Centre County Tax Collection Committee
Memorandum

To: CCTCC Members

From: CCTCC Officers

Date: October 22, 2010

Subject: Tax Collection Agreement – Open Items

The discussion of the Tax Collection Agreement (TCA) at the October 7, 2010 meeting of the CCTCC left several items in need of further consideration and resolution between the CCTCC and the State College Borough. The Officers met with representatives of the State College Borough to discuss these items. The resolution of these items has been included for your consideration.

Section 4 (e) (1) from page 6 & 7

Collector Office, Staff, Technology, Resources, and Safeguards.

(1) ***Office and Staff.*** Collector's principal office is at the location of 243 South Allen Street, State College, Pennsylvania. Collector will at all times maintain an office at this location that is open to Taxpayers and the public and has sufficient staff, technology, and resources to allow Collector to interact in person or by telephone with Taxpayers, to receive returns and payments in person and by other means, and to fulfill its obligations under this Agreement. The Collector's office will maintain reasonable hours, being open at least 35 hours each week (except for weeks with holidays that are officially recognized by State College Borough) and shall maintain extended evening office hours until 7:00p.m. at least two evenings per week from April 1 until April 15 beginning in 2013 (for the collection of 2012 Earned Income Tax Returns) and continuing until the Collector has completed its responsibility for collecting tax returns as defined in this agreement. Additional remote office hours will be scheduled at other locations throughout the county as noted in Section 4(a) of this Agreement. The Collector shall employ two (2) state-certified tax collectors on the office staff. So long as consistent with applicable federal and state laws and regulations, first consideration for new hires in the Tax Office will be given to persons currently employed by Centre County political subdivisions in the collection of the earned income tax.

Response: The underlined wording above will be added to the TCA as noted in the Memorandum of Understanding.

Section 4 (e) (3)

(3) ***Taxpayer Assistance and Filing Options.*** Collector will provide assistance to Taxpayers through operation of a telephone number during normal business hours, counter/walk-in assistance at Collector's principal office, and a website to provide information to

Taxpayers. Collector's website will include the Taxpayer Bill of Rights; tax regulations, policies, and procedures; and copies of tax returns and all other forms applicable to Taxpayers. Collector will also maintain the infrastructure and provide information necessary to receive tax returns and payments electronically.

Response: The item for consideration was in regards to the hosting and address of the website used for tax collection services. The State College Borough understands the concerns and has agreed to take them into consideration when appropriate. The Officers did not want to add stipulations to the website which could increase costs for the tax collection process. The Officers did emphasize safety and security as a primary concern, which was agreed by the State College Borough. This section will remain the same.

Section 4 (i) (2) and 4 (l) (9)

(2) ***Information Concerning Returns and Enforcement, and for the Protection of the TCC and Taxing Authorities.*** In addition to the foregoing, **Collector will provide a monthly supplemental report within 20 days following the close of the calendar month to the TCC Secretary specifying**:

(9) ***Quarterly Reporting on Legal Proceedings.*** In addition to the other reporting requirements in this Agreement, Collector's reports to the TCC and certain Taxing Authorities will include: (i) an explanation of steps taken to identify Taxpayers required to pay or withhold Tax of file returns, including comparison of Collector Taxpayer lists against Pennsylvania Department of Revenue Taxpayer lists, the County real estate tax duplicate, and other lists of employers and individual Taxpayers; dialogue with Taxing Authorities; Taxpayer mailings; and mass mailings and amnesty programs; (ii) an explanation of the results of all such steps; (iii) a listing of all legal proceedings commenced by Collector under this Agreement; (iv) all such legal proceedings commenced that remain open; (v) all such legal proceedings commenced and closed (including explanation of the result of such proceedings); (vi) any expenses incurred in connection with any such legal proceedings that will be assessed against any Taxing Authority; (vii) the amount of costs collected from Taxpayers in connection with collection of delinquent Taxes. For purposes of quarterly reports, legal proceedings will include Taxpayer audits, claims against other tax collectors, criminal prosecutions, wage attachments, liens, and civil proceedings. The report will identify the Taxpayer against whom or which the legal proceeding was commenced, except that names of Taxpayers will be omitted in listing audits.

