

# Wednesday's News You Can Use

## Bringing a Compliance Ethic to Revenue Collection



# Learning Objectives

At the end of this session, you will be equipped to:

- Implement a successful debt collection program
- Improve your hotel-motel, mixed drink tax, and cable franchise fee compliance
- Walk away with more information about the State of Georgia's debt setoff for court fines

# The Cost of Not Collecting Revenue

*“We have a bigger responsibility to the people who pay us, not to those who don’t.” – Katherine Sherrington, former Gwinnett County Tax Commissioner*

# The Cost of Not Collecting Revenue

If lodging providers don't pay...

If cable companies don't pay...

If mixed drink licensees don't pay...

If utility customers don't pay...

That lost revenue adds up.

**And if you don't collect that revenue, you not only lose money but you help out the wrong people.**

# The Cost of Not Collecting Revenue

If you're owed revenue by law but you don't collect it, then you risk:

- Offering lower service levels to citizens
- Charging higher service rates
- Raising taxes (How popular is that with your citizens?)
- Rewarding those who don't pay
- Penalizing those who do pay

# Overview

Governments need to maximize all of their revenue sources. That includes critical areas such as:

- Debt collection
- Hotel-motel taxes
- Mixed drink taxes
- Cable franchise fees
- ***Court fines and fees -- New***



# Debt Collection

Debt collection is an unpleasant yet necessary task for governments.

Debt collection often fails when governments lack the right information.

RIGHT INFORMATION  
+ BETTER PROCESSES  
= COMPLIANCE

# Debt Collection Best Practices

- Establish a good utility deposit policy.
- Collect identifying customer information.
- Review your computer systems to ensure you can generate delinquent customer data reports.
- Send delinquent customers a final bill and a final outstanding account notice before turning accounts over for collection.



# Debt Collection Best Practices

- Turn over delinquent accounts as soon as you reasonably can.
- Scrub lists to make sure they are as up to date and accurate as possible
- Ensure processes are in place to collect 100% of your debt.

# Debt Collection Best Practices

- Plan ahead to explore ways for customers to pay online.
- Establish routines for turning over sets of delinquent customer data.
- Turn over debt, write it off, and get it off your books.



# Hotel-Motel Taxes

Many governments perform a one-time hotel-motel tax recovery audit.

That's good, but problems detected in the audit often recur.

***Compliance is an ongoing process.***

# Hotel-Motel Tax Short-Term Best Practices

- Gather and analyze at least the last 12 months of your hotel-motel tax returns.
- Gather and collect information about your lodging providers.
- Address hotels and motels that have not paid your government.



# Hotel-Motel Tax Long-Term Best Practices

- Update your jurisdictions hotel-motel ordinance.
- Meet with lodging providers to discuss your new process.
- Remind lodging providers about payment rules and the law.

# Hotel-Motel Tax Long-Term Best Practices

- Set up a revenue management process.
- Routinely follow up with lodging providers about delinquent payments.
- Continually educate lodging providers about their duties in collecting the tax.

# Mixed Drink Tax

Alcohol tax collection is straightforward compared to other forms of tax and revenue collection.

However, it poses challenges if your government hasn't examined its processes in a while.

***Successful collection is all about having the right information and processes.***

# Mixed Drink Tax Short-Term Best Practices

- Collect and analyze the last 36 months of wholesaler and licensee alcohol tax records.
- Provide pour size affidavits to licensees.
- Document any missing returns.



# Mixed Drink Tax Long-Term Best Practices

- Build a database of the governments licensee returns and wholesaler reports.
- Compare how much product was purchased versus the tax paid to the government.
- Share findings and send letters to licensees.
- Collect any unpaid taxes and manage appeals.

# Mixed Drink Tax Long-Term Best Practices

- Make sure your alcohol ordinance is up-to-date.
- Reward the businesses that pay, not the ones that don't.
- The sooner you collect the tax, the less problems and hassle.
- Don't forget the wholesalers.



# Cable Franchise Fees

Do you receive the maximum amount of your cable franchise fees allowed by law?

Cable companies often underpay fees due to:

- Negligence
- Change of accounting personnel and/or accounting systems
- Changes in laws that impact what companies should be paying

# Cable Franchise Fee Best Practices

- Keep detailed, accurate records.
- Perform an audit.
- Address any gray areas (e.g. definition of gross revenue).
- Take action on any findings.

# Cable Franchise Fee Best Practices

- Keep track of the company's quarterly reports sent to the government.
- Make sure a staff member has responsibility for franchise fee payments.
- Post franchise fee payments to the correct general ledger account.
- Beware of a statute of limitations on collecting and auditing payments.

# Debt Setoff – Court Costs and Fines

- HB 1000, from the 2014 Legislative Session changed state law to allow all courts to submit debts to the Administrative Office of the Courts (AOC), which will then be able to collect unpaid fines from Georgia tax returns
- The AOC is currently developing the process in conjunction with the Department of Revenue, ACCG and GMA

# Conclusion

Local Governments have a responsibility to collect every last cent of revenue. It's some of the most important work you'll do in your government.

Collecting revenue and establishing a compliance ethic may not be exciting or thrilling work, but it's absolutely necessary.

# Conclusion

To help, programs exist that specialize in government debt and revenue collection.

Many vendors have expertise in sensitively dealing with citizens, lodging providers, mixed drink licensees, and cable companies.



# Conclusion

MORE REVENUE MEANS HAPPIER, MORE  
SUCCESSFUL CITIES & COUNTIES.

# Free Resources

Debt Collection

<http://www.gmanet.com/Debt.aspx>

Hotel-Motel Taxes

<http://www.gmanet.com/Hotel.aspx>

Mixed Drink Taxes

<http://www.gmanet.com/Alcohol.aspx>

Cable Franchise Fees

<http://www.gmanet.com/Telecomm.aspx>

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