

COMMONWEALTH OF PENNSYLVANIA
HOUSE OF REPRESENTATIVES
HOUSE FINANCE COMMITTEE

ROOM G-50, IRVIS OFFICE BUILDING
HARRISBURG, PENNSYLVANIA
WEDNESDAY, MAY 21, 2008, 10:00 A.M.

BEFORE: HON. DAVID K. LEVDANSKY, CHAIRMAN
HON. WILLIAM C. KORTZ, II
HON. DARYL METCALFE
HON. DAVID R. KESSLER
HON. TIM SEIP
HON. STEVEN W. CAPPELLI
HON. DANTE SANTONI
HON. CHRIS SAINATO
HON. MICHAEL PEIFER
HON. GORDON DENLINGER
HON. RANDY VULAKOVICH

ALSO PRESENT

ROBERT KASSOWAY, EXECUTIVE DIRECTOR
ANDREW RITTER

HEATHER L. ARTZ, RMR, CRR
REPORTER - NOTARY PUBLIC

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1 CHAIRMAN LEVDANSKY: Good morning, and
2 welcome to this public hearing of the House Finance
3 Committee. The subject of this meeting is House Bill
4 2091, a piece of legislation that has been introduced
5 by Representative Merle Phillips from the
6 Northumberland County area of Pennsylvania dealing
7 with escrow payments and collection of taxes to an
8 escrow payment and payments to the tax collector in
9 that region.

10 I'd first like to recognize Representative
11 Phillips for a few words of introduction.

12 REPRESENTATIVE PHILLIPS: Thank you, Chairman
13 Levdansky, for holding this public hearing today. And
14 I'd like to thank the members of the committee for
15 their participation as well.

16 Property taxes has been a subject of numerous
17 hearings of this committee for quite some time, but
18 today I'd like to focus on the collection of those
19 taxes and a misunderstanding in our laws that is
20 creating great hardship for some property owners,
21 especially those in my district in Northumberland
22 County.

23 Many of the people sitting in this room today
24 still have mortgages on their homes, and for many of
25 those homeowners there is an amount paid into escrow

1 accounts every month that will be used for property
2 taxes. This method has made it easier for many
3 homeowners to better afford their taxes by spacing out
4 their payments. In fact, some mortgage companies
5 insist upon escrow accounts. Unfortunately, our laws
6 regarding tax collection do not reflect this trend in
7 homeownership.

8 There is no statutory language stating that a
9 tax collector must accept these payments, and
10 according to the local government commission there has
11 been no case law on the duty to collect taxes relating
12 to the refusal of payments of an escrow agent.

13 My legislation seeks to correct that by
14 requiring that tax collectors receive payments of
15 taxes from escrow accounts which may be made by escrow
16 agents. Any tax collector, treasurer, commissioner
17 who fails to comply with this would face a fine of no
18 more than \$500, six month in jail, or both. Elected
19 tax collectors would face a second degree misdemeanor.

20 House Bill 2091 is a direct result of a
21 situation in my district which tax payments from
22 escrow agents are being refused. The explanation was
23 given that bookkeeping involved on the tax collector's
24 end is cumbersome and possibly difficult. An escrow
25 agent that may be sending payments for more than one

1 property often sends a list of properties and one
2 check to cover all amounts. Sometimes, I've been
3 told, the amounts are in error.

4 The notice sent to the taxpayer in an area in
5 my district states that the real estate tax payments
6 from escrow agents will no longer be accepted. Now,
7 the property owner could try and get that amount from
8 the escrow agent, but I'm sure you can imagine the
9 headaches that would cause.

10 This refusal of escrow payments has caused
11 great hardship for some of our residents who rely on
12 their mortgage companies to distribute the tax
13 payment. This left families scrambling to come up
14 with the thousands of dollars needed to pay their
15 taxes on time. Today you'll hear from two taxpayers,
16 one who hoped the situation would be rectified and
17 waited it out; the other who paid additional amounts
18 to ensure that his taxes were paid on time.

19 I believe that you will find that House Bill
20 2091 is entirely necessary and would prevent
21 situations such as this from happening in the future.
22 However, if we should discover from this hearing that
23 there are issues relating with collecting escrow
24 taxes, these issues should be addressed.

25 I am also greatly concerned this will

1 continue to happen this summer and tax bills are sent
2 out and homeowners will again be faced with the same
3 situation.

4 Right now the housing market's in a state of
5 flux and that has a profound impact on our economy. I
6 believe government at whatever level should not be
7 encouraging even more red tape when it comes to
8 homeownership. And again, I want to thank you,
9 Mr. Chairman, for this opportunity to testify before
10 you and your committee.

11 CHAIRMAN LEVDANSKY: Thank you,
12 Representative Phillips. For the benefit of the
13 people in the audience as well as the viewers on PCN,
14 I'd like the members present here from the Finance
15 Committee to introduce themselves, starting at my far
16 right.

