

The CROAA *d*visor

Volume 5, Issue 1

May 2006

President

Keith Crawford
Jefferson County
crawfordk@jccal.org
205-325-8796

Vice-President

Sandra Schledorn
St. Clair County
salestax@stclairco.com
205-594-2108

Secretary/Treasurer

Brenda Meads
Baldwin County
bmeads@co.baldwin.al.us
251-972-6835

Interested in becoming a member? Please contact any of the above officers for

Important Dates

May 17-18, 2006

Association of County Administrators of Alabama Annual Conference
Perdido Beach Resort,
Orange Beach, AL
(251) 981-9811

August 4-8, 2006

NACo Annual Conference
Chicago, IL
<http://www.naco.org/>

August 22-24, 2006

ACCA Convention
Perdido Beach Resort,
Orange Beach, AL
(251) 981-9811

Legislative Update

By: Sonny Brasfield - Assistant Executive Director - Assoc. of County Comm. of Alabama

As it turned out, this year's legislative session was an active one for county revenue officers – but unlike other sessions, the only real news is good news.

The most significant legislation to pass this year was the establishment of a "sales tax holiday" for school related supplies during the first full weekend of August. The new statute applies only to the "state" sales tax, but provides counties and cities with the authority to add the local taxes to the tax-free weekend.

The Association was successful in its efforts to include the Streamline Sales Tax definitions for sales tax holidays and school related supplies in this legislation. Those definitions served to narrow the items that will be tax-exempt during this three-day shopping holiday. Should counties decide to add the county tax rates to the holiday, it must do so under the same rules and definitions which apply to the state holiday.

This means that the county cannot add (or subtract) to the list of items that will be tax free. It can only choose to participate or take no action and have the local tax apply during this weekend. Because the effective date of the legislation is not until July 1, 2006, counties that wish to take

part in this year's holiday must pass a resolution to do so no later than July 5, 2006.

Obviously, we do not know the financial impact of this holiday or, perhaps more importantly, the difficulty that retailers and revenue officers will experience in implementing the new rules for three days. Certainly the small retailers will find it more difficult than the national chains, which will be able to make the change at midnight on August 4, 2006 with only a few key strokes.

One must assume that the small retailers – especially those that sell exempted items (like t-shirts, pens and pencils) as a compliment to their main business – will be the ones that will complain the loudest.

A new law was also passed allowing the state – and local governments – to require electronic "payment" of taxes. At this point, most counties are accepting tax forms that are filed electronically (and if you aren't, that would be a GREAT project for 2007). However, the law has not been clear – until now – about whether or not counties could actually "require" businesses to pay their sale taxes through electronic means.

Continued on page 3

President's Note

By: Keith Crawford - CROAA President, Jefferson County

We would like to welcome the County License Inspectors to the County Revenue Officers Association and it is our hope that the classes offered will benefit them as well as our current membership. Each year CROAA will offer classes that are directly associated with the day to day problems facing County License Inspectors. We hope to provide speakers who will answer questions concerning topics such as Manufactured Home, Title 40 interpretations and other issues that are important to the License Inspectors.

The New Year has brought a new round with the "Stream Line Sale Tax Project" and all should be prepared to battle it on your

individual home fronts. Comments and suggestions on this issue should be directed to Sonny Brasfield at the ACCA. Sonny has maintained a voting position during the implementing process and holds a seat on the State and Local advisory council appointed by NACO and he has the counties best interest at heart.

JCENT, Inc. D/B/A Tax Master was purchased by Revenue Solutions Incorporated (RSI) March 2006. RSI has contacted me twice and seems to stand behind there product line base on our conversation. ALTIST will offer TaxMaster classes in the future and provide a help desk to provide support.

Who can be a member in CROAA?

By Sonya Bresseale, Principal Auditor/Director of Audits, Jefferson County

The membership of the County Revenue Officers Association of Alabama consists of three types of members:

Regular Members:

Regular member must be employed in an office responsible for any portion of the collection or enforcement of taxes at the county level. If you meet this requirement you simply fill out an application and submit your annual dues and you become a member. As a regular member you are entitled to vote on matters such as the election of CROAA officers and directors, the ratification of the annual dues, and any amendments to the Associations' by-laws.

Associate Members:

Associate members can be individuals, companies or corporations (who are involved in the collection of local taxes or who support

the purposes and goals of the Association), elected officials, State of Alabama employees, or faculty and staff of institutions of higher education. If you meet these requirements, as outlined above, submit your application and dues to become a member. Associate members shall enjoy all the rights and privileges of regular members but may not hold office or vote on Association matters.

