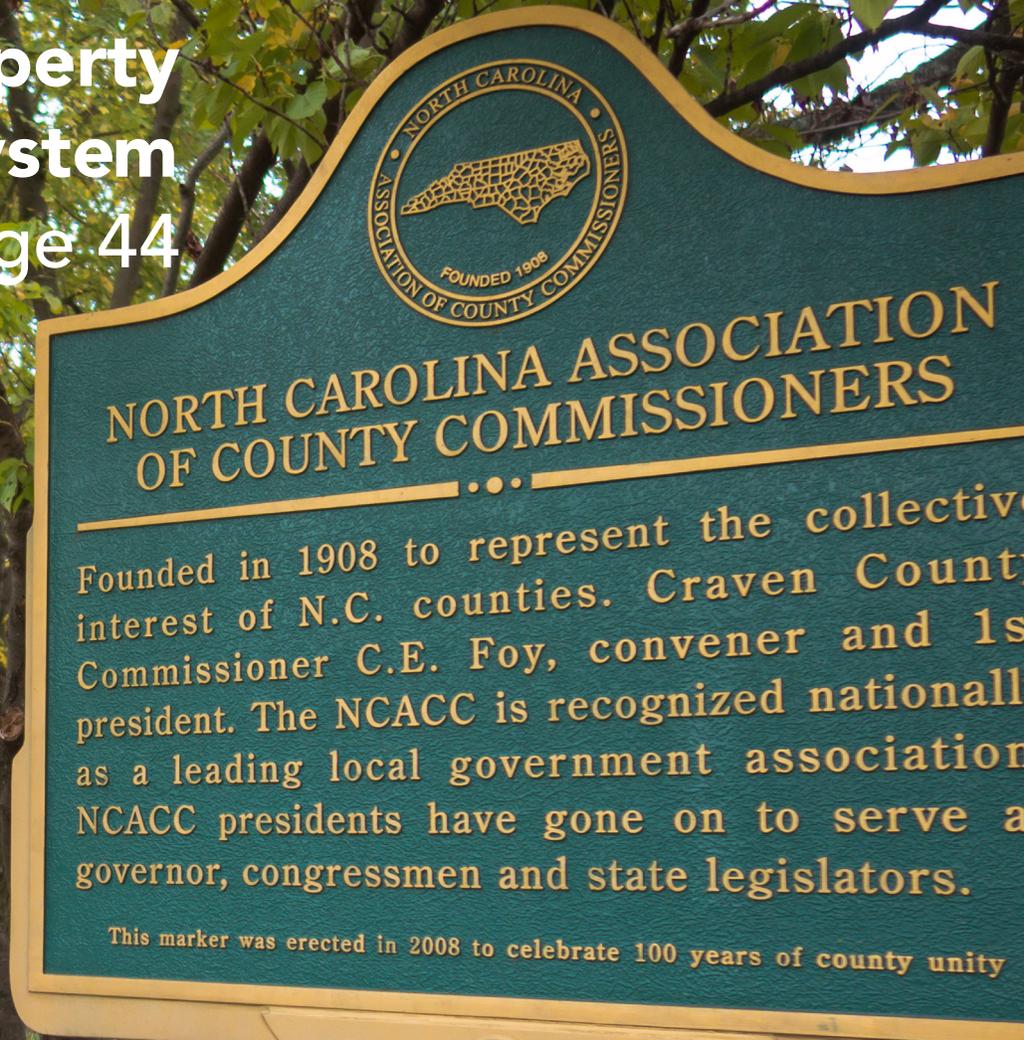


The Story of North Carolina Counties
CountyQUARTERLY
MAGAZINE

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North Carolina's Innovative Property Tax System

Is Your County Reaching its Full Revenue Potential?

By Lacy Pate | NCACC Public Relations Manager

The Machinery Act, General Statute 105, Subchapter II, outlines the framework for listing, assessing, and appraising property in North Carolina. It defines a local tax official as “a county assessor, an assistant county assessor, a member of a county board of commissioners, a member of a county board of equalization and review, a county tax collector, or the municipal equivalent of one of these officials.”

State law requires uniformity in administering property tax across all 100 counties, which are responsible for appraising property values, billing, and collecting taxes on appraised properties.

Property tax is the largest revenue source for counties, representing almost 50 percent of county revenues statewide.