17 REPRESENTATIVE KESSLER: Dave Kessler, Berks
18 County, 130th District.

19 REPRESENTATIVE SEIP: Tim Seip, representing
20 parts of Schuylkill County and parts of Burks, Dave
21 Yingling and Cabella's district.

22 REPRESENTATIVE METCALFE: Daryl Metcalfe,
23 12th District, Southern Butler County.

24 CHAIRMAN LEVDANSKY: Representative David
25 Levdansky, Allegheny and Washington counties.

1 REPRESENTATIVE VULAKOVICH: Representative
2 Randy Vulakovich, 30th District, Allegheny County.

3 REPRESENTATIVE KORTZ: Good morning. Bill
4 Kortz, 38th District, Allegheny County, home of the
5 Pittsburgh Penguins.

6 REPRESENTATIVE CAPPELLI: Steve Cappelli from
7 the 83rd District, Lycoming County.

8 REPRESENTATIVE SANTONI: Dante Santoni, Berks
9 County. And it's also home of the Pirates. Don't
10 forget to mention the Pirates, Bill.

11 REPRESENTATIVE SAINATO: Representative Chris
12 Sainato. I represent the 9th Legislative District,
13 which is Lawrence and a small section of Beaver
14 County.

15 REPRESENTATIVE PEIFER: Mike Peifer, 139th
16 District, which is Pike, Wayne, and Monroe Counties.

17 REPRESENTATIVE DENLINGER: Gordon Denlinger
18 99th District, Eastern Lancaster County.

19 CHAIRMAN LEVDANSKY: Representative Phillips,
20 I want to thank you for your words of introduction.
21 I'd first like to call to testify Jay Himes, the
22 executive director of the Pennsylvania Association of
23 School Business Officials. Jay, welcome.

24 MR. HIMES: Thank you. Good morning. My
25 name is Jay Himes. I'm the executive director of the

1 Pennsylvania Association of School Business Officials.
2 Our statewide association represents 2,000 school
3 employees who support students' achievement and
4 classroom activity in noninstructional administration
5 areas -- finance, technology, food service,
6 transportation, et cetera.

7 I want to thank Chairman Levdansky for the
8 opportunity to present our comments and I would ask
9 the Chair if it would be okay -- since this is pretty
10 straightforward, I think you're going to hear a lot of
11 reiteration of the same things, if you wouldn't have
12 any objection, I'll summarize my testimony.

13 Okay. Benjamin Franklin said, "Certainty is
14 death and taxes." Here, here. We might add for most
15 of us mortgages, because most us aren't in a situation
16 that we can make the single largest purchase of our
17 home on a cash basis. So we do have that death,
18 taxes, and for most of us mortgages.

19 And usually, as Representative Phillips
20 indicated, those mortgages are paid by somebody else
21 because we have situations where the financing
22 institution says you need to have an escrow account
23 and from that escrow account those taxes, property
24 taxes at the local level, get paid, whether it be for
25 your county, municipality, or your school district.

1 We probably estimate that, an estimate, maybe
2 two-thirds of residential property owners have their
3 taxes paid by a third-party agent to the local tax
4 collector.

5 I'd have to say with those big numbers, and
6 although we have 501 school districts and you often
7 find a myriad of local circumstances and situations,
8 I've not heard of this situation that is the result of
9 this legislation, where a payment from an escrow agent
10 to a local tax collector for local property taxes
11 wasn't accepted and therefore the homeowners were in a
12 situation that their property taxes would remain
13 unpaid.

14 My perspective it's somewhat stunning, it's
15 sort of incredulous. I've never heard of it and I
16 don't think it does exist. Perhaps I'll wrong, but I
17 think this is a very unique situation.

18 And, unfortunately, you would say we're all
19 spending a lot of time today to deal with this
20 specific incident, and I believe that's the case. And
21 we'll talk about maybe ways to remedy that. But we
22 would generally say that legislation designed to treat
23 a specific incident is probably not a good idea. But
24 in this case it seems too overwhelmingly fair to try
25 and get something to remedy, the solution that we

1 would support Representative Phillips's bill despite
2 that question of dealing with a specific incident.

3 Local tax collection in Pennsylvania is
4 covered by a 1945 statute. And as this committee
5 knows, we have a lot of complexity in our local tax
6 collection laws -- whether it's property, whether it's
7 income, whether it's delinquent taxes. A lot of these
8 laws were created decades and decades and decades ago.

9 But clearly in the statute, the local tax
10 collection law, the General Assembly certainly
11 recognized that the payments would be made by escrow
12 agent to local tax collectors. And you'll see on Page
13 2 of my testimony, 10B reiterated to one section, if
14 your real estate taxes are to be paid from an escrow
15 account established in connection with your mortgage,
16 you should contact the company managing your escrow
17 account.

