

Earlier this year, the County Treasurer's Office undertook a comprehensive compliance review of delinquent tax collections. As a result, the County Commissioners adopted a Resolution authorizing the Tax Claim Bureau to perform its functions under a hybrid approach. Generally, the collection of real estate taxes in Montgomery County is governed by the Real Estate Tax Sale Law ("RETSL"), which establishes the County's Tax Claim Bureau as the agent for local taxing authorities for the collection of delinquent taxes. The recently adopted Resolution allows the County to incorporate the Municipal Claims and Tax Lien Act ("MCA") into its collection process. The County Commissioners memorialized these findings in the attached Resolution adopted on September 13, 2012.

Specifically, the Resolution specifies that Montgomery County adopted provisions of the MCA, which will operate in conjunction with RETSL for the collection of delinquent taxes. Under the relevant provisions of the MCA, beginning on January 1, 2013, for all new tax claims, the County in essence, shifts the burden of paying the 5% commission to those taxpayers that are delinquent rather than assessing the 5% commission against the taxing authority. The Resolution also establishes reasonable attorney's fees for the collection of any delinquent accounts. Those fees will be fixed at one percent (1%) of the total amount of the delinquent account, including any interest or penalties which may be properly included. In effect, this will allow the County to collect delinquent accounts more quickly while mitigating collection costs for the local taxing authorities. For further illustration of how this will work, we've included two general examples as an attachment to this letter

We look forward to working together to ensure that delinquencies are resolved expeditiously and that both the County and the local taxing authorities are satisfied with this process. We believe that this partnership will ensure that best practices are followed during the collections process - something that should be afforded to every constituent while ensuring that authorities will continue to receive revenues to which they are entitled. We also anticipate that this relationship will allow for a greater dialog between all parties which will serve as a platform for further partnership between the County and local authorities.

Pursuant to the MCA, each separate taxing authority board should adopt their own resolution assigning their delinquent tax claims to the Montgomery Tax Claim Bureau. A resolution should be adopted to allow the County to collect under this hybrid system. There will be a sample resolution for your review at the Information Session.

We encourage you to attend the **Information Session on October 19, 2012 in the Montgomery Conference Room, which is located on the 2nd floor of One Montgomery Plaza (425 Swede Street in Norristown)** or to contact the Tax Claim Bureau or the Treasurer's Office at 610-278-3066 for more information. We look forward to seeing you on the 19th.

INFORMATION SESSION
DELINQUENT TAX COLLECTION

Date: Friday, October 19, 2012

Time: 1:30pm – 3:00pm

Location: Planning Commission Conference Room
 2nd Floor, One Montgomery Plaza
 Norristown, PA

EXAMPLE: Using \$1,000 Tax and \$100 Penalty

Current County Program

Example #1: All liens for taxes collected by the Tax Claim Bureau prior to January 1, 2013:

TCB collects \$1,100 plus interest and fees.

TCB remits to taxing authority:

\$950 tax

\$95 penalty

\$1,045 plus 95% of interest collected.

TCB retains \$55 commission plus 5% of interest collected

New County Program effective 2013

Example #2: For Tax Year 2012 Liens, Delinquent Taxes Collected by Tax Claim Bureau Beginning January 1, 2013.

TCB collects \$1,155 plus interest and fees.

TCB remits to taxing authority:

\$1,000 tax

\$100 penalty

\$1,100 plus 95% of interest collected

TCB keeps \$55 commission