

**SENATE APPROPRIATIONS COMMITTEE  
FISCAL NOTE**

**BILL NO.** House Bill 823

**PRINTER NO.** 2181

**AMOUNT**

\$200,000 FY 2016-17

**FUND**

General Fund

**DATE INTRODUCED**

March 24, 2015

**PRIME SPONSOR**

Representative Greiner

**DESCRIPTION AND PURPOSE OF BILL**

House Bill 823 amends the Local Tax Collection Law (Act 394 of 1945) to correct a number of technical issues that have arisen with the implementation of Act 164 of 2014 regarding basic and continuing education for tax collectors.

Makes the following updates to the Local Tax Collection Law:

- Eliminates the mandatory continuing education requirement for tax collectors effective December 31, 2016. In the interim, the basic training and continuing education programs for tax collectors are voluntary.
- Requires a basic training program and examination for newly elected tax collectors beginning January 1, 2017. Upon successful completion of the basic training program and exam, a newly elected tax collector will be issued a "qualified tax collector" certification by the Department of Community and Economic Development (DCED), and will be eligible to take office.
- Establishes that individuals holding the office of tax collector after the effective date of January 1, 2017, shall be known as "qualified tax collectors."
- Requires DCED to notify municipalities when a qualified tax collector certificate has been issued to a current tax collector or to an individual who has been elected to serve as a tax collector and has successfully completed the basic training program and examination.
- Requires that, in addition to consulting with the Pennsylvania State Tax Collectors' Association ("PSTCA"), DCED must consult with four tax collectors who are not members of PSTCA when developing and implementing programs for basic training, examination, and qualification of tax collectors.
- Adds the Real Estate Sale Tax Law, the Local Tax Enabling Act, and assessments curriculum to the list of courses that must be included in the basic training program for newly elected tax collectors.
- Provides that the fee for the basic training program and exam may not exceed \$250 in the aggregate.
- Establishes that organizations or individuals may offer basic education courses with approval by DCED ensuring compliance with required criteria.

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- Requires DCED to develop, implement and maintain an online training and testing program as an alternative option for individuals in lieu of in-classroom instruction. DCED may contract with a third party to carry out this duty. DCED will bear the cost of this provision, and requires the Governor to annually recommend an appropriation to cover the costs incurred.
- Clarifies that an individual who is elected as a tax collector for the term of office beginning January 1, 2016, is required to submit a criminal history report to the municipality for which the tax collector was elected before taking the oath of office.
- Establishes that an individual running for a second or subsequent term of tax collector is not required to file a criminal history record check with his nominating petitions or papers.
- With exceptions for county treasurers and neighboring tax collectors, within thirty days of being appointed to fill a vacancy in the office of tax collector, the appointee shall provide a criminal history check to each taxing district serviced by that tax collector. If the appointee has not been a resident of the Commonwealth for the two years immediately preceding the appointment, then the individual shall provide a federal criminal history check to each taxing district served by that tax collector.
- A provision is added requiring a tax collector's surety bond to cover all taxes collected by a deputy tax collector.
- Specifies that a deputy tax collector shall collect taxes through the duration of an incapacitation of the tax collector, unless the taxing district determines that collection by the county treasurer or a neighboring tax collector is necessary. Clarification is added that nothing in the subsection prevents a *quo warranto* action against an incapacitated tax collector's right to hold office.
- A clarification is made that an appointed deputy tax collector must be approved by the municipality for which a tax collector was elected.

House Bill 823 was amended in the Senate Local Government Committee (A03340) to require each qualified tax collector to obtain two hours of mandatory continuing education during their four-year term of office. The topics for continuing education may include enumerated items such as procedures for collecting taxes, auditing, accounting, ethics, etc. DCED is required to inform qualified tax collectors of the continuing education requirement upon issuance of certificates.

Senate amendment A03340 also provides that the Pennsylvania State Tax Collectors' Association and any other organization or individual may offer continuing education courses that are reviewed and approved by the department. Attendance at an annual meeting of the PSTCA or a similar organization that includes an educational component qualifies as one hour of continuing education. Renewal of qualification shall be completed prior to the tax collector's final year in office. If the tax collector fails to complete the continuing education requirements, the tax collector shall be deemed ineligible to be placed on the ballot at the end of the tax collector's current term of office.

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The amendment of section 4.1 of the act (relating to Interim Basic and Continuing Education Programs) shall take effect October 22, 2015. The amendment or addition of sections 4.5(h) and 4.6 of the act (relating to Permanent Basic and Continuing Education Programs) shall take effect January 1, 2017. The remainder of the act shall take effect immediately.

### **FISCAL IMPACT:**

According to DCED, this legislation would cost approximately \$200,000 to implement during the first full year. The costs would include salary and benefits of one additional staff person to oversee the new online training materials as well as a new database that would collect and handle the online training requirements. The costs would be reduced slightly in the years thereafter as the database startup costs would be eliminated and the residual costs would include the employee and the ongoing maintenance of the database.

The fiscal impact for Act 164 of 2014 (HB 1590, PN 4150) was also estimated at \$200,000, and the cost of the requirements was projected to be incurred in FY 2015-16. Because certain provisions of House Bill 823 would not take effect until January 1, 2017, it is anticipated that any expenses in FY 2015-16 would be minimal, if any, with most of the initial \$200,000 being expended in FY 2016-17.

DCED also indicates that since October of 2014, they have utilized between \$85,000 and \$95,000 worth of staff time to begin the preparation work for Act 164. This includes the following:

- \$20,000 to \$25,000 in IT staff time for software development.
- \$65,000 to \$70,000 in other DCED staff time from multiple deputies down to clerical staff to implement the law.