18 So again, lifted right out of the statute
19 it's clear that the anticipation was -- and the
20 expectation was that in many cases property taxes
21 would be paid through a third-party agent.

22 And I would say you wouldn't expect in any
23 kinds of situations, again, sort of going to the
24 illogical conclusion that you couldn't have your
25 spouse pay your property taxes, you couldn't pay on

1 behalf of your mother or parents or your children, et
2 cetera. So third-party payments just aren't a foreign
3 concept. And, again, they're right in the law. So it
4 clearly was anticipated.

5 There's also a section of law that requires
6 information on the tax notice. There's no prohibition
7 on the tax notice as it's required that says you can't
8 pay this way. So I think from both a legal
9 perspective, what's in the law, and just a practical
10 application of what goes on that we would all believe
11 that there is sufficient statutory authority to have
12 an escrow agent pay property taxes on behalf of the
13 property owners.

14 And really, it works to the advantage of the
15 taxing entity. You get a lot of payments generated
16 through one party so you can actually make it work
17 efficiently, because obviously an escrow agent's going
18 to pay during that discount period for purposes of
19 reducing the tax liability. They're not going to hold
20 onto that tax bill and that tax obligation on behalf
21 of their homeowners. They're going to want to pay
22 during the discount period.

23 So that gets the school district, that gets
24 the municipality, that gets the county cash flow.
25 That means you can plan out your expenditures, you get

1 investment returns. It's a good thing. And it's
2 beneficial to both the taxpayer who has somebody else
3 pay them at the discount, and it's beneficial to the
4 taxing entities as well.

5 So it would seem that the tax collector,
6 being in a position to facilitate the process because
7 it's going to be beneficial to his duties or her
8 duties as tax collector, and again help the taxing
9 entity and help the -- help the taxpayer as well.

10 Now, clearly in Pennsylvania we have 501
11 school districts. We have 2500 municipalities. We
12 have 67 counties. We have a myriad of overlapping
13 jurisdictional boundaries and it's not easy. That I
14 would say.

15 There's, again, a 1945 statute we're trying
16 to work under, all the political subdivisions with all
17 their local property taxes. So it clearly is not an
18 easy job.

19 But again, to remedy this situation, and
20 Representative Phillips drafted it pretty
21 straightforward, amendment to local tax collection law
22 which would clearly put in its statute, again, we
23 would argue the practicality and the legality of
24 whether or not it's absolutely needed, but it appears
25 to be needed to remedy the situation. And I won't

1 address the specifics of the present situation because
2 you have representative in the municipal and the
3 school district within Representative Phillips'
4 district and they can speak in more detail about this.

5 If I could take a few seconds, let me just
6 digress a little and say, you know, a couple potential
7 things you may want to consider in addition to the
8 proposal, House Bill 2091, there is a local tax
9 collection training program administered by the
10 Department of Community and Economic Development.
11 It's voluntary. It's been on the books since 2001.
12 Maybe it's an opportunity to look at that and
13 determine whether or not that should continue as a
14 voluntary program or perhaps you should give the
15 authority to school districts and municipalities and
16 counties to determine whether or not they'd want to
17 see that as mandatory for the tax collection process
18 in their district.

19 Again, just some additional ideas, but
20 fundamentally what we would like to see -- and again,
21 off the subject a little bit, so I'll be brief -- we'd
22 like to see you give the statutory authority to school
23 districts in particular to be able to collect their
24 own taxes. It's being done now in some cases. We
25 think that's a good idea. We think it would maximize

1 technology. It would give us an opportunity to be
2 more efficient, and I would just draw this analogy.
3 For personal income tax purposes in the Commonwealth,
4 you don't have an elected position that does that.
5 And then you don't have six regions that have elected
6 positions to do that. But essentially that's the
7 analogy to what happens in most cases for the
8 collection of local property taxes.

9 Elected positions, multiple tax collectors
10 per entity, and again, at some point in time maybe
11 that was not only a good solution, that was the right
12 solution. I would suggest today that to maximize
13 efficiency, to incorporate technology, to make it
14 customer friendly, if you will, I mean Department of
15 Revenue, for example, gives you multiple options how
16 to file your personal income tax, et cetera. We would
17 argue that the local level maybe it's time to look at
18 the direct tax collection rather than creating an
19 elected position.

20 And I would suggest, finally, that in terms
21 of best practices, taking one school district that
22 does collect its own taxes, this situation would not
23 happen. Because in terms of what they've established,
24 they have well created procedures. They work with the
25 escrow agents. They give them a download of property

1 tax bills that are due. They submit it to the escrow
2 agent. The escrow agent uses that. They -- school
3 district requires you to file that in a format that
4 they can download into their accounting system. It
5 works well. It works easy. And it helps everybody.

