



THE PORTNOFF REPORTER

FALL 2017

THE ‘PROBLEM ACCOUNT’ DILEMMA

Every taxing district has problem accounts. These problem accounts may involve litigious debtors, debtors who cycle through bankruptcy one time after another, and absent or indigent debtors. Problem accounts also can be ones resulting from charges once allowed but no longer permitted, and from poor or erroneous recordkeeping on the part of the taxing district’s staff.

Problem accounts require a significant amount of time to resolve and there is no guarantee that the resolution will result in payment. Unfortunately, problem accounts do not go away and they can negatively skew a taxing district’s balance sheet by showing more debt than is actually collectible. The more time that elapses between the assessment of the charge and the date of enforcement, the less likely the enforcement will result in collection. While some of these charges may be captured upon the transfer of the property, the timing is outside of the taxing district’s control. Furthermore, the seller can dispute the charge and force it to remain in the title insurance company’s escrow account without distribution to the municipality.

Good financial practices dictate that these problem accounts be addressed. It is always important to be able to predict with some accuracy the likelihood of collecting receivables. More importantly, in fairness to the large majority of property owners who pay on time, efforts should be taken to collect those delinquent accounts that remain collectible. Compelling payment of unpaid debt often establishes a better current collection rate across the board.

Portnoff Law Associates has been collecting municipal debt since 1989, and our practice has been exclusively limited to municipal debt collection since 1997. We have the experience and track record to handle the problem accounts that our clients face.



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In Person**Oct. 2017**

Portnoff Law Associates will be attending the PASA-PSBA School Leadership Conference at the Hershey Lodge (booth #323) on October 18-20. On Thursday evening, October 19, Portnoff will be hosting a hospitality suite with drinks and dessert in the Cocoa Terrace from 9:30 to midnight. Please stop by!

Nov. 2017

Portnoff will be attending the Delaware Valley Association of School Business Officials (DVASBO) annual trade show at the Greater Philadelphia Expo Center in Oaks, PA on November 8, 2017. We hope to see you there!

If you are interested in having Portnoff Law Associates make a presentation at your next conference or event, please contact us at (800) 561-7989.

Local Event Idea**Haunted Halloween Lantern Tours**
Eckley Miners' Village Museum**Weatherly, PA****October 20-21 & 27-28**

Beware - creatures lurk in the darkened streets of Eckley! This hour long lantern tour is full of scary stories and things that go bump in the night. Bring your own flashlight or purchase one in the Museum gift shop. Doors open at 6:00 p.m. and the last tour leaves at 9:00 p.m. Tickets are \$5 for children and \$10 for adults. For more information, go to the Museum website at: <http://eckleyminersvillage.com/2017-events/>.

**Employee Spotlight****Jacqueline Tassone**

Jacqueline Tassone joined Portnoff Law Associates in September 1995 as one of the firm's very first full-time employees. Twenty-two years later, she has literally seen and done it all! As the firm grew to 70+ employees, Jackie participated in virtually every aspect of its collection operations. Starting as a paralegal and moving through the ranks from staff to management, she is now a member of the firm's Executive Leadership Team.



Jackie says that what she likes most about working at Portnoff is being a part of the financial solution--especially for our school district clients. "As a mother of two children attending public schools, I know first-hand that schools need funding in order to provide students with the education and resources they need to succeed and being part of a process that helps schools achieve this goal is very rewarding to me, both personally and professionally."

Outside of work, Jackie enjoys watching baseball, dancing and relaxing on the beach with her family and friends. This summer was particularly exciting as her son's Upper Darby-Drexel Hill-Llanerch Hills (UDHL-13U) baseball team won the state championship! Jackie and her son were honored to attend a ceremony at which the team was officially recognized by Upper Darby Mayor Thomas Micozzie and State Representative Jamie Santora.

Notes of Appreciation

Portnoff Law Associates frequently receives thank you notes from property owners who appreciate the professional manner and courtesy with which they were treated during the collection process. The following are notes of appreciation that we recently received:

I so appreciate your patience and understanding of our sad circumstances. You made a difference!!!

A property owner from
Bethlehem, PA

[Luz], I thank you. You said you would put [a receipt from paying my taxes] in the mail that day, and you did. Thank you very much. Don't let your good employees go away.

