiently, and the dividends extend to every public service in the region – from police and fire protection to schools, parks, utilities, and emergency services.

THE CHALLENGE: A CUMBERSOME LEGACY SYSTEM

Located in Idaho's northern panhandle, 34 miles east of Spokane, Washington, Kootenai County is a recreational paradise for those who like to hunt, fish, boat, ski, or otherwise frolic outdoors. Though the county is working to diversify its business and manufacturing base, tourists and seasonal vacationers are the area's primary economic drivers.

The county's largest city, Coeur d'Alene, is surrounded by pristine lakes and expansive forests, with waterfront properties valued anywhere from several hundred-thousand dollars to $30 million or more. As the housing bubble was expanding in the early2000s, the valuations on these properties hit record highs. Many of them are second vacation homes, though, so when the housing bubble burst in 2008 and the recession hit, many went into foreclosure or were sold at less than market value. Overall valuations plunged as well, which meant less property-tax revenue streaming into the county's government coffers. Declining revenue necessitated a significant realignment of county budgets and priorities. The local school system was particularly hard hit and had to lay off staff, cut athletics, and eliminate many extracurricular programs.

COST SAVINGS & EFFICIENCIES

Over the past 10 years, integration of property and tax software systems in the Kootenai County treasurer's and assessor's offices boosted efficiencies, savings and information accuracy

EFFICIENCIES:
- **75%** increase in property valuation turnaround time *(from 60 to 15 days)*
- **76%** reduction in tax calculation and billing time *(from 21 to 5 days)*
- **90%** reduction in tax-deposit processing time *(from 35 to 2 days)*

COST SAVINGS:
- **1 month** of additional interest on tax deposits
- **26%** reduction in appraisal costs
- **26%** decrease in cost-per-property appraisal

ACCURACY:
- **4%** increase in tax billings per year
- **15%** reduction in Coefficient of Dispersion from 20% to 5%
- **30%** fewer citizen office visits and calls
- **50%** reduction in objections and appeals

Laurie Thomas, Kootenai County's chief deputy treasurer, remembers the crisis well. "The prolonged period of year-to-year increases in foreclosures and tax delinquencies put the county treasurer's office at the center of a storm," she recalls. Budgets were being cut across the county, and there was increasing pressure to aggressively collect as much tax revenue as possible.

Before the real-estate bubble burst in 2008, the county treasurer's office had been using a cumbersome legacy system that required separate databases for property assessment, treasury, and the recorder's offices. The databases were not connected, so changes in one database required updating information in the others. Keeping all the databases current was time-consuming, and if communication between the offices wasn't perfect, errors could creep in. The information citizens needed wasn't always up-to-date. "The legacy system was a stand-alone collection system," Thomas says. "We imported information from the assessor's abstract, but we didn't have direct access to it, so the information we needed wasn't always available."

That year, the county treasurer's office decided to start upgrading its legacy system to meet its current and future responsibilities. The Kootenai County Assessor's office had been using Thomson Reuters' ProVal software for almost a decade, but only as a stand-alone program. In order to have one system that could serve both the county assessor and treasurer, a joint decision was made to implement Thomson Reuters' more robust Aumentum tax-administration software to streamline the county's databases into a single, integrated system accessible to all. The rollout included a new county website that gave taxpayers and businesses access to property-valuation and tax data previously available only by request.

The changes were fortuitous. By the time the real-estate bubble burst in 2008, the county already had the tools in place to operate more efficiently, catch up to demand, and answer questions it previously could not. "Now, if someone comes into our office with a question about their taxes, I can show them their information and payments, and we can talk through it," Thomas adds. "It's easy to understand, and they walk away with their questions answered. To me, that customer-service piece is critical."

The switch to a fully integrated tax-management system didn't just make Thomas's job easier; it also changed the nature of her relationship with her colleagues. Since its adoption more than a decade ago, the system has largely transformed the way Kootenai County officials communicate, work together, and serve their constituents on a daily basis.

THE SOLUTION: THOMSON REUTERS AUMENTUM

County chief deputy assessor Rich Houser is responsible for the valuation of more than 86,000 properties in Kootenai County – including several world-class golf courses, a handful of luxury resorts, a wide range of small- and medium-sized business, thousands of single-family dwellings, and plenty of rural timberland. On average, the county adds 1,100 new residential dwellings per year, and is building several commercial subdivisions to meet growing business demand.

By law, each property in the county must be inspected once every five years, so Houser's office tackles 20% of them every year. Although the number of properties needing assessment has grown over the years, Houser's staff has reduced its assessment turnaround time by 75%, decreased the cost of appraisals by 26%, and almost doubled the number of properties it can assess in any given day – all with five fewer full-time employees. And while Kootenai County sees a 6% annual uptick in the number of properties on its rolls, Houser's office has no trouble keeping pace.

How do they do it? It's not by loading more work on fewer people. According to Houser, Aumentum's tools create so many efficiencies that his staff simply has more time to do their jobs. "When you're hand-drawing parcel information, it takes time," Houser laughs. "Things have changed, to say the least."

In addition to speed, Houser now has the ability to create detailed statistical models that pinpoint valuations in a variety of ways. "Now, we can calculate and modify the land valuations in entire neighborhoods with a single keystroke," he says. "There's not all this labor-intensive modeling and re-entering data into the system. The data is already there, and we can run new models in a few keystrokes."