6 The escrow agent knows from notification from
7 the school district what's due, when it's due, how
8 it's due. The school district puts on parameters that
9 says we want it in this format, we want it by this
10 date, and we'll give you our list to help you do that.

11 It works well. People work together. And it
12 solves all the problems. And again, that's probably
13 not a good solution in a school district which is
14 using multiple tax collectors, but in school districts
15 which have gone to lock boxes as an efficiency
16 measure, for example, for collection, this kind of
17 situation can exist and I think it's a win/win for,
18 again, the third-party payers, for taxpayers and for
19 school districts as well.

20 And with that, Mr. Chairman, I'll conclude my
21 testimony. And, again, thank you for allowing us to
22 present our comments and I'll be glad to respond to
23 any questions.

24 CHAIRMAN LEVDANSKY: Thank you, Mr. Himes.
25 Any questions from members? Seeing none, appreciate

1 your testimony.

2 MR. HIMES: Thank you.

3 CHAIRMAN LEVDANSKY: Next I'd like to call
4 Mr. Bob Bell, the area manager of FirstAmerica Tax
5 Service. Mr. Bell.

6 MR. BELL: Thank you. Thank you for the
7 opportunity to testify today in support of House Bill
8 2091. The bill would amend the tax law to authorize
9 escrow agents to remit payments to Pennsylvania taxing
10 authorities ensuring the same guidelines as if the
11 payment had been received directly from the homeowner.

12 FirstAmerica provides real estate tax
13 reporting and payment throughout the United States for
14 its customers, which are banks, mortgage companies and
15 other lending institutions. FirstAmerica also pays
16 the taxes from escrow accounts maintained by the
17 lending institutions which are FirstAmerica's
18 customers for the benefit of the lending institution's
19 borrowers. FirstAmerica services 22.5 million escrow
20 loans nationwide and reports and coordinates payment
21 on over 930,000 tax bills in the Commonwealth of
22 Pennsylvania alone.

23 I've worked in the industry and with
24 FirstAmerica for nearly 15 years and currently hold
25 the position of area manager in the Philadelphia

1 office which services the State of Pennsylvania,
2 including Northumberland Borough. I have not
3 previously experienced a situation where a taxing
4 authority has refused payment submitted, when all of
5 their specific guidelines have been met and an
6 original tax statement included, simply as a result of
7 the fact that the payment is being issued from the
8 lender or escrow agent on behalf of taxpayer rather
9 than from the taxpayer directly.

10 As you are aware, Mr. Snyder sent a letter on
11 or about July 1st, 2007, to homeowners in Shikellamy
12 School District, Northumberland Borough, notifying
13 them that he would refuse payment from escrow agents.
14 The letter stated as follows:

15 "Effective immediately, this office
16 will not accept real estate tax payments from
17 escrow agents. If your taxes are held in
18 escrow it will be your responsibility to get
19 your money from your escrow agent to pay your
20 taxes. Payment remitted must have a
21 remittance copy included with your payment."

22 Mr. Snyder did, in fact, ultimately receive
23 the bulk payments for the 2007 school district taxes
24 from FirstAmerica stating he accepted the payments to
25 spare the taxpayers undue hardship. However,

1 individual payments remitted directly were, in fact,
2 refused.

3 After several months of working with
4 Mr. Sinopoli of the school district, FirstAmerica was
5 ultimately forced to request our lenders to forward
6 payment now in penalty through their homeowners. This
7 was done to ensure acceptance of the payment prior to
8 the end of the year so the delinquent taxes were not
9 turned over to the tax claim bureau.

10 However, these rules were imposed again
11 during the borough tax cycle and again nearly all of
12 the tax payments made by lending institutions from the
13 escrow accounts in 2008 have been returned and
14 reduced.

15 FirstAmerica and our lenders received a copy
16 of a letter with each individually rejected payment
17 which read:

18 "Payments from escrow agents should
19 be made payable to the tax collector and
20 mailed to the property owner who will make
21 the payment to the tax collector and receive
22 the stamped receipt for same. Thank you.
23 Face amount is now due."

24 These actions have interfered with
25 FirstAmerica's contractual duty to perform services

1 for its customers and homeowners in Northumberland
2 Borough.

3 It is undeniable that there are damaging
4 consequences to FirstAmerica, the lending
5 institutions, the homeowners, and the public interest.
6 As mentioned previously, lending institutions and
7 FirstAmerica provide escrow services by releasing
8 funds from the escrow accounts to taxing authorities.
9 These funds belong to the homeowners and these
10 entities are merely facilitating payments for them.
11 Refusal to accept payments from these entities causes
12 undue hardship for the homeowners. Additionally,
13 Mr. Snyder's refusal to accept tax payments impacts
14 the lenders' interest in the secured loan. Lenders
15 require borrowers to establish escrow accounts to
16 ensure that their taxes are fully paid on a timely
17 basis and to protect those securities from tax liens
18 and foreclosures, thus escrow accounts protect the
19 lender and serve the public interest by facilitating
20 timely payments to the taxing authorities.

