



# THE PORTNOFF REPORTER

SPRING 2017

## SHOULD WE OFFER AN AMNESTY PROGRAM?



Does your municipality have old or stale accounts that are carried on your books from year to year? Then you may want to initiate an amnesty program. The purpose behind an amnesty program is to create incentive for the delinquent account holders to make payment in full by offering to reduce a portion of the outstanding balance. Consideration must go into setting the parameters for an amnesty program because the municipality would not want

to offer a waiver on accounts that are likely to be paid in full. Timing is also a consideration for an amnesty program, which should be scheduled according to the individual needs of the community. One uniformly good time to schedule an amnesty program is in the spring, when federal tax refunds are issued.

Portnoff Law Associates has experience with the administration of amnesty programs. Typically, the municipality will waive a portion of its outstanding penalty and/or interest accrued in order to create incentive to pay. Amnesty programs should be open only for a finite period of time in order to create immediate incentive. Amnesty programs are often successful ways to collect stale debts.

Municipalities that do not currently use Portnoff to collect their delinquent municipal fees and taxes can still hire Portnoff to develop and administer an amnesty program.



**PORTNOFF**  
LAW ASSOCIATES, LTD.

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## Employee Spotlight

### Jason Leininger

Jason Leininger has been an attorney with Portnoff Law Associates for the past 14 years and is a member of the firm's Executive Leadership Team. Jason is the Managing Attorney of Collection Services, overseeing the attorneys and account managers responsible for processing all delinquent claims and ultimately responsible for client satisfaction. Jason received his undergraduate degree from Houghton College in 1998, and he received both an MBA and JD from Temple University in 2001 through a three-year joint degree program.



Having grown up on a small farm in Snyder County, Pennsylvania, Jason loves to hunt, garden, and tend to animals as if he still lived in a rural community. Yet, Jason currently resides with his wife and son in suburban Langhorne, Bucks County, where he is an active member of the Bucks County Bar Association. He also serves as an Officer of the Board and Secretary for both Bucks County Community Church and New Beginnings Preschool. In his free time, Jason loves to play volleyball and to visit family and friends all over the United States and around the world; most recently traveling to spend time with a good friend in Tokyo, Japan.

## In Person

Apr. 2017

Portnoff attorneys Michelle Portnoff and Kevin Buraks presented a seminar titled "Increase Revenue by Maximizing Delinquent Collections" at the Pennsylvania State Association of Township Supervisors (PSATS) Annual Educational Conference in Hershey.

May 2017

Portnoff Law Associates attended the Pennsylvania State Association of Boroughs (PSAB) Annual Conference at the Hershey Lodge on May 7-8.

June 2017

Portnoff will be attending the Pennsylvania State Association of Township Commissioners (PSATC) Annual Conference at the Doubletree Resort in Lancaster on June 22-25. We hope to see you at the Conference!

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

**Johnstown Polkafest**  
**St. Mary's Byzantine Catholic Church**  
**Johnstown, PA**  
**June 2-4, 2017**

The Johnstown Polkafest is one big polka party – Johnstown style! This annual event features some of the best Polish and Slovenian bands in the world. Enjoy three days of dancing, eating, shopping and entertainment under a gigantic covered pavilion. Admission is free. For more information and a schedule of the bands, go to the event website at:

<http://www.visitjohnstownpa.com/polkafest>.

## Notes of Appreciation

While Portnoff Law Associates often receives thank you notes from clients and from delinquent property owners who were treated with kindness during the collection process, we also frequently receive notes of appreciation from title insurance companies who help get our clients' accounts paid:

Thanks so much! I can certainly say that Portnoff is by far the easiest/friendliest of all the delinquent collectors we work with!

A title settlement company  
from Bridgewater, PA

Thanks ... you guys are doing a great job for us and we really appreciate it!

A title insurance company  
from Reading, PA

## Legislative Update

### HB 76

School funding has been a hot topic in the legislature for years and is a problem that must be addressed; however, it will not be solved by legislation to eliminate school real property taxes. House Bill 76, which was introduced last session and is expected to be reintroduced, promises to eliminate school property taxes by shifting the costs of running schools to individual taxpayers through a 61% increase in state income tax (3.07% to 4.95%) and a 17% increase in state sales tax (6% to 7%), along with the addition of new sales taxes imposed on items that were not previously taxed, such as food and clothing. The Pennsylvania Association of School Business Officials (PASBO) has estimated that in Montgomery County alone, the net impact of this property tax shift will be a \$724 million increase to individual taxpayers.

There are numerous flaws in this Bill, including:

- (1) The Bill will shift school funding from businesses to individuals, with no way to replace the large percentage of property taxes that are currently being paid for by businesses. The Pennsylvania Association of School Business Officials estimates this figure to be approximately \$3 billion.
- (2) The Bill will shift control of school funding to Harrisburg and away from local school boards, which are much better equipped to make funding decisions facing their own students and communities.
- (3) The current funding method of local property taxes provides a much more reliable source of funding than sales and income taxes, which fluctuate based on economic conditions.

Lest municipalities think that they are safe from this imbroglio, legislation also has been introduced to amend the Pennsylvania constitution to prohibit the taxation of *all* real estate. At this point, momentum for passage of this legislation has slowed, and hopefully our legislators will discuss alternate methods of addressing the issues.

## 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, please contact us at (800) 561-7989 or sanderson@portnoffonline.com.

## Bankruptcy Corner

Many municipalities express confusion with regard to their ability to collect debt owed by a property owner who has filed for bankruptcy protection. All amounts that are owed to the municipality *prior* to the date of the bankruptcy filing constitute "pre-petition" debt and the municipality is prohibited from collecting pre-petition debt during the pendency of the bankruptcy case without specific authorization from the bankruptcy court. Continuing to collect on pre-petition debt after notice of the bankruptcy filing is strictly prohibited under bankruptcy law and may subject the municipality to monetary sanctions.

Municipalities are often surprised to find that despite the bankruptcy, they are still permitted to collect on obligations that have accrued *after* the bankruptcy is filed. The collection of this "post-petition" debt is important not only to the municipality, but also to the bankruptcy debtor, as the municipality's failure to collect may artificially place debtors in a comfort zone where they believe that all financial obligations owed to the municipality are being paid through the bankruptcy case. The failure to collect post-petition obligations may cause the accumulation of numerous years of debt while the bankruptcy is proceeding. A notice to the debtor that four years of back taxes and municipal obligation are owed after a bankruptcy discharge is entered is often a very unwelcome surprise and may force the debtor right bank into bankruptcy.

By continuing to collect on post-petition debt during the term of the bankruptcy, municipalities should bring in more revenue, while keeping the debtor aware that those debts are owed. One caveat in the collection of post-petition debt is that a creditor may not take action against the debtor's property without the prior consent of the bankruptcy court. Should your municipality have any questions about bankruptcy, Portnoff's bankruptcy team of attorneys Kevin Buraks and Jim Wood is available to analyze your current bankruptcy practices and provide an educational session for your staff.

## By the Numbers

<b>45.9%</b>	Percentage of Portnoff employees that have been working for Portnoff Law Associates for over 10 years.
<b>20.3%</b>	Percentage of Portnoff employees that have been employed by Portnoff between 2 and 10 years.
<b>33.8 %</b>	Percentage of Portnoff employees hired in the past 2 years.



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**FOR ALMOST 3 DECADES, PORTNOFF LAW ASSOCIATES HAS HELPED MUNICIPAL CLIENTS MAXIMIZE THEIR DELINQUENT COLLECTIONS AND INCREASE THEIR FUTURE COLLECTIONS RATES**

With over 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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