



## SPRING GROVE AREA SCHOOL DISTRICT

100 East College Avenue  
Spring Grove, PA 17362

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The Spring Grove Area School District (Spring Grove) has a unique history related to the matter of the elected tax collectors. Spring Grove serves eight municipalities, Heidelberg, Jackson, North Codorus, and Paradise Townships and Jefferson, New Salem, Seven Valleys and Spring Grove Boroughs. Until June 30, 2011, Spring Grove levied a real estate tax, a per capita tax, and an occupation tax.

In February 2009, the board voted to reduce the compensation rate for the elected tax collectors from \$1.80 to \$0.40 per bill. Following this action, four of the elective collectors (Seven Valleys Borough, Jefferson Borough, Paradise Township, and North Codorus Township) resigned their duties to collect for the school district in the fiscal year 2010-11. Parallel to that action, a number of the collectors (not necessarily the same four) opted to engage with a lawyer in order to begin a legal action against the school district. In the meantime, Spring Grove appointed the business manager to be the collector of taxes.

Following the August 2012 decision from the Supreme Court (*Telly v. Pennridge School District*), Spring Grove decided not to risk engaging in a lawsuit and opted to welcome back the resigning tax collectors for the fiscal year 2012-13. **NOTE:** the compensation rate did not change.

In February 2013, the School Board, by resolution, increased the collection rate and added additional requirements for the remittance of the payments and payer information. The rate was increased to \$1.60 per bill. The resolution also allowed for additional opportunities for the tax collectors to earn more compensation in exchange for more promptly remitted information and payments. Again, in February 2017, the Board affirmed the previous resolution, keeping the rates the same.

Some anecdotal information that is important to the case is as follows. For the two years that the school district collected taxes there appears to be an increase in the collection rate versus the builder grade of taxes. The confirming evidence is that in the two years in question, the school district turned over considerably less taxes to be collected by that your county tax claim bureau as delinquent. Additionally, the district was able to collect the taxes much earlier in the process as the money was going into a lock box and directly into the school district accounts.

Furthermore, during the 2011-12 fiscal year, Spring Grove repealed the per capita and occupation taxes. This reduced the costs for the school district and, at the same time, reduced the income for the elected tax collectors. The collection process, nevertheless, did not change nor did the basis for setting the rate.

Interestingly, analysis done subsequent to the 2009 decision made by the previous administration indicates that the rates that were set were actually even higher/more generous than the data would otherwise indicate. After taking into consideration the cost of the bonds for the elected tax collectors, and the efficiencies gained internally, the cost to collect through the elected tax collectors is much greater than the school district would incur by collecting “in-house” with an automated lock box.

Additionally, the School District has experienced many issues of accuracy and timing of remittances with various collectors. Several times, the School District has contacted the County Administrator’s and Treasurer’s Offices for support in investigating concerns over the collections. These are additional costs and inefficiencies the School District must endure.

<b>DATE</b>	<b>EVENT</b>
January 2009	School District adopts resolution lowering tax collector compensation.
November 2009	Tax collectors elected to office.
March 2010	Seven Valleys Borough, Jefferson Borough, Paradise Township, and North Codorus Township collectors resign from collecting duties for the district. School District appoints Business Manager as collector.
July 2010	New compensation rates are in effect.
July 2011	School District repeals per capita and occupation taxes, effective July 1.
August 2012	Supreme Court rules on <i>Telly v. Pennridge School District</i> .
November 2012	By solicitor’s letter, tax collectors threaten legal action and demand increased compensation above previous levels.
February 2013	Board adopts resolution setting new (increased) rates with additional remittance and reporting requirements.
June 2013	Board rescinds March 2010 resolution, effectively “welcoming” back the resigned collectors.
July 2013	All elected tax collectors resume collecting.
January 2017	Board affirms the February 2013 resolution and the compensation rates.

Submitted by:

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