21 Accordingly, these actions violate public
22 policy. Moreover, tax payments from the escrow
23 accounts increase efficiencies for the taxing
24 authorities. Escrow payments ease the workload for
25 the tax collectors since taxes are paid in bulk often

1 for a single check for multiple homeowners, thus
2 collectors are able to process multiple tax payments
3 simultaneously, saving time and resources.

4 To conclude, Northumberland Borough is the
5 only taxing authority in Pennsylvania to reject
6 payments primarily because of these payments being
7 presented from the escrow agent. These actions are
8 especially damaging to FirstAmerica since we service
9 nearly 150 escrow loans within this area. And
10 accordingly, FirstAmerica requests your approval of
11 House Bill 2091 to amend the local tax collection law
12 to require the acceptance of these tax payments and
13 restorations.

14 CHAIRMAN LEVDANSKY: Thank you, Mr. Bell.
15 Any questions of the members of the committee?
16 Representative Seip.

17 REPRESENTATIVE SEIP: Thank you,
18 Mr. Chairman. With the financial climate the way it
19 is and I'm seeing a lot of constituents who have
20 mortgages that get sold to other companies and so
21 forth, how quickly are you able to identify where an
22 escrow payment has to go and how soon are you able to
23 get things lined up for your customers?

24 MR. BELL: If I understand the question --

25 REPRESENTATIVE SEIP: If there's a sale of a

1 loan to your company, how quickly are you able to
2 identify, you know, how much an escrow payment has to
3 be made and to where?

4 MR. BELL: In terms of the sales, our -- our
5 lenders submit files to us, most of them on a weekly
6 basis, some more frequently, of their additional loans
7 that they're putting under service with us as well as
8 any changes to those loans and cancellations of those
9 loans.

10 So we typically receive that information
11 rather quickly as far as to keep our database current
12 of those loans that are active with our lending
13 institutions. And then in terms of the receipt of the
14 tax information from the taxing authority as we
15 receive that, it's usually within a matter of days
16 that we're reporting that information out to the
17 lenders to make payment, which is usually turned
18 around in a matter of about a week and a half back to
19 us being balanced and then sent back to the taxing
20 authority within a week or two after that.

21 REPRESENTATIVE SEIP: Okay. If I may,
22 Mr. Chairman, just one other quick question. If for
23 some reason there's a sale made or for another reason
24 other than a sale and the discount period is missed,
25 the escrow payment isn't sent out within that discount

1 period, then is that then going to negatively impact
2 the customer or do you guys take on that extra money
3 that's needed because you missed the discount period?

4 MR. BELL: It's actually one of the main
5 reasons that lenders will actually contract with a
6 taxing service like FirstAmerica. As long as the
7 information is provided to us in a timely fashion in
8 order to build the tax lines on the loan on our
9 servicing system, we would take the responsibility if
10 that payment was not there within the discount period
11 and only the discount amount would be pulled from the
12 homeowner's escrow account with FirstAmerica or the
13 lender deciding where the additional funds were to be
14 pulled.

15 REPRESENTATIVE SEIP: Okay. Thank you.
16 Thank you for your testimony. Thank you, Mr.
17 Chairman.

18 CHAIRMAN LEVDANSKY: Thank you.
19 Representative Denlinger.

20 REPRESENTATIVE DENLINGER: Thank you,
21 Mr. Chairman. Thank you for your testimony. Back
22 here. I'm wondering. It appears that we have a case
23 here of a rogue tax collector who was operating within
24 the confines of the law, so the law needs an
25 adjustment. And that's obviously why we're here

1 today. Have you been the party with your company who
2 has had direct interaction with this tax collector?

3 MR. BELL: Yes, sir. To some degree the
4 collector has been somewhat nonresponsive in terms of
5 direct communication. Most of it has been in writing
6 in the result of returning payments, providing these
7 letters. It's been very difficult to actually reach
8 the collector and speak.

9 REPRESENTATIVE DENLINGER: So it's a case of
10 nonresponsiveness versus the adversarial response?

11 MR. BELL: That's what we have found, yes.

12 REPRESENTATIVE DENLINGER: Fine. I was just
13 curious of the nature of it. Thank you, Mr. Chairman.

14 CHAIRMAN LEVDANSKY: Representative
15 Vulakovich.

16 REPRESENTATIVE VULAKOVICH: How long has that
17 tax collector been there?

18 MR. BELL: I apologize, sir. I do not know
19 the answer. I know several years.

20 REPRESENTATIVE VULAKOVICH: Is he new? Does
21 anybody know?

22 MR. BELL: Several years, but I don't know
23 the exact time of his tenure.

24 REPRESENTATIVE VULAKOVICH: Okay.

25 CHAIRMAN LEVDANSKY: Representative Kessler.

1 have you been dealing with the Northumberland County
2 tax collector.