Under the county's old system, specific information about properties was limited to a few essential data points. Coming up with an accurate county-wide assessment was a process that took at least two months. Now, it takes only two to three weeks for Houser's team to crunch the numbers for the entire county and produce data that is much more precise.

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Laurie Thomas, chief deputy treasurer

Last year, Kootenai County had the lowest number of formal assessment reviews ever, and the number of objections and appeals dropped 50% from the previous year. Though he can't prove it, Houser hopes this means there's a higher degree of public trust in the accuracy and fairness of county assessments.

"One of the most significant changes for us is that we can break properties down into components and modify the value of a batch of properties based on the quality or style of construction, or even the value of a dishwasher or range," Houser explains. "We can break it down to a minute level, run modifiers for multiple scenarios, and pinpoint a fair market value for the entire county in a couple of weeks."

The ease with which such models can be created also means Houser can respond to queries he had to ignore before. If, say, a school district is doing its budgeting and wants a ballpark figure for the property-tax revenue it can expect in the coming year, he can provide it. Also, because the data is so much more accurate and the calculations are available to taxpayers online, fewer people are questioning their valuations these days.

"We are trying to be as transparent and fair as possible," Houser says. "People are really figuring out how to use the assessment information online. They're looking at their assessments, and they're looking at their neighbors' assessments to see if they're being treated fairly. We are definitely seeing a trend that way."

THE BENEFITS: INCREASED ACCURACY, FAIRNESS, AND CONSTITUENT TRUST

Last year, Kootenai County had the lowest number of formal assessment reviews ever, and the number of objections and appeals dropped 50% from the previous year. Though he can't prove it, Houser hopes this means there's a higher degree of public trust in the accuracy and fairness of county assessments, and that taxpayers are gaining a better understanding of how valuations are calculated.

Integrating the county's tax-management systems also means that once the assessor's office has entered the data, the information is instantly available to others. According to Thomas, this feature alone has made her office much more efficient – saving weeks of effort that was once spent on routine data-entry and other time-consuming maintenance tasks.

"It used to take us three weeks to export and print tax bills, and now it only takes one week," she says. Automating the collection, posting, and depositing of tax payments also saves her office nearly a month of labor every year because the process of receiving tax payments and depositing them is almost instantaneous.

"We just sent out 86,000 tax bills, and have already collected $26 million – all of which was automatically deposited without anyone on our staff having to physically touch it," she adds. "The money gets into the bank much faster now, starts collecting interest immediately, and saves us money." Work that used to require a full-time staff of eleven can now be done with seven people. Considering all the improved metrics combined – 75% reduction in calculation and billing time; 2% increase in collections; 30% decrease in public calls or visits for help; 30 days of extra interest; and four fewer employees – the county saves $89,000 per year. That's in addition to the $250,000 per year saved on assessments.

One might think all this streamlining and efficiency could have a negative effect on accuracy and reliability, but that hasn't been the case. In fact, Thomas says both have actually improved during each step in the process – reducing friction between offices and creating a better professional experience for everyone.

"Now I have the full confidence that when we send out a tax bill, I know it's right," she adds. "I know that we're balanced and that we are going to collect what the taxing districts have charged us to do." Thomas believes that confidence allows her to serve the public better because her office's credibility is based on accountability and fairness. While mistakes still happen, her staff can catch errors much earlier in the process now, ensuring that the information is accurate by the time it reaches taxpayers.

SMART TAX TECHNOLOGY IMPROVES GOVERNANCE, PRODUCTIVITY AND TEAMWORK

Ultimately, the purpose of managing and administering taxes with more robust technologies is to improve governance and boost the public's trust in its governing institutions (or at least mitigate skepticism). Consistently demonstrating a high level of competence is one of the best ways to earn the public's respect. Kootenai County's key offices – assessor, treasurer, and recorder – now work in tandem, coordinating their efforts in a way that previous systems and protocols couldn't facilitate. Since Kootenai County upgraded and integrated its tax-management systems, Thomas and Houser have witnessed a broad cultural shift that has enhanced the collective knowledge of the entire county government – making every office more effective.

"Breaking down the silos has pushed the departments to come together and work as a team," Thomas says. "When I started here fifteen years ago, I did not have a full grasp of what the assessor's office did, and they referred to my office as "the dark side" because they never had anything to do with us. But because the databases are now inter-related, we're learning that what happens on one side of the office impacts the other. All of us have grown in the sense that we are all more knowledgeable about what all the other offices are responsible for."

"Now, Laurie can talk assessment and I can talk about taxes," Houser adds. "Before, that never would have happened."

The public, too, has gradually become more educated about what their offices actually do. The online availability of property-tax and assessment information means individuals and businesses can now easily find answers to many questions on their own. And if they can't find the answers they're looking for online, they are more informed when they do seek personal assistance. Sharing the data online also allows individuals and businesses to see that the valuation process is fair and impartial.

Today, Kootenai County's economy has rebounded, and the treasurer's office has just upgraded its systems and software yet again to keep up. "We're back on the learning curve," says Thomas, "but with the speed of the system and the checks and balances that are built into it, our speed and efficiencies will continue to increase."

That's good news for everyone, especially the citizens of Kootenai County.

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