



Pennsylvania State Association of Boroughs

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TO: Members of the House Local Government Committee

FROM: Ron Grutza, Assistant Director of Government Affairs

DATE: June 17, 2013

RE: House Bill 1336

On behalf of the 958 boroughs in Pennsylvania, the Pennsylvania State Association of Boroughs requests your support of **House Bill 1336**, which will be considered by the House Local Government Committee on Wednesday June 19, 2013. The bill amends the Real Estate Tax Sale Law (RETSL) to address the collection of delinquent real estate taxes.

Unfortunately, every taxing authority faces the reality of unpaid taxes. These unpaid taxes must be collected in a timely and efficient manner in order to protect the taxpayers who play by the rules and pay their taxes on time. If delinquent taxes go uncollected, the burden ultimately is shifted to the taxpayers who do pay.

The General Assembly has provided for the collection of delinquent real estate taxes through two statutory methods. The first is through the RETSL, and the other is the Municipal Claims and Tax Lien Law (MCTLL). Tax collectors are required under the RETSL to return to the county tax claim bureau their uncollected real estate taxes. Taxes could then be collected by the tax claim bureau under the provisions of the RETSL. Some municipalities choose to let the county tax claim bureau collect their delinquent real estate taxes under the RETSL. However, not all municipalities use the tax claim bureau for one reason or another. They choose to collect their delinquent real estate taxes under the MCTLL on their own or through a third party collector. Collections under this method have proved to be faster and more efficient for our members.

While some municipalities have chosen to successfully collect delinquent taxes outside of the tax claim bureaus, a quirk in the RETSL still requires the payment of five percent of the taxes collected be paid to the tax claim bureau. We believe it is just and reasonable to expect to pay fees or commissions to an entity that provides a service to collect delinquent taxes. However, it is unreasonable to reward an agency for ineffective collections and require payment for doing nothing!

House Bill 1336 corrects this barrier to effective delinquent real estate tax collection by clarifying a taxing district that pursues collections outside of the tax claim bureau will not be charged the five percent collection commission by the tax claim bureau. PSAB believes this provision is necessary in the RETSL to provide more incentive and freedom to pursue the most efficient methods of collecting real estate taxes. Boroughs need every tool to ensure that taxes are collected in a swift and effective manner.

We believe that a taxing district should be given the choice to fully pursue collection methods that work best for them in their particular county and not be penalized for it. By enacting House Bill 1336 the General Assembly would accomplish that noble goal.

PSAB requests your full support for House Bill 1336 in the House Local Government Committee on Wednesday. Thank you for your consideration of our position on the bill. If you have any questions on our position or if PSAB can be of assistance, do not hesitate to contact me at (717) 576-1679 or via e-mail at rgrutza@boroughs.org.