3 MR. BELL: Me personally?

4 REPRESENTATIVE KORTZ: Well, your company.

5 MR. BELL: Ever since we've been servicing
6 the state of Pennsylvania which, again, would be over
7 a hundred years.

8 REPRESENTATIVE KORTZ: Okay. So in all that
9 time there hasn't been an issue. Now just recently
10 there's an issue where he won't accept payment from
11 you?

12 MR. BELL: There have been issues in the past
13 in terms of our coordination in the borough, but never
14 to the extent where payments have been refused for
15 this specific reason.

16 REPRESENTATIVE KORTZ: Did he send you a
17 letter stating why he would refuse this?

18 MR. BELL: He did not specifically send me a
19 letter. I've heard -- heard concerns in regards to
20 why, but I have not heard that directly from him.

21 REPRESENTATIVE KORTZ: And you've not had any
22 face-to-face meetings, your company hasn't had any
23 meetings with this gentleman to discuss. Have you
24 requested same?

25 MR. BELL: We have asked to meet with him.

1 We have talked to -- I'm not sure I've ever met. Mr.
2 Sinopoli, the school district business manager, we
3 work through him as well, especially at the school
4 district time, to try to find the resolution of this
5 since ultimately the payments were going to the school
6 district.

7 REPRESENTATIVE KORTZ: So to your knowledge,
8 you don't know why he's refusing payment from you?

9 MR. BELL: Not directly from him I do not,
10 sir.

11 REPRESENTATIVE KORTZ: Okay. Thank you.

12 CHAIRMAN LEVDANSKY: Mr. Bell, I just want to
13 make sure, just to clarify this, so your company
14 provides escrow collection services for lenders across
15 the Commonwealth. And I think you said your testimony
16 that there's 930,000 tax bills in the Commonwealth of
17 Pennsylvania that you -- that you escrow, provide
18 escrow services for.

19 MR. BELL: That is correct.

20 CHAIRMAN LEVDANSKY: And there's 501 school
21 districts. And you're saying all school districts,
22 all tax collectors and all school districts take one
23 check from your company as payment for local property
24 taxes for all those homeowners that you provide escrow
25 servicing for. And 2,500 municipalities in the

1 Commonwealth and let's just assume that you have --
2 that you service loans, you know, homeowner loans in
3 all of those. So all the other municipalities in the
4 state take one check from your escrow service as
5 payment of property taxes in all those municipalities.
6 But in this one particular borough you've got to write
7 150 separate checks as payment of taxes to that
8 borough for those particular homeowners that you're
9 servicing escrow accounts for; is that correct?

10 MR. BELL: That is correct, sir. A few
11 points of clarification. Within the single check that
12 you reference, usually it's a single check perhaps
13 from each of our lenders coming from the escrow
14 account. So each lender may be paying a portion of
15 those taxes going to them. So it's several checks,
16 but that is ultimately correct, sir.

17 In this case we had actually had the lenders
18 issue individual checks to put with individual
19 statements. In the collector's requirement he
20 actually wants those checks to go through the
21 homeowner, for them to then walk the payment or make
22 the payment, with the payment not being accepted from
23 us or the escrow agent.

24 CHAIRMAN LEVDANSKY: So if this practice of
25 this one tax collector was adopted by every other tax

1 collector in the state, your company alone would have
2 to -- would have to write out 930,000 separate checks?

3 MR. BELL: That is correct, sir.

4 CHAIRMAN LEVDANSKY: That sounds pretty
5 absurd.

6 MR. BELL: Yes, sir.

7 CHAIRMAN LEVDANSKY: Okay. I just want to
8 make sure I understand the absurdity. Thank you. No
9 other questions from members? Mr. Bell, thank you for
10 your testimony.

11 MR. BELL: Thank you.

12 CHAIRMAN LEVDANSKY: Next I'd like to call a
13 taxpayer that's affected by this, Mr. Henry HULLIHEN.
14 Mr. HULLIHEN. Am I pronouncing your last name
15 correctly?

16 MR. HULLIHEN: Yeah. Like the hull of a ship
17 with a female chick with the I in the middle.

18 REPRESENTATIVE METCALFE: Say that again.

19 MR. HULLIHEN: The hull of a ship and the
20 female chicken with the I in the middle. HULLIHEN.

21 CHAIRMAN LEVDANSKY: HULLIHEN.

22 MR. HULLIHEN: Yes, sir.

23 CHAIRMAN LEVDANSKY: Thank you, Mr. HULLIHEN.
24 Thank you.

25 MR. HULLIHEN: I'm sure I'm not going to be

1 as eloquent as these other gentlemen were because I'm
2 not used to speaking like this. We deal with, my wife
3 and I deal with Citi Mortgage Corporation, not with
4 the fellow that just spoke.

