

MEMORANDUM

TO: Chairman Benninghoff
Chairman Mundy
Members of the House Finance Committee

FROM: Deborah J. Dasch

RE: HB 1877

DATE: February 10, 2012

As a taxpayer, I have some concerns with the proposed amendments to the Real Estate Tax Sale Law (RETSL) as contained in HB 1877. I understand that in this economic climate all taxing districts are looking for every penny of savings they can find, including the 5% commission paid to the Tax Claim Bureau (TCB). On its face, the first proposed change in HB 1877 seems simply a straightforward attempt to return 100% of the collected delinquent taxes to each taxing body. However, the underlying effect of HB 1877 will be to provide an unfair advantage to alternate, or third party, tax collectors, and will ultimately be the demise of the Tax Claim Bureau. The use of alternate tax collectors has created confusion for all parties and more expense to the delinquent taxpayer. If the true intent of this legislation is only to give taxing districts 100% of their taxes, there are other ways to accomplish it.

The TCB was established in 1947 as a fair, impartial and efficient means of collecting delinquent taxes, consolidated into one agency, for the convenience of your constituents: the property owners, attorneys, title companies, credit bureaus, mortgage companies and potential purchasers, without causing undue hardship to the delinquent property owner. It has met that goal across the Commonwealth, and admirably so. The collection rate is approximately 97%, and includes penalty and interest for the taxing districts. The TCB takes every property to sale if the taxes remain unpaid, not just those having a certain dollar value. The TCB charges only those reasonable fees allowed by the RETSL, to cover some or all of the cost for the mandates of the statute, and the 5% commission, which was intended to offset costs for the operation of the bureau. It should be noted that certain areas are exempt from establishing a Tax Claim Bureau – Philadelphia and Allegheny Counties and the City of Scranton.

As a twenty-nine year employee of the Tax Claim Bureau of Schuylkill County, you may perceive this as an attempt to preserve "my" office and job; however, my concern is for the County and its tax payers. I have first-hand knowledge of the value the Bureau plays in the economy of the County. It is a totally self-supporting office, funneling hundreds of thousands of dollars into the county general fund each year, with the taxing districts receiving their share as a disbursement from the county. In addition, each of the employees of the TCB is a resident of the county, spending their hard-earned money primarily within the county for goods and services, paying their own taxes and supporting their households, as well as their schools, churches and local

businesses. Encouraging the use of third party collectors will undermine the original intent of the RETSL and have a negative impact on the counties and their constituents.

The provision of HB 1877, allowing a taxing district, whose claims have been returned to the TCB, to adopt a resolution, at any time, and turn those claims over to an alternate tax collector, will surely create chaos and havoc. Imagine the nightmare for title companies, mortgage companies, attorneys, credit bureaus, potential purchasers and last, but certainly not least, your constituent property owners! The tax amount a property owner was given by the TCB in February may be neither the amount, nor the place where it's due, when the income tax check comes in April and they can afford to pay it! If the TCB has already expended funds to send notices and post properties how do they recover those costs if the delinquency is then turned over to an alternate collector? Will the taxing districts or the alternate tax collector be collecting and disbursing those costs to the TCB?

Again, if the goal is to give all taxing districts 100% of their tax dollars, there are ways to accomplish that without advocating, sitently or otherwise, the use of alternate tax collectors and without causing the tax payer undue financial hardship or confusion. The Tax Claim Bureau Association of Pennsylvania, as practitioners of the RETSL, would welcome the opportunity to discuss changes to the RETSL that would benefit all taxing districts.

Respectfully submitted,

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