A property owner from
Pottsville, PA

Legal Update

Tax Collection Options RETSL and MCTLA

Pennsylvania school districts and municipalities are often surprised to find that they have options when choosing who will collect their delinquent real estate taxes and the laws under which collections can be made. Most delinquent taxes are collected by either the county tax claim bureau or a private collector. County tax claim bureaus were created under a set of Pennsylvania statutes known as the Real Estate Tax Sale Law or RETSL.

RETSL establishes the procedures and time frames under which the tax claim bureau can initiate collections, charge fees and list properties for tax sale. The procedures are rather rigid, with a one-size-fits-all approach due to the high volume of claims that are submitted at one time to the county.

The procedures under RETSL are relatively simple. The county is required to send out a boilerplate notice by July 31st of the year after the taxes are due, informing the taxpayer that the property will be sold at tax sale unless the delinquent taxes are paid. The next collection activity occurs a year later, with an upset tax sale scheduled in September. A judicial tax sale is then generally held the following year. An individual taxing district has little control over the collection process after its claims are turned over to the county. Payment extensions are limited under RETSL and are set at the discretion of the county commissioners.

Outside of RETSL, school districts and municipalities have the ability to utilize a more favorable set of Pennsylvania statutes known as the Municipal Claims and Tax Liens Act or MCTLA. Under the MCTLA, taxing districts may hire a third party collector to collect their delinquent taxes in lieu of the county tax claim bureau. The MCTLA allows taxing districts to pass through all collection costs, including attorney's fees, to the delinquent taxpayer.

This shifting of collection costs creates strong incentive to make payment quickly and to pay future taxes on time. The MCTLA permits taxing districts to look at individual delinquencies on a more case-by-case approach, with wide authority and flexibility to establish payment plans for taxpayers with legitimate financial hardships. The MCTLA also allows the taxing district to make numerous contacts with the delinquent taxpayer during the first year of delinquency. Portnoff's collection procedures under the MCTLA seek to maximize contact with the delinquent taxpayer in order to create incentive to pay quickly. Because the MCTLA allows for all collection costs and fees to be shifted to the delinquent taxpayer, Portnoff will advance litigation costs on behalf of its clients and charges all attorney fees directly to the delinquent taxpayer. This allows Portnoff's clients to actively collect their delinquent real estate taxes from day one, and to retain full control over the collection process, at little to no cost to the taxing district.

By the Numbers

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|---------------|--|---------------|--|
| 65 | The number of Pennsylvania school districts and municipalities that have hired Portnoff to collect their delinquent real estate taxes. | 16 | The number of Pennsylvania counties where taxing districts have chosen Portnoff to collect their delinquent real estate taxes. |
| 50,000 | Approximate number of delinquent accounts that were turned over to Portnoff for collection in 2016. | 687 | Number of properties listed for sale by Portnoff in 2016 (only 1.38% of all accounts placed). |
| 46 | Number of properties sold by Portnoff in 2016 (only 0.1% of all accounts placed). | 99.91% | Percentage of accounts placed where the property was not sold by Portnoff at a sheriff's sale. |

Hiring Portnoff

Portnoff Law Associates represents over 135 municipalities, school districts and municipal authorities across Pennsylvania. Portnoff's proven collection process can be tailored to meet your specific collection needs, and we are available to meet with you to discuss the benefits of our services. If you are interested in hearing more about how Portnoff can help maximize your delinquent collections at minimal cost to your municipality, please contact us at (800) 561-7989 or sanderson@portnoffonline.com.



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**DON'T LEAVE YOUR DELINQUENT MUNICIPAL FEES AND REAL ESTATE TAXES UNCOLLECTED!
CONTACT PORTNOFF LAW ASSOCIATES TODAY.**

With 28+ years of collection experience, Portnoff Law Associates currently represents over 135 municipalities, school districts and municipal authorities across Pennsylvania in the collection of delinquent:

- Real Estate Taxes
- Abatement of Nuisance Fees
- Tapping Fees
- Trash Fees
- Sewer Fees
- Water Bills



Michelle Portnoff, President
Portnoff Law Associates

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