Honorary Members:

The membership and Board of Directors may grant honorary membership to persons, companies, or corporations that have supported the goals of the Association. Honorary members are not allowed to vote or hold office.

I am sure you can find a place to fit in so join us today. Contact acting CROAA Secretary/Treasurer Brenda Meads at (251) 972-6835.

Educational Class Offerings

CGS - Auburn University

The following classes are being offered by the Center for Governmental Services at Auburn University. For more information about these and other class offerings, contact CGS at 1-800-446-0376, or visit them online at

<http://www.auburn.edu/outreach/cgs/cre.htm>

May 12, 2006

*ALTIST Certified Revenue Examiner 2006
Update Course*
Tuscaloosa (8 hours)

June 9, 2006

*Sales Tax Issues When Dealing with Dual
Businesses and Withdrawals*
Hoover (8 hours)

September 8, 2006

*ALTIST Certified Revenue Examiner 2006
Update Course*
Tuscaloosa (8 hours)

UPACE

The following classes are being offered by UPACE. For more information about these and other class offerings, contact UPACE at 256-782-5918 or visit them online at

www.coned.jsu.edu

July 12-14, 2006

Intermediate Excel for Revenue Officers
Anniston, AL (20 hours)

CROAA Certification Update

UPACE is in the process of mailing out transcripts for everyone involved in the CROAA Certificate Program. This should allow members to verify their current standing in the program. Anyone not receiving a transcript or that has a question should contact Ann Wells of UPACE at 256-782-5918.

UPACE sends out periodic emails with important information concerning the CROAA program. If you are not receiving these emails and would like to begin receiving them contact UPACE at the number above.

NEWS and NOTES

- The ADOR Administrative Law Division has moved their office. Their new address is 2 North Jackson Street, Suite 301, Montgomery. They also have a new phone number (334) 954-7195 and fax number (334) 954-7199. The division's mailing address is unchanged: Post Office Box 320001, Montgomery, AL 36132-0001
- Phyllis Koon, Revenue Auditor, City of Pelham and Donald Mims, County Administrator, Montgomery County have been named as the new members of the Alabama Local Tax Institute of Standards of Training {ALTIST}. They replace outgoing board members Janice Stewart, Mobile County and Danny Higdon, City of Northport.
- Sonny Brasfield, Assistant Executive Director of the Association of County Commissions of Alabama, has been named by NACo to the Streamlined State and Local Government Advisory Committee. The Committee is made up of 12 members with three each coming from NACo, NLC, GFOA and the National Conference of Mayors. The other two appointees from NACo are Rebecca Troutman, Director of Research and Public Technology, North Carolina Assoc. of County Commissioners; and Ken Crannel, Legislative Director, New York state Assoc. of Counties.
- The Autauga County Commission has set a June 2006 referendum on the granting of the so-called "self-governance" powers in Autauga County. If approved by the voters, the county commission will be authorized to abate nuisances such as junkyards, litter and unsanitary sewage. The commission is believed to be the first to set an election on the issue of self-governance. The Alabama legislature passed legislation during the 2005 regular session authorizing local votes on the granting of "health and safety" powers to the county commissions. No county can exercise the powers until first approved by a local referendum. For more information on self-governance, please visit www.selfgov.net

LEGISLATIVE UPDATE (Cont from page 1)

As we continue to monitor the progress of the Streamline Sales Tax Project, we are convinced that the existence of and participation in an electronic filing and payment system will be one key to maintaining a local presence in the tax collection system well into the future.

You may also have noticed that the legislation revamping the municipal business license statutes passed during this year's session. And, I can guess, that most of you know what that means: it is apparent that the business community is now ready to return to work on revision of the state/county business license statutes.

Some of you may remember that work from several years ago. Most of the problems were worked out before the legislation stalled and was then abandoned by the business groups. It is probably time for us to reestablish that business license committee and to get our "ducks in a row" for next year.

The passage of legislation changing the business license statutes would be a very positive thing for counties and businesses – reducing the number of licenses each business must purchase, increasing revenue at the local level, and establishing uniform enforcement procedures with the municipalities.

You will soon receive an overview of all the legislation that passed during this year's session. But, in the meantime, polish off your business license shoes and get ready for 2007!

The Faces of Sales Tax Fraud

By: Kevin Caputo - Revenue Examiner III - Madison County, Alabama

Fraud is defined by Webster's New World Dictionary as deceit; trickery; or cheating.