Response: This section speaks of supplemental reports provided by the collector. The Act 32 required reports will be provided on a monthly basis. The reports mentioned in this section provide important and large quantities of information for the taxing authorities, however are described as supplemental and should be provided less frequently. The State College Borough agreed that should a tax authority have a specific need, requests of this nature will be handled on a case by case basis. This will be amended as follows:

(2) ***Information Concerning Returns and Enforcement, and for the Protection of the TCC and Taxing Authorities.*** In addition to the foregoing, **Collector will**

provide a semi-annual supplemental report within 30 days following the close of the calendar month to the TCC Secretary specifying:

(9) ***Reporting on Legal Proceedings.*** In addition to the other reporting requirements in this Agreement, Collector's reports to the TCC and certain Taxing Authorities will include: (i) an explanation of steps taken to identify Taxpayers required to pay or withhold Tax of file returns, including comparison of Collector Taxpayer lists against Pennsylvania Department of Revenue Taxpayer lists, the County real estate tax duplicate, and other lists of employers and individual Taxpayers; dialogue with Taxing Authorities; Taxpayer mailings; and mass mailings and amnesty programs; (ii) an explanation of the results of all such steps; (iii) a listing of all legal proceedings commenced by Collector under this Agreement; (iv) all such legal proceedings commenced that remain open; (v) all such legal proceedings commenced and closed (including explanation of the result of such proceedings); (vi) any expenses incurred in connection with any such legal proceedings that will be assessed against any Taxing Authority; (vii) the amount of costs collected from Taxpayers in connection with collection of delinquent Taxes. For purposes of semi-annual reports, legal proceedings will include Taxpayer audits, claims against other tax collectors, criminal prosecutions, wage attachments, liens, and civil proceedings. The report will identify the Taxpayer against whom or which the legal proceeding was commenced, except that names of Taxpayers will be omitted in listing audits.

Section 4 (m) (3)

(3) ***Limited Settlement Authorization***. The TCC authorizes Collector to compromise any Tax liability or otherwise settle legal proceedings brought by Collector to enforce obligations related to the Tax involving an amount in controversy of $2,500 in combined municipal and school district tax liabilities or less without prior TCC approval. The TCC further authorizes Collector to abandon collection procedures for uncollectible amounts of $2,500 or less without prior TCC approval. Collector must obtain the TCC's prior written approval before compromising or settling any Tax liability when the amount in controversy exceeds $2,500.

Response: The Officers and the State College Borough both acknowledge the sensitivity into abandoning collection efforts for unpaid tax liabilities for the various taxing authorities. The intent of this section is to set a maximum dollar amount which the collector may abandon those efforts in extreme cases where normal collection procedures have proven unsuccessful. Such cases would include but not be limited to the taxpayer has left the country or the taxpayer has not responded to multiple contacts by the collector. In order to give the collector flexibility, yet allow the taxing authorities the opportunity to receive tax revenue, the limit has been reduced to $1,500. This section will be amended as follows:

(3) ***Limited Settlement Authorization***. The TCC authorizes Collector to compromise any Tax liability or otherwise settle legal proceedings brought by Collector to enforce obligations related to the Tax involving an amount in controversy of $1,500 in combined municipal and school district tax liabilities or less without prior TCC approval. The TCC further authorizes Collector to abandon collection procedures for uncollectible amounts of $1,500 or less

without prior TCC approval. Collector must obtain the TCC's prior written approval before compromising or settling any Tax liability when the amount in controversy exceeds $1,500.

A draft of the Tax Collection Agreement has been prepared and distributed for review prior to the November 4, 2010 CCTCC meeting. The TCA will be presented for approval.