5 In July of 2007 we received our tax notices
6 for real estate taxes and with that was a little slip
7 of paper from the tax collector saying he would not
8 accept escrow checks of any kind. So we -- my wife
9 called him to find out what he wanted. He wants a
10 check from the mortgage company made out to him, sent
11 to us. We called our mortgage company on July 2nd.
12 And one of the big difficulties there with their
13 customer service, they don't speak English. They're
14 in India or someplace.

15 So that gentleman, she was finally able to
16 make him understand what the problem was, said they
17 wouldn't do it. They're not sending us the check.
18 Period.

19 We again spoke with the tax collector. My
20 wife did. He said if he gets a check from the escrow
21 account he's just going to put it in the shredder and
22 that's it. We're not going to know whether our taxes
23 are paid or not.

24 So at that time we called back to the
25 mortgage company, say we knew what their requirements

1 were to eliminate the escrow account. We qualified
2 for everything. September we had taxes due. So they
3 wouldn't eliminate the escrow account.

4 So being the dutiful citizens we are, we just
5 paid the taxes, figuring how hard can it be to get
6 money back out of your escrow account. Guess what,
7 not easy.

8 We sent the proof of tax payment to the tax
9 department and called customer service again. We
10 received a letter back about a week later saying we
11 did not qualify to close our escrow account because
12 taxes were due. Now this is after we had sent all the
13 receipts and everything that our taxes were paid.

14 We called again, got a different guy that we
15 could hardly understand. He requested us to send the
16 fax with a copy of the receipt and the cancelled check
17 and all that, which we did.

18 Got another letter back that they couldn't do
19 anything with escrow because we still owed taxes. So
20 make a long story short, no matter what we did their
21 computer was stuck on the fact that we owed taxes and
22 we didn't. So here I am now, four or five months
23 later, I've paid my property taxes twice in essence
24 because money was going into escrow, and then we paid
25 it out of our own account, and still trying to get the

1 money back from our escrow agents, which we couldn't
2 do.

3 The long story short, I finally ended up
4 paying a hundred dollars for an attorney. He got
5 everything together, sent a fax to the main company
6 for Citi Corp and sent a certified letter. Three days
7 later we got a letter back, we don't qualify because
8 our taxes are not paid, when it's right in front of
9 them that they have the taxes paid.

10 So out of exacerbation, I didn't know what
11 else to do, I called Mr. Phillips' office. I said
12 what's going on with what you gentlemen were doing
13 with the law because I knew they were trying to get a
14 law and stuff passed, and explained everything to his
15 secretary there or assistant and she said let me try
16 to help you.

17 Well, she called me back a couple days later,
18 said you're not going to believe this. I can't make
19 anybody listen. Nobody wants to hear this.

20 So long story short, she finally did help us.
21 We got our money back. We're out of escrow.
22 Everything's done there, but I just feel that
23 something's got to be done with this guy in
24 Northumberland. He's -- if I have a headache, there's
25 a lot of other people that have a headache that just

1 aren't saying anything about it. That's all I have to
2 say.

3 CHAIRMAN LEVDANSKY: Thank you, Mr. HULLIHEN.
4 Members have any questions? Representative PEIFER.

5 REPRESENTATIVE PEIFER: Have you received
6 your money back from the escrow account as of this
7 date?

8 THE WITNESS: It was about two months ago
9 I --

10 REPRESENTATIVE PEIFER: Two months ago, and
11 they're still escrowing your payments in 2008, your
12 mortgage payment?

13 MR. HULLIHEN: No, I'm out of escrow. I got
14 my money back that I paid and my escrow is cancelled
15 because we did finally get them to realize that we met
16 all the qualifications.

17 REPRESENTATIVE PEIFER: Okay. That's it.

18 CHAIRMAN LEVDANSKY: Representative SEIP.

19 REPRESENTATIVE SEIP: Thank you,
20 Mr. Chairman. I just want to thank you for your
21 testimony today. It certainly helps us make our
22 decisions a lot better when we hear right from the
23 people that are most affected by what's going on. And
24 I'll tell you as a member of this committee I'll be
25 eager to support this bill and move Representative

1 Phillips' bill forward as soon as possible.

2 MR. HULLIHEN: Appreciate that.

3 REPRESENTATIVE SEIP: Thank you for your
4 testimony today.

5 CHAIRMAN LEVDANSKY: Seeing no other --
6 Representative Metcalfe.

7 REPRESENTATIVE METCALFE: Thank you for your
8 testimony today, sir. And I'm sorry to hear all the
9 problems you have. Sounds like people you were
10 dealing with didn't read English either, besides
11 speaking it.

