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Spring Forward:

By: [Paul Morris](#), ESQ & NBBLO Founder

March 31, 2010. I hope your new year is starting out well.

With what seems like a never-ending series of budget cuts, it has never been more important to work smarter. The NBBLO annual conferences are designed to ensure that you may reap tips and ideas to do just that for your organization. Often those ideas will pay for the cost of the conference many times over. We look forward to share these real world opportunities with you in Las Vegas.

Along with the start of spring we are pleased to roll out a new program to recognize those leaders and jurisdictions who excel in their efforts of promoting transparency in government.

Obtaining a Bronze Certificate for transparency is very achievable and available at no cost. We encourage your agency to lead the way for ready access to public information. Your council members may proudly point to your agency's achievement and profess to the world that promoting transparency in government is real rather than just a verbalized goal.

Many thanks to our vendors for their support, Marta at HDL, Madeline at The Presort, and Chris at Progressive Solutions. We look forward to see your latest offerings.

We are very pleased to finalize this spring newsletter and to report that the

NBBLO member forum will be demonstrated at the annual conference.

Our new forum will easily allow members to post questions and responses. In addition, members may request to receive questions via email in their area (s) of expertise.

I am sure staffing reductions have adversely affected many of your organizations. We too have been impacted by other priorities and limited time. Consequently, the NBBLO handbook project has been delayed. Many thanks to those who have offered to review the draft publication.

We hope the news and resource feeds have been useful.

We welcome your suggestions and offer thanks to those who have undertaken the substantial effort to provide our conference attendees with solid and valuable information.

Thank you for your continued support!

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News & Notes

- » The 2010 Conference will be held at the New York, New York Resort in Las Vegas, NV.
- » Paul Morris and Mark Arnold will again serve as our keynote speakers. Paul will present updates in case law. Mark will present his perspective on other legal considerations and opportunities.

Reduce Legal Costs and Refunds from Illegal Processing Fees

By: [Glenn R. Vodhanel](#), President; Progressive Solutions Inc.

As an avid reader and surveyor of the business tax scene, I regularly come across strategies employed by agencies to reduce their litigation risk and to limit refunds requests.

Once recent strategy resulting from the adverse San Diego decision on

business processing fees was a decision by a municipality to quietly repeal their illegal fee. It is possible that the intended impact included:

1. Reducing legal fees resulting from challenges to the illegal fee.
2. The quiet nature of the repeal

may not be known by those eligible for a refund.

3. Reduced legal fees may result in reduced attorney interest in acting as class action counsel.

It is my hope that this word to the wise will be beneficial.

Pitfalls to Avoid with Lockbox Service Vendors

By: [Steve Bullivant](#), Revenue Audit Section; Oakland California

I do not know why any city would use staff to process over the counter or mail payments when they could take advantage of lockbox functionality! In Oakland, using lockbox functionality, I have processed up to 4,500 receipts in a day. The topics below identify issues which Oakland considered or ran up against. These concepts may offer ideas to increase the efficiency of your organization's payment processing.

1. Define **business rules** for lockbox processing and follow them. (You may wish to push over the counter payments toward lock box processing.)
2. Bank should compare and **audit** credit card amounts to data entry amounts. (Do not expect this automatically.)
3. For a small additional cost, banks may **reconcile single checks for payments toward multiple accounts**. (Instead of putting full amount on each account, this saves Oakland staff time.)
4. Receipt date: Will you use the **postmarked date** or the **keyed receipt date**? (Using the postmark may result in additional costs.) With the exception of the week where penalties are implemented, we generally use the receipt date. During the penalty week, we use the postmarked date.
5. Consider your **imaging strategy**. Do you need images of correspondence, checks, declarations and envelopes for the postmarks? Does your jurisdiction accept the postmark as proof of late payment? Oakland generally only requires imaging of checks and declarations.
6. Ask your IT department for their imaging requirements: pdf vs tiff format, color vs grey scale scanning? Oakland currently use tiff files and grey scale imaging.
7. Most banks offer the **option to turn** envelope imaging **on or off**. To save the cost of scanning, Oakland only requests envelope images for the one week where the penalty starts to be applied and omits envelope imaging at all other times.
8. To a bank correspondence, generally is any document received by them without a payment. However citizens do often attach correspondence to payments and you may also to include these attachments within a single imaging file. Do you image your correspondence (at a cost) or reject it and have it returned (at a cost)? Banks may charge too much to return **correspondence** to city. We have negotiated a lower return charge with our bank due to the minimal processing required.
9. You may wish to retain scanned images for 5 years (In Oakland this is the statute of limitations as implemented by Oakland's city clerk).
10. Can the bank **combine images** into a single file so a document locator may be used to retrieve the appropriate images?
11. When using lock box functionality for **in house processing** you might wish to stamp each declaration with the date **to be used as the receipt date** to accommodate delivery delays. This year Oakland further exploited lockbox functionality to redeploy cashiers toward higher and more productive purposes. Declarations were merely date stamped, accumulated and periodically delivered to the lockbox processor.
12. Are image redaction, encryption, access restriction and/or access logging required? While our software does integrate with scanned images, Oakland does not currently use these features.

