

**TESTIMONY**  
**SENATE LOCAL GOVERNMENT COMMITTEE**  
**PENNSYLVANIA STATE TAX COLLECTORS ASSOCIATION**  
**ON SENATE BILL 1099**  
**HARRISBURG, PA**  
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Sherry Labs  
President  
PA State Tax Collectors Association  
P.O. Box 433  
Plumsteadville, PA 18949  
215-534-3785 FAX 215-766-3580  
[sherryblabs@gmail.com](mailto:sherryblabs@gmail.com)

Good morning.

Chairman Martin and Chairman Blake, thank you for affording the elected Tax Collectors the opportunity to testify at today's hearing on Senate Bill 1099.

For the record, I am Sherry Labs, President of the PA State Tax Collectors Association. I serve as Tax Collector for Plumstead Township in Bucks County. With me are two Tax Collectors, Michael Langan, elected Tax Collector for Hampden Township, Cumberland County, and Sam Adenbaum, elected Tax Collector for Lower Merion Township in Montgomery County. After my preliminary remarks, each of them will provide brief comments.

Established in 1958, the Pennsylvania State Tax Collectors' Association is a professional organization, representing Tax Collectors in Pennsylvania. We believe that the services Tax Collectors provide to the taxpayers of Pennsylvania serve an important role to the communities that elect them. To us, elected Tax Collectors are one of the best examples of Local Government at its best.

Pennsylvania's local government structure was established by William Penn. His Charter, from the King of England, permitted him to divide his land into counties, townships, cities and boroughs-units of government that existed in England. As proprietor of the Commonwealth, Penn nominated county justices to levy taxes and his vision for Pennsylvania provided for local tax collectors. The Tax Collector's place in government was carved out as part of Pennsylvania's bedrock foundation. The Pennsylvania State Tax Collectors' Association believes that the present system of elected Tax Collectors embodies government that is truly closest to the people. Our local government structure is what makes our Commonwealth unique.

SB1099 seeks to amend the Local Tax Collection Law to allow for collection of all county real estate taxes by the county treasurer; allows municipalities and school districts the ability to appoint anyone to collect their real estate taxes and, by establishing an optional alternative tax collection agreement, municipalities eliminate the position of the elected Office of Tax Collector from the ballot.

The Pennsylvania State Tax Collectors Association believes that the assumptions behind this legislation are flawed.

### **Bigger Is Not Necessarily Better**

Proponents believe legislation will improve effectiveness and efficiency and that the Commonwealth needs to help local governments move into the 21st Century. This mantra holds that consolidation of governmental functions (taxing) into larger units of government is by definition more efficient. We respectfully disagree. Bigger is not necessarily better. Centralization can lead to an impersonal system where taxpayers no longer get personalized answers to their tax questions as they can now with Tax Collectors. Being responsive to individual needs is what Tax Collectors are all about – that is being effective.

### **But it is not just Tax Collectors who say so.**

You may recall that Senate Resolution 250 of 2010 directed the Legislative Budget and Finance Committee to prepare a report, “Pennsylvania’s Current Real Property Tax Collection System”. This study concluded that local real estate Tax Collectors remain a viable, efficient and economical option in collecting real estate taxes in the Commonwealth of Pennsylvania. The study findings indicate that in any of the other alternative methods, not only would the taxing districts pay more but there would be less efficiency in the collection of taxes if local elected Tax Collectors are removed from the tax collection function; that the use of elected Tax Collectors is generally the cheapest alternative for taxing districts.

I submit to you that before the Senate Local Government Committee proceeds further with Senate Bill 1099, members should be able to take the time to review this important report.