When a county performs well in the appraisal, assessment and collection of property tax, it results in several positive outcomes. First, adhering to best practices helps protect against tax avoidance, evasion and loss of revenue. This ensures that all the property owners within the county pay their fair share of taxes. Moreover, when counties reach their full revenue potential by maximizing property tax collection, it has a positive effect on the budget and ability to deliver services.

David Baker, NCACC Director of Tax and Revenue Outreach discussed a unique resource available to counties to help implement best practices for their property tax system. Baker oversees the NCACC Property Tax System (NCPTS), which is a state of the art property tax program, owned and licensed to counties by NCACC. The system - developed in partnership with an innovative, North Carolina-based

software provider, Farragut - helps counties manage property tax records and billing.

Baker explained that the success behind NCPTS is its collaborative approach, which puts counties in the driver's seat to develop the right software to meet their specific needs. According to Baker, this collaborative approach is unique to North Carolina. Collaboration is driven by the 19 counties currently participating in NCPTS coming together to agree on best business practices. Together, the group discusses challenges, and determines the capabilities needed from Farragut – the software vendor – to improve performance. An Oversight Committee comprised of nine representatives from member counties leads a continual improvement process, which is the hallmark of NCPTS.

Michael Taylor, Pitt County Deputy County Manager and Chief Information Officer currently serves as the Chair of the NCPTS Oversight Committee. He has extensive experience working with NCPTS from its early inception. He describes a significant transformation, especially over the last couple of years, which has resulted in a game changing evolution of the product.



Rendition of property map of Downtown Raleigh, N.C. by local artist Jeff Wilson of ParMar Media. <https://par-mar.net>

“Pitt County has been a member county using NCPTS since 2006. Having served on the original NCPTS Steering Committee and now currently as Chairman of the NCPTS Oversight Committee, I can say the new structure is working well. As with most new processes, we all went through phases of storming, forming, and norming, and now onto performing. Initially, members struggled adapting to the role of product “owner” which is different than the traditional computer system software model. It has been a paradigm shift. In the past three years, the NCACC has taken a definitive leadership role which has helped transition member counties and Farragut from reaction to forward looking proactive planning,” Taylor said.

As Taylor notes, NCACC has taken

a direct leadership role in recent years, which has had a positive effect on the system and its users. When Kevin Leonard took the helm as NCACC Executive Director, he, along with NCACC Deputy Director/General Counsel Amy Bason made a strategic decision to establish NCPTS as a priority for the Association. Understanding the power of direct county involvement and pooling intellectual resources among counties, Leonard and Bason sought to maximize the potential of the NCPTS system. “It was evident to both Amy and I that we needed to take definitive action. We owed it to our counties to get this right and make this the best property tax service in the state and in the nation. That decision led us on this three year plus journey to totally reimagine and



reengineer how NCPTS works. We have been so lucky to have county leaders and partners like Farragut who share that vision.” Leonard stated.

What distinguishes NCPTS is its county-led collaborative process. Member counties guide the development of the entire system and direct the work of the software developer. In the past, counties had to adapt their business practices to fit with the products offered by software developers. Now, using NCPTS, counties have reverse engineered the entire software development process. Counties first decide the most effective business practices and Farragut develops the system to suit their needs.

“Counties across the state approach property tax appraisal, billing and collections in varied ways. Certain business practices lead to more fair and equitable appraisals for taxpayers and higher collections rates, providing more money to fund county programs and services. NCPTS members have achieved collections rates 1-2% higher than those that do not use NCPTS,”

Baker explained. “We have a unique business arrangement similar to public private partnership. It’s like a tripod, and everybody is doing their part,” said Baker.

Shail Jain, Chief Executive Officer and Co-founder of Farragut Systems, Inc. described the company’s partnership with counties. “What makes NCPTS unique is the wisdom and expertise of its users. Time after time, I have been impressed with their dedication, professionalism, wisdom and aspiration to innovate. They want tax-processes in their counties and throughout North Carolina to improve continually. NCPTS user-community is truly a learning organization. The Farragut/NCACC partnership on NCPTS has been successful because Farragut is also a living company, continually learning from our customers. Since we began the NCPTS journey, each opportunity to serve has also been an opportunity to learn and grow,” Jain said.

John Burgiss, Forsyth County Tax Assessor/Collector and NCPTS LR/CAMA Sub-Committee Chair discussed

"Guilford County joined NCPTS because it is county owned and backed by the NCACC. We saw the potential that such a system had for both our county and tax process statewide. This approach allows for collaboration among counties that is unique to this system."

