



**TAX CLAIM BUREAU ASSOCIATION**  
of the  
**Commonwealth of Pennsylvania**

Date: November 12, 2013

To: Representatives on the Urban Affairs Committee

Re: HB 1409/A03864

The PA Tax Claim Bureau Association ("TCBA") respectfully voices our opposition to HB 1409/A03864 as written. Initially, HB 1409 was written to be an all inclusive bill for the 67 counties in the Commonwealth. With the amendment, however, an election may be made by a taxing district to follow the Municipal Claim and Tax Lien Law ("MCTLL") which was enacted on May 16, 1923. Thus, the bill now only applies to counties operating under Real Estate Tax Sale Law ("RETSL") which was enacted July 7, 1947.

Tax collection is a government function; we in the TCBA are in the business of collecting taxes, not selling properties. RETSL was designed to benefit local governments in the accelerated collection of delinquent real estate taxes without causing undue hardship on the property owners. Tax Claim Bureaus are centrally located, accessible to the public, and government entities subject to strict standards of accountability and transparency. Delinquent dollars are public dollars and the records of such should be readily available and open to the public.

Although many properties that actually get *exposed to sale* are abandoned (due to death, illness, flood, fire, foreclosures, etc.) and/or run down, the majority of properties returned to the Tax Claim Bureaus do not fit this criteria. By the same token, the majority of blighted properties are not delinquent tax properties. Delinquent and Blighted are not synonyms.

The taking of one's property is second in seriousness to the taking of one's children. It is not a "business transaction" but a life altering change. Delinquent taxpayers are still your constituents and are entitled to their due process.

Eliminating the unfair burden on the timely paying taxpayers of the Commonwealth was one of the drivers of the RETSL legislation in 1947. On average 92% of taxpayers in any county currently operating under RETSL pay their taxes in the year due. Of the 8% that are returned to the bureau, half of those pay within the first year. Of the other half, only a fraction of properties ever get exposed to sale.

With all of that said, please allow me to touch on a few items in HB 1409/A03864 that may prove problematic if it were enacted at this point.

First and foremost, the property owners are not notified of the delinquent tax lien until *one year has lapsed*. The Notice of Claim should be mailed immediately to inform the owners of the delinquency, as well as where to pay their obligation.

The monetary burden would be put on the county governments to implement the process. The title searches to find all interested parties, mail costs, newspaper advertisements and sheriff office man power for court order services alone would cost *tens of thousands of dollars* in small counties and *millions of dollars* in the larger counties. In addition to that, several more employees would have to be hired to handle the burdensome Judicial Sale process.

New computer software would have to be written to accommodate the new process. As there are numerous software companies serving members of the TCBA, there would be no definitive timeline for software availability. The website requirements would be very intricate and added costs for employees to maintain the site would be an added burden for the county governments.

The return date as per RETSL is January 15; this legislation extends the return date to April 30. This not only shortens the delinquent collection period by nearly four months, but creates problems for the current year collectors. By law they cannot pick up their duplicates to begin current year collection until settlement is made. All of this delays income that counties and municipalities should be getting during the first four months of the year.

The "Redemption Amount" as defined, includes current year taxes. Although there may be bid monies available from a tax sale to cover current year taxes, the elected municipal collectors are responsible for and paid for collecting taxes in the current year.

Again, we are addressing delinquent real estate tax collection. The requirements for creating and maintaining an Internet website are beyond our abilities. This may be better addressed with the county governments as an Information Technology specialist should be handling this. The required postings and advertisements prior to sale are for the purpose of informing the public of impending action. Many counties already post their pending *sale lists* on their county website. The taxpayers should not be shouldered with the burden of paying for an information directory; potential tax sale bidders should be responsible for their own research.

Most importantly, the Judicial Sale process is a last ditch effort, as property is ordered to be sold **free and clear** so the taxing authorities would not necessarily be receiving their tax money. This is the reason for the Upset Tax Sale in the first place. Delinquent taxpayers may lose their property, but taxes, judgments, mortgages and other liens remain intact and are assumed by the buyer.

Thank you for allowing the Tax Claim Bureau Association to be heard.

Respectfully submitted,

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Legislative Officer