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## Software Solves Tax Collection

By Dibya Sarkar

In May 2000, Kootenai County, Idaho, passed an ordinance imposing a half-percent retail sales tax for five years to pay for the expansion of the county jail. A tax collection system had to be in place the following January, but there was a problem: The county Treasurer's Office had no experience in collecting such a tax.

"We didn't have a real good handle on what we wanted to do or how," said Kootenai County Treasurer Tom Malzahn, whose office collects property taxes. The county ([www.co.kootenai.id.us](http://www.co.kootenai.id.us)) was the first municipality in Idaho — which has a 5 percent state sales tax — to impose a local sales tax.

The office first thought about writing an in-house program to register retailers, issue permits and send out tax forms, but with no expertise and facing a short time frame, county officials scrapped that idea.

The county then heard that New York-based tax consulting and software product company, Fast Enterprises LLC, was working with the Idaho state government on an integrated tax processing system.

In August, the county chose Fast Enterprises' off-the-shelf tax processing software, GenTax, which can run on a Microsoft Corp. platform. The county network was already running Microsoft Windows NT 4.0, and officials had experience with SQL Server 7.0 databases, so integrating the software wasn't much of a problem. The county bought a new server to run the application and upgraded some software.

Kootenai officials rolled out the project in three phases. First, they collected the 5,000 names of retailers affected by the local sales tax and registered them on the system. Second, the system generated permits and issued returns with names, addresses, account numbers and pay periods. Half the retailers file monthly, while others file on a semiannual, quarterly or annual basis.

The returns include a bar code identifying the retailer and pay period. So, in the third phase, when the county receives a completed return with an attached payment, the system reads the bar code, automatically scanning the information into the system.

A county employee then keys in the sales amount for that period, and the system automatically calculates the tax owed, which can be checked against the tax paid. The system batches and processes the data.

Malzahn said two people run the whole system, and so far it is running smoothly. The county projects it will collect \$24 million until the sales tax expires Dec. 31, 2005. Half will go toward the jail expansion, while the other half will be used for property tax relief, he said.

Kootenai officials did not say how much it cost to implement the system.