Convenience Fees: A 30 Day Progress Report

By: [Glenn R. Vodhanel](#), President; Progressive Solutions Inc.

My first cursory thought was that imposing a credit card convenience fee would cause transaction volume and dollar amounts to drop. After one month, the results are in and I was wrong. Did I just admit to being wrong? Well I was—at least with regard to self service internet transactions. January 2010 transactions and dollars processed **surpassed** January 2009 results.

It seems that with postage, time and travel costs many citizens are willing to pay for convenience. Why not tender payment from the privacy of their homes while in their pajamas.

However the same does not seem to be true for over the counter transactions. The numbers might indicate that when a taxpayer is across the

counter and informed of the credit card convenience fee, often they think twice about the fee and write a check or pay cash instead.

Consequently, at first blush, it appears that over the counter credit card transactions will decrease. That being said there are ways to increase use of credit cards even with convenience fees.

One way is to offer kiosks in your lobby which may be used exclusively for credit card transactions. Citizens who use kiosks may avoid a line and be willing to pay for that convenience.

Also by accepting credit cards only at a Kiosk, you avoid issues with Visa and their prohibitions against over the counter convenience fees.

So the answer seems to be: if you wish to receive 100% of your taxes, reduce your payment processing workload and collect your payments faster, imposing convenience fees may be the way to go!

In January 2010, Progressive Solutions Inc. facilitated credit card transactions in excess of \$984,000 for our customers. If you would like more information on how to pass on credit card processing costs via convenience fees, contact me via my email address, glennv@progressivesolutions.com.

Secure the Debt to Secure your Revenue

By: [William Milny](#), Systems & Financial Analyst III; Oakland California

Many cities have Business Tax and Real Estate Transfer Tax ordinances that permit taxes due the city to be secured by lien against property if the debtor and the property owner are one and the same. After the city and debtor have exhausted all administrative remedies, recording liens against property is a simple process provided the city understands the local county recorder's office requirements. Once the lien is recorded, the city has Lien Receivables they can book as revenue and future cash flows they can count upon receiving should the property be sold or refinanced in the near future.

Debtors don't always pay liens against property during the course of the city's fiscal year, so smart municipalities then place a special city tax due assessment against each debtor's property. Accomplishing this task seamlessly requires thorough processes defined with the assistance of your local county assessor and IT manager.

The property assessment mechanism ensures the city will be paid for taxes once the property tax bill is paid. The assessor's office charges a small fee for processing this transaction so consider adding this to your city's Master Fee Schedule if you

Quick Tip: For security and to reduce mail processing, you may wish to omit a credit card payment option on tax forms. Instead refer them to your self service internet address. Self service payments save you time and if you pass on convenience fees will be at no cost to your jurisdiction!

don't already have the authority. In the worst case scenario, the county assessor may have to sell the debtor's property after the property owner fails to pay five years of property taxes. However, your debt is secured against the property and in almost all cases the city's tax assessment will be paid as part of the auction by the county and the local sheriff. However, this is a most extreme example--most property as-

sessments are paid within 1-2 years of encumbering the property.

So the lessons here are: if your city does not already have tax ordinances providing authority to secure tax debts via liens and property tax assessments, which is allowable under California state law for Charter Cities, then you and your city attorney should plan to consider changes to your local municipal code. Also, if your city needs fees added to your Master Fee Schedule to recover recording fees, lien release fees, notary fees, etc., then you should add these to the schedule.

Once your ordinances have been amended, outreach to the community completed, staff training done, and software and other IT process solutions in place, your city will achieve much higher levels of revenue than currently realized.

For more information on this and related topics, email me at: wjmilny@oaklandnet.com

Even 'Little Things' can affect your Credit Score

With many cities and towns struck hard by decreased tax revenue, local

governments and libraries increasingly are turning to collection agencies to track down those who owe unpaid tickets and

finances—even very old ones. If they remain unpaid and total more than \$100, they can ding your credit score!

Internet Credit Card Process Flow

By: [Glenn R. Vodhanel](#), President of Progressive Solutions Inc

The goal of this article is to assist those processing credit card payments via the internet to identify in what court an issue may fall. More and more cities are accepting credit cards each day. They do so for many reasons:

- » customer convenience
- » reducing receivables
- » passing risk to credit card companies
- » reducing paper flow
- » decreasing the number of lost or misplaced checks
- » Reducing improper cash handling opportunities
- » improving staff efficiency

A more detailed listing of benefits is available in the Fall 2008 issue of the Licensing Professional.

But these benefits come at a cost...or do they? Enter: Convenience Fees! What used to be a confusing, prohibited avenue for offsetting the substantial credit card fees incurred by Municipalities is now an accepted, streamlined and fully integrated process. Cities that pass on credit card costs via convenience fees reap another benefit, they receive 100% of the funds owed by taxpayers.

