

Cheltenham Township, believing that public input is appropriate on any items coming before the Commissioners, will recognize any citizen wishing to address a specific item prior to the vote on that issue. In order to be recognized, please raise your hand.

FINANCE COMMITTEE

Daniel Norris, Chairman
Morton J. Simon, Jr., Vice Chairman
Kathy A. Hampton, Member
Charles D. McKeown, Member
Harvey Portner, Member
J. Andrew Sharkey, Member
Art Haywood, Ex-Officio, Board President

AGENDA

Wednesday, October 10, 2012
7:30 PM Curtis Hall

1. Review of the Executive Financial Summary Report for the period ended September 30, 2012. (Five-Year Analysis attached)
2. Announcement of a Change to the County Tax Collection Policy (see attached).
3. Post 2013 Public Budget Workshop Discussion.
4. Old Business.
5. New Business.
 - (a) Discussion on possible Bond Refinancing and Funding "New Money" options – Presentation by Peter Nissen and Jennifer Edwards of Acacia Financial Group, Inc.
6. Citizen's Forum.
7. Adjournment.



Bryan T. Havir
Acting Township Manager

FIVE YEAR ANALYSIS - AS OF SEPTEMBER 2012

	2012	2011	2010	2009	2008
Expenses	76%	76%	74%	71%	75%
Revenues	86%	89%	86%	84%	81%
EIT	73%	74%	73%	62%	63%
Group Health Ins.	75%	76%	71%	72%	75%
Real Estate	96%	96%	96%	97%	96%



JOSHUA D. SHAPIRO
CHAIRMAN
BOARD OF COMMISSIONERS
MONTGOMERY COUNTY, PENNSYLVANIA
September 21, 2012

Bryan T. Havir
Township of Cheltenham
8230 Old York Road
Elkins Park, PA 19027

Dear Mr. Havir:

Earlier this year, the County Treasurer's Office began discussions with local taxing authorities regarding the collection of delinquent real estate taxes, specifically with respect to the issue of the 5% commission owed to the Montgomery County Tax Claim Bureau on delinquent taxes pursuant to state law. These discussions began when the Treasurer's office undertook a compliance review of delinquency collections and discovered that not all local taxing authorities were making returns or remitting commissions to the County after having employed third party firms to collect delinquent taxes.

As you are aware, 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. While applicable laws also permit a local taxing authority to assign some or all of its tax claims to a third party for collection, in either scenario, RETSL requires that the five percent commission be remitted to the County.

The County's records indicate that some local taxing authorities have annually submitted the required commissions, while others have not, regardless of whether these authorities utilized a third party for the collection of delinquent taxes. We are advised that some taxing authorities operated under the assumption that the County had, at some point in the past, agreed to waive the collection of the commissions. The power to waive these commissions resides solely with the County Commissioners and there are no records of any written agreements or resolutions adopted to this effect. The County Commissioners memorialized these findings in the attached Resolution adopted on September 13, 2012.

Notwithstanding the lack of any formal waiver for past years, and as stated in the Resolution, the County will begin the collection of these commissions *prospectively*, starting January 1, 2013. While there was never any declaration of intent to seek retroactive payment for prior years, we understand the budgetary concerns that were raised by this possibility and we are certain that providing this assurance to you now will alleviate all of those concerns.

Specifically, the Resolution specifies that Montgomery County adopted provisions of the Municipal Claims and Tax Lien Act ("MCA"), which will operate in conjunction with RETSL for the collection of delinquent taxes. Under the relevant provisions of the MCA, 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 three 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 as they decide to cease using third party collectors to collect delinquent taxes. A resolution should be adopted whether your particular organization employs third party collectors or not. Within the next ten days, the Tax Claim Bureau will be mailing a *Sample Resolution* that your boards may use to memorialize same.

We encourage you to contact the Tax Claim Bureau or the Treasurer's Office at 610-278-3066 to get answers to any questions you may have and also to discuss next steps. We will also be calling to ensure that you received this information.