Fraud includes anything calculated to deceive, whether it be a single act or combination of circumstances, whether the suppression of truth or the suggestion of what is false, whether it be by direct falsehood or by innuendo, by speech or by silence, by word of mouth, or by look or gesture.

In tax collection a question that a tax collector always asks themselves "Was the taxpayer acting in a fraudulent manner in the remittance of their taxes?" If the answer to that is yes, can it be proved? If so, how and what evidence do they have? If it can be proved what are the penalties? Does the taxpayer face the potential of jail time or other punishment? The answer to that question varies depending on what state the taxpayer lives in.

A Google search of "sales tax fraud" revealed the following examples:

- In the *District of Columbia*, a restaurant owner pled guilty to one count of mail fraud and one count of failure to pay over collected sales tax in a sales tax fraud case. Under the terms of the agreement the owner would pay \$1,770,000 in restitution and serve 18 months in incarceration. It was estimated that for every dollar of sales tax collected the owner was pocketing 80 cents.
- In *New York*, one owner of an Auto Broker business was charged with a Class E Felony for filing false tax returns and

failing to remit more than \$57,000 in sales tax collections. In addition to the felony charge the taxpayer was required to pay the tax, penalties, interest, stands to lose his private pilot's license and is no longer permitted to vote.

- In *Wisconsin*, two brothers pled guilty to the charges of sales tax theft and tobacco products tax evasion. The two were required to pay restitution of \$810,000 and each was to serve a prison sentence. One received 18 months while the other received 13. The two had been underreporting cigarette sales from their 11 stores.
- In *Tennessee*, the owner of a Sports Bar & Grill pled guilty to felony charges of sales tax evasion. The taxpayer was sentenced to two years supervised probation, and required to pay over \$11,000 in restitution. In addition, the Department of Revenue was to seek additional civil fines and penalties.
- In *Washington*, the vehicle dealer was sentenced to five months in jail and ordered to pay \$62,206 in restitution. Of the five months, two will be served in jail, two on work release, and the final month will be served by doing community service.

To learn more about each state and how they treat sales tax fraud type in the web link http://www.at-homeworks.com/state_tax.htm. It provides a link to each state's Revenue Department.

Surfing USA

Look up your State Legislator or Senator by zip code: <http://www.legislature.state.al.us/misc/zipsearch.html>

You can look them up by either a 5 or 9 digit zip code

Alabama State Board of Education: http://www.alsde.edu/html/legislative_tracking_Regular.asp

Provides a service that allows users to easily track legislation from the current legislative session.

State Tax Central: <http://www.statetaxcentral.com/>

Anything and everything you could ever want to know about every states taxes. Topics covered include corporate income tax, individual taxes, payroll taxes, property taxes, sales and use taxes, unclaimed property, taxes by industry, miscellaneous taxes and much, much more.

County Revenue Officers Association of Alabama

c/o Association of County Commissions of Alabama
100 North Jackson Street
Montgomery, AL 36104

INTERNET FACT

Third quarter 2005

E-commerce sales accounted for 2.3% of total sales. In the same period a year ago this figure was 2.0%.

Fourth quarter 2005

e-commerce sales accounted for 2.6% of total sales. In the same period a year ago this figure was 2.0%.

E-commerce sales in 2005 accounted for 2.3% of total sales. E-commerce sales in 2004 accounted for 2.0% of total sales

The Census Bureau will be releasing its figures for the first quarter 2006 on May 18, 2006

Source: The Census Bureau of the US Department of Commerce

COUNTY TAX COLLECTIONS

A comparison analysis of:

4th Quarter 2005 vs. 4th Quarter 2004 (July, August, September)
Year to date: FY 2005 vs. FY 2004

COUNTY	Q4 2005 versus Q4 2004	FY 2005 YTD versus FY 2004 YTD	Q1 2006 versus Q1 2005
Baldwin	16.34 %	20.60 %	20.83 %
Cullman	10.04 %	7.18 %	10.62 %
Jefferson	4.02 %	6.01 %	(3.28%)
Madison	6.50 %	12.00 %	4.84 %
Mobile	10.00 %	12.06 %	28.29 %
Montgomery	9.82 %	8.86 %	n/a
Morgan	3.80 %	2.02 %	12.11 %
Shelby	13.40 %	16.55 %	18.10 %
St. Clair	18.07 %	9.99 %	17.12 %
Tuscaloosa	8.08 %	8.56 %	11.68 %