Just how are credit cards processed via the internet?

First you must obtain a *merchant account*. It is not mandatory that you open an account with your existing

bank as any merchant account provider may deposit funds into your current bank account.

Once you have a merchant account, you may wish to accept citizen payments over the internet or from your central cashiering system.

The solution for many city information technology divisions and 3rd party software developers is to develop a payment application using a gateway provider's software development toolkit. *Gateway providers accept credit card transactions, pass transactions to your merchant bank and return transaction results such as authorized or denied.*

Integrating with banks can be a herculean effort. Gateway providers exist primarily because they enable 3rd party vendors to support multiple banks with a minimum of programming effort. They eliminate many of the myriad steps required when attempting to work directly with banks.

After transactions have been authorized, they typically sit waiting for settlement time. For many jurisdictions settlement time occurs within the 11pm to 1am range.

City staff members may void approved transactions at any time up to settlement time. When settlement time hits, approved transactions are forwarded to the merchant bank for processing. The processing per-

formed by your merchant account provider for those credit card brands under its control is transfer of funds from your authorized transactions to your bank account and deduction of associated processing fees. Visa and MasterCard are generally under the control of your merchant account provider. Other credit card providers such as Discover and American Express may require a separate setup procedure. Once your account is setup those cards may be accepted and funds subsequently deposited into the bank account of record. *Any issues with American Express credit card payments will need to be taken up with American Express.* For some merchant accounts your bank may handle questions regarding Discover transactions for others you will need to contact Discover directly.

For credit cards acceptance at no cost to your jurisdiction, we would be pleased to assist you with stand alone and integrated options for cities and counties.

Glenn Vodhanel, CEO of Progressive Solutions Inc., has over 30 years experience in the government sector and often consults and speaks rendering expert advice on efficiency via automation.

He may be contacted at: glennv@progressivesolutions.com

Platinum Sponsor of the 2010-Las Vegas Conference:

Company

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2011 Conference Proposals Requested:

Proposals are currently being accepted from all cities desiring to host the 2011 NBBLO Conference to be held on July 13th-15th 2011. Please provide a designated host city contact and proposed host hotel contact information.

Upcoming Events:

Association Name	Conference	Website
Florida Association Business Tax Officials	Apr 19-23, 2010	www.fabto.org
Code Enforcement Officials of Alabama	May 17-20, 2010	www.coaa.com
Florida Association Code Enforcement	June 16-19, 2010	www.face-online.org
Alabama Municipal Revenue Officers Association	July 8-10, 2010	www.amroa.org
Georgia Association of Business Tax Officials	June 2010	www.gabto.org
National Bureau of Business Licensing Officials	July 14-16, 2010	www.nbblo.org
California Association of Code Enforcement Officers	Sept 7-10, 2010	www.caceo.us
California Municipal Revenue & Tax Association	Oct 2010	www.cmrtta.org
South Carolina Business Licensing Officials Association	Oct 2010	www.masc.sc

2010 CERTIFIED LICENSING OFFICIAL CANDIDATES:*

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GRANT		

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JEFFREY	BOLLINGER	CITY OF TULSA
ANGELA	BROWN	TOWN OF HAMPTON
NORA	CLEMENTS	WEST VALLEY CITY
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MARCIA	WARD	CITY OF GULF SHORES

* In addition to the regular member benefits those identified above may earn or retain their CLO, SL or MLO certification at the annual conference

We welcome all article submissions. Any effort to share the editorial and content load is greatly appreciated!



**NATIONAL BUREAU OF
BUSINESS LICENSING OFFICIALS**

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Becoming a Member

NBBLO membership enables you access to information regarding code enforcement, regulatory and revenue raising business licensing at the local level of government.

Individual Membership starts at only \$45 and entitles you to a discounted annual conference registration and two newsletters a year. Entity level membership offers additional benefits. NBBLO also sponsors several national certifications.

For more information go to www.nbblo.org. There are links for membership, certification, and the annual conference.

Save the dates for the 2010 Conference in Las Vegas NV

Sign up for the 26th Annual NBBLO State and Local Conference for Business Licensing, Code Enforcement and Administration to be held July 14-16, 2010 at the New York, New York Resort in Las Vegas, NV is now available via our website.

Discounted registration is available until 6/31/2010.

Just go to www.nbblo.org and click on "[Conferences](#)" and then "[Conference Registration](#)." There you

may fill out the form online and submit it. Thereafter, you may send the appropriate fee to the address shown above. Or should you wish to pay by credit card, transmit your registration and fax your credit card information to 702/943-3300.

We have an outstanding conference agenda. Come hear discussions of regulatory licensing issues as well as issues germane to tax collection. Local business licensing is a unique specialty and it's difficult to find re-

sources applicable to your needs.

What is particularly helpful, is associating with your peers from across the country who have similar issues that you are confronting.

In addition to the substantive material there is a great opportunity to see and experience Las Vegas in all of its many people, lights, shows and architectures.

We look forward to seeing you in Las Vegas NV !

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