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THE TECHNOLOGY THAT BEATS THE CHEATS

Tax season ended just about a month ago, but tax-return-extension season is still in full swing. And with the economy in ... well, we all know about the tank the economy is in ... now's as good a time as any to think about ways to use technology to squeeze extra dimes out of tax cheats, and perhaps to engage and assist law-abiding taxpayers as well.

This newsletter is written by *Governing*'s Ellen Perlman. Got an idea? Contact us at techletter@ governing.com.

Technology has been a major focus for Maryland Comptroller Peter Franchot, who recently visited *Governing* to talk about the various tools he is using, his office's Web site chief among them. The day before taxes were due, Franchot publicly named Maryland's top 50 tax scofflaws, posting their names online for all to see. Twenty-five businesses and 25 individuals owed nearly $6 million. The "Caught in the Web" program targeted delinquents who ignored the state's attempts to collect overdue taxes.

Maryland has pulled in $23 million from 510 delinquent taxpayers since the Web-shaming program began in 2000. But there's plenty more to collect. In total, the state is owed $500 million in delinquent taxes.

Extracting money from the miscreants can be a tricky business, especially in a state such as Maryland, where the role of tax collector is an elected office. "We want to stop bothering Marylanders who are paying taxes by focusing in on people who are cheating the state," Franchot says, acknowledging the potential for a Big Brother perception problem if he and his staff are too heavy handed. But with the grim economic picture and state budget problems, Franchot believes the public supports cracking down on those who aren't paying their full share.

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More from GOVERNING

Tech and Telecom: The latest technology-related news, links and events from *Governing*.

Spending Transparency: A recent report's best-practices information is valuable for states implementing their own transparency initiatives. **Plus**: When it comes to spending taxpayer dollars, how much transparency is enough?

Broadband -- at Any Price: Small cities are eyeing stimulus money to bring high-speed Internet to all.

Risky Business: As states bid out massive tech projects, they want a lot for their money. Are they scaring off the vendors they need?

Getting in the GovLoop: People in thousands of government offices perform similar jobs. This social network provides government employees a chance to connect online.

Parks and Rec Online: San Francisco and Portland, Oregon, are making it easier for visitors to give parks and recreation departments a heads-up on maintenance issues.

Read GOVERNING: Complimentary subscriptions for many public officials

laptops are number one in reliability.

That's one of the reasons the comptroller's office has been upgrading its technology to better pinpoint who should be audited. The state invested $87 million in additional auditors and armed them with a Modernized Integrated Tax System. The new system lets the state search for and compare disparate state records -- such as car registrations held by the Motor Vehicle Administration, boating information collected by the Department of Natural Resources, and property records kept by the Department of Assessments and Taxation. That kind of information helps auditors see who has a driver's license or property in Maryland but isn't filing a state return there. It also can reveal if someone who claims to make poverty wages really owns a yacht and several cars.

Franchot gives credit to his colleagues in Massachusetts for some of the tactics he's employing. The Massachusetts Department of Revenue's model for combining and comparing data -- called Discover Tax, or DTAX -- has allowed that state to pull in more than a half a billion dollars in back taxes since 2003. Over the years, the department has accumulated 78 databases for helping it nab delinquent taxpayers.

Like Maryland, Massachusetts also outs tax cheats online, offering a searchable listing of individuals and businesses that owe more than $25,000 in taxes. Since its inception, the state has collected $661 million in back taxes, and there's more to be had. Massachusetts would be $33 million richer if only the state's top 10 delinquent individuals paid up. Number One alone owes more than $5 million.

In Maryland, Franchot is also using his Web site to reach out to law-abiding taxpayers -- not just to get his hands on the cheats. As the clock wound down to tax day in April, for instance, the comptroller held an online chat, taking questions from the public on topics ranging from energy efficiency tax credits to military benefits to student loans.

The comptroller's office also posted a YouTube video called "E-filer Knows Best" -- a parody of the 1950s TV show "Father Knows Best." The video is amusing to a point, but sophomoric tendencies (read: bathroom humor) eventually creep in. That's unfortunate because the message is important: Filing electronically saves the state $1.60 per return. As an incentive, Franchot explained in the video, e-filers could delay their tax payment for two weeks.

In the end, about 1,600 people clicked on the video -- hardly a Susan Boyle-like YouTube success with tens of millions of views and counting. But even if the video did not generate the same kind of viral buzz that Boyle's much-watched clip from "Britain's Got Talent" produced, Franchot and his staff have the right idea: Technology can do more than enable thorough auditing.

