Oakland tax software firm turnKey Taxes hopes to simplify, maximize collection

Larry Roberts/Post-Gazette

DEBORAH M. TODD
Pittsburgh Post-Gazette

Over the course of a 44-year career in the tech industry, turnKey Taxes founder Mark Schuster said his claim to fame was: "I could always write software and give CEOs anything they wanted with one button."

After applying that skill along a career path that wound from the diamond industry to waste management, a stop in municipal government in the late 1990s inspired Mr. Schuster to spread the gospel of automation to small towns tracking critical revenue with pen and paper records.

One year after turnKey Taxes' pilot program launched with 10 municipalities, it has now brought the service to 10 more towns and is in discussion with five more across the state.

In McKeesport — which Mr. Schuster noted almost doubled the amounts collected for its business privilege tax from 2013 to 2014 — there's little question how valuable complete and accurate information can be for communities in financial crisis.

TurnKey began working last year with McKeesport, where workers had tracked business privilege taxes through pencil and paper records. By December, the city had collected approximately $337,000 in business privilege taxes — an increase of more than 90 percent from 2013, according to Mayor Michael Cherepko.

"At the end of the day, when you run on an $18 million, $19 million, budget, when someone comes along with $337,000, all of that is important," Mr. Cherepko said. "When you come to the end of the year, you're looking for every cent of revenue you can find to make payroll."

The infusion was enough to prevent the city from imposing a tax hike, something Mr. Schuster said he hopes the software can do for struggling local governments throughout the state.

"Folks have probably heard me for years saying four in 10 Pennsylvanians live in a distressed city. To me, that's just not good enough anymore. We're here to provide a service and a tool that [distressed cities have] never had before," he said.

Mr. Schuster called turnKey Taxes, which was founded in 2008, "an online bank statement on steroids." It's designed to help municipalities compile records for properties, businesses and individual taxpayers into a single, streamlined database that uses public records and the records of municipal tax collection agencies to help officials check for discrepancies.

TurnKey does not charge municipalities to license software but it takes a cut of between 20 and 25 percent of whatever cash it helps a municipality recover.

After building a prototype in 2010, last year the company caught the attention of accelerator program Idea Foundry, which provided $10,000 in seed funding and set the company up in its Oakland office as part of the InterSector Accelerator program.

"Many political subdivisions might have five different tax collectors, and they all have different computers and different software and the information's not central," Mr. Schuster explained.

"The challenge is if you're a city treasurer or finance director or whomever it is responsible for getting this information together, they'll work 22 days a month and then spend one to two days aggregating all of this information so they can provide reports to their councils or township committees. If it's all in one piece of software, that could free up one to two days of work."

Beyond sweat equity, turnKey's most important function has been to put financial equity back into town coffers by clarifying exactly how many businesses and residents are in a town and who is — and isn't — paying taxes. In some cases, a local government only needs to find a single tax scofflaw to yield a big payout.

"Jeannette was one where we went in and were able to find $30,000 of missing money probably in the first 15 minutes," Mr. Schuster said. "It was a taxpayer that went missing, and they got the check and they needed it."

With a handful of successes under his belt, Mr. Schuster said he's been getting a much warmer reception from municipal and borough managers. Since city managers are able to add new taxes to the turnKey database at any time, Mr. Schuster said he could see it transforming Detroit and other financially distressed cities across the nation.

While the benefits of the extra revenue are obvious, the data itself could prove to be invaluable, depending on how it is used.

"Once you get past just bringing everybody current and making sure you have all the tax collectors, what can you do with perfect information in a community? You could send electronic newsletters to all of your residents, send notices to all of your landlords." Mr. Schuster said.

"We're selling this in two stages. First you get all of the information correct, then get all the money in. Then stage two is to let [communities] use the information however they want. It's their information," he said. "We are returning the information back to the communities."

Deborah M. Todd: dtodd@post-gazette.com or 412-263-1652. Twitter: @deborahtodd.