- Ben Chavis, Guilford County Tax Director

how NCPTS empowers counties. "NCPTS member counties are clearly dedicated to consistency in property tax data and practice. Software enhancement decisions are vetted through user group meetings, affording each county - regardless of size - a voice throughout the entire process. As a member driven system, NCPTS is, and will remain, a system for all counties in North Carolina focused on tax equity and appraisal/collection accuracy and efficiency," Burgiss explained.

The advent of NCPTS dates back to the 1990's when Wake County began working with Farrugut to streamline the property tax process. Together, they developed an automated system to promote best practices and standards. NCACC partnered with Wake County on the project and by 2000, NCPTS evolved into a shared system allowing more counties to join. NCPTS is a living system, continually updated and improved, and counties continue to learn from one another.

Alan Lumpkin, Wayne County Tax Administrator, serves as Chair of the NCPTS Billing and Collection Subcommittee. He commented on the evolution of the system and its advantages. "Wayne County went live with NCPTS in the fall of 2003, becoming the first county to implement the system after Wake's development. It has been an exciting adventure seeing NCPTS evolve into one of the most robust tax software systems on the market today," he said. "I think the uniqueness of the governance of NCPTS has also

given it an edge in the tax software marketplace. The partnership of NCACC, the Oversight Committee, user groups, and vendor is what has made NCPTS the superb product we have today. By taking enhancement suggestions from the users and vetting them through the committees we end up with best practices to build into the system," said Lumpkin.

Counties also share in the cost of the system. NCPTS software is licensed to counties free of charge, courtesy of NCACC. Counties incur individual costs to transition their existing software to NCPTS and for training and maintenance. NCPTS member counties pool funds to invest each year in continued improvement of the system with larger counties contributing a larger share. The NCPTS Oversight Committee makes spending decisions with input from all participating counties.

NCPTS also includes a feature that monitors tax-related legislative developments and offers consultation with David Baker, NCACC Director of Tax and Revenue Outreach. Baker tracks all property tax-related legislation affecting counties. He collects the information to share with NCPTS members and incorporate into the system to ensure counties are implementing best business practices and remain in compliance with new and existing legal requirements.

NCPTS is a unique resource that helps counties ensure they are meeting their full potential when it comes to maximizing revenue. Since property

tax is the primary source of income for counties, it is important to examine how well your county system is performing. NCPTS helps counties leverage the knowledge, experience and lessons learned in other counties. It also helps members implement best practices, so no money is

left on the table. For more information about NCPTS visit www.ncacc.org/ncpts or contact David Baker, NCACC Director of Tax and Revenue Outreach David Baker at (919) 715-4365 or david.baker@ncacc.org. ■

NCPTS Oversight Committee

Michael Taylor, Pitt County | *Chair*

John Burgiss, Forsyth County | *Land Record and Computer Assisted Mass Appraisal (LR/CAMA) Committee Chair*

Alan Lumpkin, Wayne County | *Billing and Collections Committee Chair*

Amy Brantley, Henderson County | *At-large Representative*

Ben Chavis, Guilford County | *Large County Representative*

Debra Hill, Randolph County | *At-large Representative*

Danny Isenhour, Burke County | *Medium County Representative*

Lori Mathes, Catawba County | *At-large Representative*

Bobby Parker, Beaufort County | *Small County Representative*



David Baker, NCACC Director of Tax and Revenue Outreach brings to the position decades of tax and revenue experience. He served in various roles at the North Carolina Department of Revenue, where he focused on local government, property tax and valuation issues. Most recently, he served as Director of the Local Government Division, an office he helped establish to improve the Department's services to local governments. In 2016, NCACC honored him with the "Friends of the Counties Award" for his work on local government issues. He also received the "Henry W. Lewis Award" in 2013 from the NC Association of Assessing Officer for exceptional accomplishments in advancing the science and art of property tax assessment in North Carolina.

Mr. Baker has taught certification courses for local government taxing officials, led seminars and workshops for local officials, and authored several training and other publications for the International Association of Assessing Officers (IAAO). He serves on several professional committees including the North Carolina Use-Value Advisory Board, the North Carolina Geographic Information Coordinating Council, IAAO's Body of Knowledge Committee. And, he serves as Chairman of the Tag and Tax Change Control Board. Mr. Baker earned a Bachelor of Science degree and a Master of Public Administration degree from North Carolina State University.