

**POLITICAL SUBDIVISIONS SET - OFF DELINQUENT TAXES AGAINST CLAIMS**

**Act of Jul. 1, 1937, P.L. 2611, No. 493**

**Cl. 53**

(Act reenacted and amended Apr. 15, 1943, P.L.53, No.32)

AN ACT

Authorizing political subdivisions, other than cities of the first class, to set-off delinquent taxes, municipal claims and judgments held thereby, and penalties, interest, and cost due thereon, against claims and accounts due by such political subdivisions, and providing a procedure therefor.

Section 1. Be it enacted, &c., That the word "person" as used in this act shall be construed to include any individual, association, copartnership, and corporation.

The term "delinquent taxes and municipal claims," as used in this act, shall include all delinquent taxes and municipal claims, whether or not liens for such taxes or claims have been filed in the office of the prothonotary of the county, and shall include also all penalties, interest, and costs due on such delinquent taxes and municipal claims.

The term "political subdivision," as used in this act, means county, city, other than city of the first class, borough, town, township, poor district, institution district and school district within the Commonwealth.

Section 2. Every political subdivision, before approving or paying the claim or account of any person against such political subdivision, shall have power to inquire of the receiver of taxes of the political subdivision whether such person is indebted to it for or on account of any delinquent taxes or municipal claims. In any case where it shall be found that such person is so indebted to the political subdivision, or when such person is indebted to the political subdivision for any sum of money, which debt shall have been reduced to judgment in favor of such political subdivision, the approval and payment of such claim or account in whole or in part shall be withheld by the officer or employe authorized by law to make such approval or payment, until such person shall have entered into an agreement with the political subdivision as hereinafter provided.

Section 3. The political subdivision shall have power to enter into such agreements as it may deem necessary to assure the payment of delinquent taxes and municipal claims and unpaid judgments, interest, and costs thereon by persons having claims or accounts against the political subdivision, including therein provision for the application of moneys due by the political subdivision on any such claim or account to the payment of such delinquent taxes, municipal claims and unpaid judgments, interest, and costs and the satisfaction of such taxes, municipal claims and judgments, interest, and costs on the public records in whole or in part. If any person shall, upon demand of the political subdivision, refuse to enter into any such agreement, the officer or employe of the political subdivision authorized to approve or pay such accounts shall

continue to further withhold his approval or payment of such claim or account against the political subdivision or any part thereof, and advise such person that the political subdivision has a set-off against his claim or account or the part thereof not approved or paid for delinquent taxes, municipal claims, or a judgment or judgments held against such person and the interest and costs thereon, and that payment thereof will be refused until such delinquent taxes, municipal claims or judgments with the interest and costs thereon are paid or provision for their payment made.

Section 4. If any person who is indebted to the political subdivision on account of delinquent taxes, municipal claims or judgment as aforesaid, and who has a claim or account against such political subdivision, shall, upon demand of the political subdivision, refuse, neglect or fail to enter into an agreement as hereinbefore provided, such political subdivision may petition the court of common pleas of the county, setting forth the facts of the case and asking for a rule to show cause why a decree should not be made that the amount of such delinquent taxes, municipal claim or judgment owing to the political subdivision, be set-off against the claim or account which such person has against the political subdivision, or against the proceeds of any judgment secured thereon. Thereupon the court shall grant a rule against all parties interested to appear and show cause why such a decree should not be made. The rule shall be returnable in not less than ninety (90) days from the date the petition was presented. If, during such period, prior to the return of such rule, the said person having such claim or account against the political subdivision shall enter into an agreement therewith, satisfactory to the political subdivision, the said proceedings upon notice given to the said court shall terminate.

Section 5. If, upon hearing, the court is satisfied that service of the rule has been made upon the parties interested, and that the facts stated in the petition are true, it shall order and decree that the amount of delinquent taxes, municipal claims and judgments owing to the said political subdivision by the said person having a claim or account against such political subdivision, shall be set-off against such claim or account and against the proceeds of any judgment secured thereon. The court shall in its order determine by whom the costs of the proceedings shall be paid.

Section 6. All acts and parts of acts inconsistent with this reenactment and amendment are hereby repealed.

Section 7. This reenactment and amendment shall become effective immediately upon its final enactment.