



*Senate of Pennsylvania*

# *Senator Jim Ferlo*

## *38<sup>th</sup> Senatorial District*

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### *MEMO*

***Date:*** June 22, 2011  
***To:*** All Senators  
***From:*** Senator Jim Ferlo  
***Subject:*** Co-sponsorship Resolution - Local Tax Collection Law

In the near future, I plan to introduce legislation amending the Local Tax Collection Law related to the penalty and the rate of interest to be charges on delinquent taxes in Allegheny County, Pittsburgh and the Pittsburgh School District.

The City of Pittsburgh (a city of second class), the School District of Pittsburgh (a school district of the first class A) and the County of Allegheny County (a county of the second class) are the only taxing bodies in the entire Commonwealth of Pennsylvania which do not currently have the legal authority to charge ten percent (10%) penalty on delinquent real estate taxes. Thus, these three taxing bodies are at a distinct and illogical disadvantage in regard to the collection of delinquent real estate taxes because, of the 170+ taxing bodies within Allegheny County, they are the only ones that do not have the statutory authority to charge a ten percent (10%) penalty.

To clarify this issue further, the City and School District of Pittsburgh currently have no statutory authority to charge any penalty whatsoever. Without a penalty, there is no consequence for City taxpayers who do not pay their real estate tax bills on time. The County of Allegheny, on the other hand, does have a statutory right to charge a penalty. However, the penalty is only five percent (5%), half of the penalty rate chargeable by all other taxing bodies.

The City of Pittsburgh, School District of Pittsburgh and County of Allegheny have entered into a comprehensive Intergovernmental Cooperation Agreement for delinquent real estate tax collection. This landmark Agreement is a step towards consolidation of certain City/County/School District services. While many aspects of tax collection among and between the three taxing bodies are the same, certain important aspects of their respective statutory authorities are quite different. The penalty issue, discussed above, is one. The timing and rate of interest is another.

Interest on delinquent taxes in second class counties accrues at a rate of twelve percent (12%) per annum from the time the tax becomes delinquent. Interest for unpaid City and School District of Pittsburgh taxes accrues at a rate of ten percent (10%) per annum and may not be chargeable until a lien is filed against the tax delinquent property.

The purpose of the proposed amendment is to make delinquent tax collection in the County of Allegheny and City and School District of Pittsburgh uniform and consistent, and to correct a statutory anomaly with respect to chargeable penalties.

If you would like to join me in support of this effort please contact Anne Laird Huber in my office at 717-787-6123 or email her at [alairdhuber@pasenate.com](mailto:alairdhuber@pasenate.com) to co-sponsor this legislation.