<http://lbfc.legis.state.pa.us/Resources/Documents/Reports/400.pdf>

### **Are Tax Collectors an Obsolete Relic?**

The sponsorship memo certainly thinks so, comparing this office to that of Jury Commissioner. *“A few years ago the State allowed options pertaining to the elimination of the Office of Jury Commissioner. It's now time to look at providing options to our property tax collection system.”*

This precedent is simply not applicable. Jury commissioners handled administrative aspects for local court administrators, basically serving as functionaries or clerks. Tax Collectors are far more than administrative positions. We Tax Collectors actively assist taxpayers by helping them understand the system. We research technical issues and work with mortgage companies (who are actually remitting the taxes) when sending out a bill. This results in few refunds because Tax Collectors get it right the first time. That's efficiency.

### **Today's Efficiencies**

In the past years, Collectors have increasingly embraced modern processes and procedures; many using remote deposit, electronic transfers of tax monies, e-check and credit card payments. No longer does the word archaic or inefficient apply when it comes to today's Tax Collector's office. Two years ago, Tax Collectors were instrumental in pushing legislation that established mandatory basic training requirements and mandated individuals running for Tax Collector, for the first time, to submit background clearances. This initiative successfully resulted in a professional continuing education certification program for Tax Collectors.

We also supported fiduciary responsibility by advocating that checks not be made out to a specific named individual but rather the person and his/her title of Tax Collector.

### **Lancaster County Specifics**

From meeting with proponents of Senate Bill 1099, we believe that its origins spring from a local situation involving a legal dispute between a local Tax Collector and a school district. Although I am not commenting on specifics of the case since there is active litigation, some background may be helpful.

20 to 30 years ago, school districts in Lancaster County began reducing compensation to Tax Collectors as a way of 'motivating' them to disclaim that portion of their job and allow the districts to collect taxes themselves.

In the *Telly v Pennridge et al* case, counsel argued that “school districts would opt to pay less in order to obtain control over the collection process and to remove their obligation to work through elected tax collectors”.... Further arguing “that collectors would end up deputizing their school districts, resigning from office, or failing to run altogether because the economics of the position do not warrant the work, responsibility and effort required to fulfill the functions of the office of tax collector.” This appears to define Lancaster County Tax Collectors today.

The particular legal situation involves a Tax Collector who argues that school district tax collection was illegal, that she has legal standing to collect that tax from that school district. To us, that sounds like a local legal squabble with local resolution.

Lastly, I would like to comment on another case and cite a Pennsylvania Association of Township Supervisors (PSATS) legal Amicus Curiae Brief in *Telly v Pennridge et al* case. PSATS argues that “part of the statutory scheme for the levying and collection of local real estate taxes is a separation at the local level of the functions of levying and collecting taxes.” This principle was affirmed in the Commonwealth court case *Abington School District v Yost*, 40 Pa. Cmnlth, 312.397 A.2d 453(1979). Moreover, The Second Class Township Code, 53 P.S. 65101 et seq., provides for the election of tax collectors and “the voters of each township elect a tax collector for a four year term.” They conclude that “**Clearly, the purpose of these requirements is so that the citizens of a township can choose one of their neighbors as their tax collector.**” (Emphasis added). PSATS goes on to argue that “if each school district can create its own tax collection system, then so could each county and each municipality” and “The result would be chaos”.

Existing statute already exists that would allow taxing districts options for tax collection, in the case of a vacancy in the office of Tax Collector. We don't need more legislation; we only need to apply the laws that we have.

## Conclusion

There is far more substance to these matters than a five-minute speech can possibly address. Let me conclude with these questions:

- What is so broken about the entire Tax Collection System across the Commonwealth that justifies Senate Bill 1099?
- If the problem and reason for Senate Bill 1099 comes from one county's legal tangle, why drag the whole state into what should be resolved in the courts at the local level?
- Do you want to risk endangering the positive work of elected Tax Collectors in educating and counseling taxpayers and families by passing this bill? That would be the proverbial scenario of "throwing the baby out with the wash water." Not a good idea!

On behalf of all Tax Collectors in Pennsylvania and the taxpayers we serve, we urge this committee to reject Senate Bill 1099.