DAUPHIN COUNTY TAX COLLECTION COMMITTEE

SUMMARY MINUTES

June 20, 2018

• Roll Call – A quorum was established.


Solicitor: G. Beneventano

• The Chairman called the meeting to order.

• Summary Minutes from May 2018 meeting – A motion was made and seconded to approve the summary minutes --accepted and APPROVED.

• Financial report as of May 2018 – accepted and APPROVED.

• New Business – Tax Collection Matters – Resolution No. 2018-1. The Solicitor reported that this resolution, if adopted, will extend Keystone Collections contract for five more years. A memorandum was previously sent out to the entire TCC summarizing the resolution and the proposed contract amendment (Amendment No. 2.) The Executive Committee has negotiated this amendment with Keystone. There is a drop in the compensation percentage due Keystone with the new proposed contract amendment. The rate has been at 1.45% and has been dropped to 1.38%. To get this rate, Keystone requested a five-year contract extension. It was noted that if Keystone management changes hands or if the company is sold to a buyer, the TCC contract cannot be assigned to that buyer without the TCC’s approval.

As part of Amendment No. 2, Keystone’s bond is being reduced to $2.5 million after information received by the auditor, Boyer & Ritter. The bond amount will regularly be reviewed consistent with Act 32. If there is a need to increase or decrease it based on the audits and consultation with the audit subcommittee, Keystone will either raise the amount of the bond or lower it, as appropriate.
The Dauphin County Keystone office has been closed. Staff has been reassigned.

A question was raised concerning a segregated checking account for TCC funds collected by Keystone. The Chair reported that since Keystone is transmitting money back to school districts and municipalities in less than a week, there is really no interest that would accrue on a segregated account. Also paying for transactions would end up costing the TCC money, so the TCC sees no interest in pursuing this type of account. If interest rates come back up, it may be something to revisit.

A question was raised regarding the cost of collection to be imposed and added to delinquent taxes. The solicitor explained that under Act 511, as amended, the TCC is authorized to adopt a resolution, which it did in 2011, approving costs of collection to be imposed and added to delinquent taxes. The Dauphin County TCC did so on November 16, 2011, when it approved Resolution No. 2011-4. Keystone is asking that in the event that Act 32 is amended affecting costs of collection, Keystone has the ability to come back and revisit the costs authorized by Resolution No. 2011-4. Mr. Lazzaro stated that Act 192, which was an amendment to Act 511, the original Local Tax Enabling Act, stated that taxpayers and businesses who pay their taxes on time should not bear the burden of paying part of the costs to collect those taxes from delinquent payers. There is pending legislation that could hinder the ability of Keystone and other collectors to effectively enforce the delinquent collection provisions of Act 32 through the use of “contingent fee audits.” There is an equitable reason to allow contingent fee audits of delinquent taxpayers. In doing so, the small delinquencies (the lower income taxpayers) could be adversely penalized, whereas the high income delinquents could be disproportionately favored. Specifically, the cost of delinquent recovery could shift from one of equity to becoming a burden on lower income taxpayers. The TCC and Keystone prefer not to weaken a system that currently works. Keystone feels the delinquent system is working well and does not need to be changed.

Mr. Lazzaro also clarified that Keystone is not leaving money in a bank for any steady period of time. Most of the funds are moved within 24 hours.

The vote for Resolution No. 2018-1 approving Amendment No. 2 to tax collection contract with Keystone Collections is a weighted vote. A roll call vote was taken. Since the vote was unanimous, weighted calculations did not have to be performed. **RESOLUTION NO. 2018-1 APPROVED.**

The Chair thanked Keystone for the work they do for the Committee. He also thanked the Executive Committee and the solicitor for all the time put into working on the new agreement with Keystone.

- The Chairman reported that the TCC cash account will be moved from BB&T Bank to Centric Bank. BB&T was giving the TCC an interest rate of 0.30% as well as adding service charges beginning at $4.00 every month. By going with Centric Bank, the TCC will have an interest rate of 1.55%, with no service charges unless more than six checks are written in a month.
House Resolution No. 291: Mr. Lazzaro reported that a study is being conducted by the Department of Revenue to recommend to the legislature whether or not the entire business of collecting taxes should be taken over and administered by the Department of Revenue instead of by the tax officer on a county-wide basis under Act 32. A discussion ensued as to why this resolution was even drafted as the current collection system under Act 32 is working so well. The Solicitor reported that in 2004, DCED did a comprehensive study to look into statewide collections. There were two proposals, one was statewide collections through the Department of Revenue. The other was county-wide collections which is the basis for Act 32. A motion was made to have the solicitor attend a July 11, 2018 meeting of tax officers with DCED. MOTION APPROVED.

A motion was made to cancel the July 18, 2018 meeting. MOTION APPROVED.

Meeting was adjourned at 7:19 P.M.