All the best,



JOSHUA D. SHAPIRO

Chairman

Montgomery County Board of Commissioners

County Commissioners
September 13, 2012

On the motion of Vice Chair Richards, seconded by Commissioner Castor, it was unanimously adopted that:

WHEREAS, the Montgomery County Commissioners, pursuant to the authority of Section 201 of the Real Estate Tax Sale Law ("RETSL"), P.L. 1368, No. 542, has designated the Montgomery County Treasurer to act as the Director of the Montgomery County Tax Claim Bureau; and

WHEREAS, the Montgomery County Tax Claim Bureau in connection with the Montgomery County Solicitor as Solicitor to the Montgomery County Tax Claim Bureau, at all times relevant hereto, has used the provisions of the RETSL in order to collect delinquent real estate taxes; and

WHEREAS, the Solicitor for the Montgomery County Tax Claim Bureau has advised the Montgomery County Treasurer and the Montgomery County Commissioners that, consistent with settled law, the provisions of the Pennsylvania Municipal Claims and Tax Lien Act ("MCA"), P.L. 207, No. 153, may be used in conjunction with and concurrent with RETSL to collect delinquent real estate taxes; and

WHEREAS, it is the desire of the Board of Commissioners and the Treasurer to remove the burden of the collection of fees from those taxpayers who pay their taxes in a timely fashion, and direct that they be paid by the delinquent taxpayers, while enhancing and improving the collections of delinquent taxes, by authorizing the Montgomery County Tax Claim Bureau to use the additional provisions of the MCA; and

WHEREAS, these enhancements shall have the effect that, with the exception of five percent (5%) of the accrued interest on delinquent real estate tax accounts retained by the Montgomery County Tax Claim Bureau (such interest accruing on the first of each month at a rate of $\frac{3}{4}$ of 1% or 9% per annum), the County, municipalities and school districts within the County shall be made whole for such collected delinquent taxes, together with 95% of accrued interest.

NOW THEREFORE BE IT RESOLVED that commencing January 1, 2013, the Montgomery County Tax Claim Bureau is hereby authorized and directed to collect delinquent taxes through the authority granted under both the Pennsylvania Real Estate Tax Sale Law and the Pennsylvania Municipal Claims and Tax Lien Act, said Acts to be used in conjunction with the each other and concurrent with each other in order

to more effectively collect delinquent real estate taxes in Montgomery County.

BE IT FURTHER RESOLVED, in connections with the collection of delinquent real estate taxes by the individual taxing authorities, the Board of Commissioners of Montgomery County hereby grants waivers to the taxing authorities which did not remit the legally required commissions to the Montgomery County Tax Claim Bureau for any previously collected delinquent taxes, as mandated under the Real Estate Tax Sale Law.

BE IT FURTHER RESOLVED that, in connection with the authority granted to the Montgomery County Tax Claim Bureau, the Montgomery County Tax Claim Bureau shall have discretion to employ the authority granted under RETSL and MCA in the collection of delinquent real estate taxes in Montgomery County, provided, nevertheless that the use of the MCA shall apply only to the collection of delinquent taxes occurring as of January 1, 2013 and thereafter; and

BE IT FURTHER RESOLVED that, pursuant Section 7106 of the MCA, it is hereby established that the reasonable charges, expenses and fees incurred in the collection of any delinquent account under the MCA are hereby fixed at five percent (5%) of the total amount of the delinquent taxes (including interest and penalties), and that additional reasonable attorney's fees incurred in the collection of any delinquent taxes shall be fixed at one percent (1%) of the total amount of the delinquent taxes (including interest and penalties), and that said charges for attorney's fees and for all charges, expenses and fees set forth herein, shall be paid to the County of Montgomery through the Montgomery County Tax Claim Bureau; and

BE IT FURTHER RESOLVED that the law firm of Rudolph, Clark and Kirk, LLC, and John A. Zurzola, Esquire, are hereby appointed by the Montgomery County Treasurer and the Montgomery County Commissioners to act as attorneys for the Montgomery County Tax Claim Bureau for collection of delinquent taxes under RETSL and the MCA.