DAUPHIN COUNTY TAX COLLECTION COMMITTEE

SUMMARY MINUTES

September 20, 2017

- Roll Call – A quorum was established.


Solicitor: G. Beneventano

Keystone Collections: Joe Lazzaro, Esq.

- The Chairman, A. Memmi, called the meeting to order.

- Summary Minutes from June 2017 – The summary minutes were then accepted and APPROVED.

- Financial report as of August 31, 2017 – accepted and APPROVED.

- Mr. Lazzaro from Keystone Collections introduced Mr. John Pinkerton who is part of the client services department. His department makes sure that the delegates are receiving and understanding reports. Mr. Pinkerton is looking for feedback and is at the meeting to help any of the delegates with anything they may need. He will be joining Mr. Lazzaro at meetings to get to know the delegates.

Dauphin County earned income collections are in excellent shape. As of the end of August $76,485,998.00 has been collected. Collections are up 5.88 percent over last year at this time. Keystone has been more aggressive with delinquent earned income tax. Keystone compares information from the PA Department of Revenue with earned income locally. Once the report is received from the Department of Revenue, an analysis is started. When the audits result in clear evidence of deficiencies, Keystone notifies the individuals asking them to explain why there is a difference between the state and local returns. Thus far this year, Keystone has recovered an additional two and a half million dollars in previously unpaid, unreported tax. That’s important because Keystone, in
aggressively pursuing delinquent collections, is recovering money that includes penalties and interest. There is no cost to the taxing authorities when Keystone pursues delinquent taxpayers. Part of the process is wage attachments. Taxpayers have contacted their local taxing authority stating that a notice has been sent to their employer. That is part of Act 32, part of state law – if earned income tax is not paid from the previous year or earlier year, there could be a wage attached. Keystone follows the procedure to a “T”. Before a wage attachment occurs, the individual who would be garnished receives a certified letter and a copy of the notice that will go to their employer if, within the next 30 days, they don’t contact Keystone and agree to a payment plan.

Keystone has gone through the yellow book audit for tax year 2016. This is an independent audit of Keystone’s finances, accounting, and procedures under Act 32. Boyer & Ritter completed the audit, and a copy has been delivered to the Chairman of the Committee. There were no findings with the audit. The audit will also be delivered to the taxing authorities via email from Keystone.

The SOC audit (internal controls audit) was conducted over a three-week period in July. At the time of the September TCC meeting, Keystone had not received the results. The SOC audit was conducted on real estate collections undertaken by Keystone, as well as the earned income tax.

Mr. Lazzaro discussed PA House Bill 866 which involves crediting – mostly an out-of-state crediting issue. This doesn’t affect Dauphin County as much as some other places. An item attached to this bill would affect delinquent tax recovery. They want to limit the ability of a tax officer to impose the costs of delinquent tax recovery on the taxpayer who is delinquent. Lobbyists are active on this issue on behalf of the State Accountants Association. It is also being pushed by some of Keystone’s competitors who have a system where they attach individual fees on every step they take and remove the contingent fee provision. Currently under the Act 192 resolution there is a ten percent (10%) charge to cover the cost of collecting.¹ This fee is passed on to the delinquent party. House Bill 866 would create a system in place where every letter costs $25.00, payment plans cost $50.00, and there is a charge for every step in the process that has to be itemized separately and charged separately. This could hit low-income individuals who cannot afford to contest these cases. Keystone has tried to express to the legislature that the contingent fee based system in place works and should not be changed.

Senate Bill 653 wants to consolidate all other nuisance taxes, not including real estate taxes, under Act 32. Each taxing district would oversee the business privilege tax, per capita tax, occupation tax, local services tax.

Senate Bill 481 wants to end quarterly filing for those who make $50,000 a year or less. Taxes would be paid yearly. Right now, if taxes are not being withheld, all taxpayers must file quarterly.

¹ Act 192 of 2004 amended Act 511 by authorizing that the cost of delinquent tax collection be imposed against the delinquent taxpayer. Among other matters, Act 192 includes 10% of the tax as part of the delinquent account fee.
There is also pending legislation at the moment that affects businesses that operate in multiple counties. This would allow companies to pick any one of the counties they have businesses in and file everything there. The tax officer would have to handle the payroll and process for the entire state and distribute to other tax offices. The TCC Chairman pointed out that this already occurs in Dauphin County because the payrolls for the whole Commonwealth of Pennsylvania are processed here in Dauphin County.

The TCC Chairman indicated that Keystone has collected six percent (6%) more than in 2016 and that this could eventually level out. Mr. Lazzaro thought there would be a plateau by now, but the continued increase is due to delinquent enforcement and getting businesses to file taxes on time.

The Chairman also asked about businesses that were either lax in filing their returns or not filing at all. Mr. Lazzaro said that this is handled in Keystone’s noncompliant employer department which is part of their legal department. Keystone has numerous ways to identify if a tax is not being paid by an employer. Some companies have paid taxes that were not even withheld from employees just to pay what was delinquent. There were complaints filed in Dauphin County and now those employers are current with their withholding taxes. Keystone is now targeting small employers. As of now, 865 small businesses have received notices from Keystone for either missing a quarter, underpaying or not being compliant in another way.

- The Solicitor reported that Keystone filed the annual audit of the tax collector (i.e., the yellow book audit) for year 2016 with DCED. A motion was made to ratify the annual audit of the tax collector for 2016. The motion was seconded and APPROVED.

- Mr. Lazzaro was asked if there was any further information regarding Act 172 – tax credits for volunteer firefighters and EMS personnel. Mr. Lazzaro stated that he knows of only one TCC that is taking any action on this matter. Many taxing authorities want to try to reward these individuals in other ways.

- The Chairman thanked the delegates for attending the meeting. The next meeting will be held on Wednesday, November 15, 2017 at 6:30 P.M. at the Middle Paxton Township building.

- Meeting adjourned at 7:30 p.m.