YOUR RIGHT TO CLICK

One of this country's most ambitious experiments in digital voting wraps up this week. The all-digital vote for neighborhood board elections in Honolulu began May 6 and will continue until May 22. Armed with a nine-digit pass code and the last four digits of their Social Security number, eligible voters can cast their ballots from home, at one of three computer locations in the city, or by telephone.

"It's driven by cost, but also to make voting as convenient as possible," says Joan Manke, executive secretary of the Neighborhood Commission Office. The neighborhood board elections previously had been held by mail, which cost more than $100,000 in mailing and other expenditures. Digital voting also provides accessibility. For instance, blind voters can keep their vote secret since they do not have to get someone to mark a paper ballot for them.

A growing number of states and local jurisdictions use mail-in voting for convenience. But about a third of the people who don't vote blame illness, travel or some other unexpected inconvenience for keeping them from the polls on Election Day, says Lori Steele, chief executive officer of Everyone Counts Inc., the electronic voting service company that is running the neighborhood elections for Honolulu. At that point it's too late to use a mail-in ballot, Steele points out.

Other jurisdictions have used digital voting for specific populations, such as deployed members of the military, many of whom don't have easy access to the polls on voting day and often don't have their votes counted because of problems with overseas mail. But use of online voting overall has been extremely limited in the United States, in part because of public concerns about security.

Organizers of the Honolulu neighborhood election are making every effort to assure voters the system is reliable and secure. "The technology used to transmit your ballot uses encryption procedures similar to what banks use to transfer funds," an online Q&A for voters

promises. "It is much easier for someone to steal and submit a paper ballot than an online ballot."

The Honolulu city council, having passed a resolution to look into the viability of online voting, will be watching the neighborhood board elections closely. But Mayor Mufi Hannemann is clearly enthusiastic already. "You are an important part of history," he says in a message on the sign-in page for the online voting system.

APPS FOR DEMOCRACY: SPECIAL CITIZENS UNIT

Catching up with past news ... Vivek Kundra may be gone from the District of Columbia government, having left his position as chief technology officer of the city to be President Obama's federal chief information officer. But D.C. is still all about "democratizing data" -- one of Kundra's favorite expressions.

One of the former CTO's best-known accomplishments in his District post was last fall's "Apps for Democracy" challenge -- a 30-day contest that offered teams of programmers cash prizes to create new online services using government data. I wrote in February about the District's return on its investment for that contest.

Well, Apps for Democracy lives on. This time the district has sought ideas from residents about what they'd like to see technology-wise. It's called Apps for Democracy "Community Edition." A second-round of the contest set for next month will focus on trying to build out the best ideas.

The top suggestion as of the other day, based on number of votes, was for citywide wireless Internet service. A GPS system for bus arrivals was doing well, but has been overtaken by a proposal for an Internet-based system for finding D.C.'s "social entrepreneurs." Residents also want to be able to go online to get a temporary parking pass for visitors. Amen to that, sister. I've made my fair share of visits to the local police station to get passes for out-of-town friends to park legally on the street near my D.C. home.

Among the other top requests so far: expanded mobile phone service on Metro, the region's subway system, and new online tools for disputing property tax assessments and parking tickets as well as for registering address changes with the motor vehicle department.

DEALS

Massachusetts' Division of Capital Asset Management has awarded an energy-management contract to CPower to provide demand-response and permanent peak-reduction services for state facilities.

The Rancho California Water District has licensed **Lawson Software**'s QuickStep Government system, including the company's enterprise financial management, contract management and human resource management suites.

The Lee County, Ill., Emergency Telephone System Board has contracted with **VisionAIR** for the company's public-safety software suite, which will be used to consolidate the agency's four current software systems.

Affiliated Computer Services will administer **Louisiana**'s Small Rental Property Program to rebuild affordable rental property damaged by hurricanes Katrina and Rita under a two-year, $37.5 million contract.

Under a contract valued at $2.5 million, **L-1 Identity Solutions** has upgraded **Texas**' biometrics identification system to incorporate hand scanners, allowing full handprints to be sent to the statewide criminal automated fingerprint identification system.

Richardson, Texas, is using **Information Builders**' WebFOCUS BI platform to create a citywide reporting environment for for all city departments to support revitalization projects.

The Arkansas Department of Education will use **IBM**'s Economic Recovery Fund Tracking system, employing dashboard technology to monitor and analyze programs receiving federal stimulus funding.