12 MR. HULLIHEN: Well, I think with everybody
13 being automated the way it is today, it was stuck on
14 their computer, they never took anything out of their
15 computer to pay taxes because I had paid it, so the
16 computer's showing them nothing came out of escrow.
17 We have taxes due but yet they always send the piece
18 of paper, when they want to have the -- your taxes are
19 due, please send a copy of your tax receipt in.

20 And on the bottom of that is if you've
21 already paid just put in your check. Well, we did
22 that twice and still send -- you just can't make these
23 people understand, so.

24 REPRESENTATIVE METCALFE: Based on your story
25 we shouldn't have to legislate common sense.

1 MR. HULLIHEN: You shouldn't.

2 REPRESENTATIVE METCALFE: It seems like this
3 works everywhere else in the state.

4 MR. HULLIHEN: Exactly.

5 REPRESENTATIVE METCALFE: But there's
6 certainly a need for this. The government's supposed
7 to be there to serve you, not create headaches for
8 you. Hopefully we'll get this legislation through to
9 correct the problem.

10 MR. HULLIHEN: I think Mr. Phillips touched
11 on the fact that property taxes are a hot issue now
12 anyhow. And with me having to pay it twice, I'm
13 retired, I don't have that kind of money that I can
14 just do that all the time. If I wouldn't have got
15 this resolved through Mr. Phillips' office I would
16 have had to do the same thing again this year --

17 REPRESENTATIVE METCALFE: Thank you.

18 MR. HULLIHEN: -- pay taxes out of my funds.

19 REPRESENTATIVE METCALFE: Thank you for
20 taking time to share your story with us. It helps
21 really show what's needed. Thank you.

22 CHAIRMAN LEVDANSKY: Thank you, Mr. Hullihen.
23 It's hard to believe, but we're running a little bit
24 early on the agenda. Next I'd like to call Mr. James
25 Snyder, the tax collector for Northumberland Borough.

1 Mr. Snyder.

2 MR. SNYDER: Good morning.

3 CHAIRMAN LEVDANSKY: Sir, do you have
4 prepared testimony?

5 MR. SNYDER: I have testimony here. I am
6 going to give this to her when I'm finished.

7 CHAIRMAN LEVDANSKY: Well, it would help us
8 to read along.

9 MR. SNYDER: Well, I only brought my copy.

10 CHAIRMAN LEVDANSKY: Okay.

11 MR. SNYDER: That's all I have.

12 CHAIRMAN LEVDANSKY: Okay.

13 MR. SNYDER: My name is James Snyder, Junior.
14 I'm tax collector of Northumberland Borough. And I
15 have read over the House Bill No. 2091 and I was asked
16 to come and give some testimony to this committee.
17 Okay. I have been tax collector since 1998. And
18 prior to that I've retired from Northumberland
19 National Bank.

20 I've read House Bill 2091 and I feel it is
21 incomplete. It does not address guidelines for escrow
22 agents to follow when paying real estate taxes, but
23 puts the entire burden on the tax collector to accept
24 tax payments without addressing the manner in which
25 they should be submitted.

1 I have 14 exhibits for this committee to
2 review, several which illustrate problems that are not
3 addressed by House Bill 2091.

4 Number one, the letter to the editor that I
5 submitted to the *Daily Item* on September the 2nd,
6 2007, which explains a policy I adopted regarding
7 payments from escrow agents and reasons for the
8 policy. The letter I sent to Mr. Leonard Ingrassia,
9 editor of the *Daily Item*, states, "Please find
10 inclosed my response to the numerous news articles
11 published in the *Daily Item* concerning my tax office.
12 I would like this response to be printed verbatim as a
13 "My Turn" column in the opinion section of your paper.

14 "For your information, I am
15 enclosing some examples of the paperwork that
16 I have received this week. My purpose for
17 enforcing the policy of a tax bill submitted
18 with payment is not to create a hardship to
19 property owners. I feel that property owners
20 are entitled to know how their escrow company
21 is managing or mismanaging their accounts.
22 If you have any questions concerning my
23 response, please contact me" so-and-so and so
24 forth.

25 The letter that I sent to the *Daily Item*,

1 it's called "My Turn".

2 "I am currently serving my third
3 term in office as the tax collector for the
4 Borough of Northumberland. If questioned,
5 I'm confident that all taxing bodies will
6 report to you that my tax deposits and
7 corresponding reports have been made on a
8 timely basis.

9 "My decision to not accept payments
10 directly from escrow companies was not
11 something arrived at lightly. Due to the
12 many problems with the escrow companies'
13 payments, I implemented a new office
14 procedure. Tax payments from escrow
15 companies are to be sent to the homeowner.
16 The property owner may then mail or pay his
17 taxes in person. This enables the property
18 owner to know when his taxes are paid and
19 that the amount being paid is correct.

20 "The property owner may also obtain
21 a receipt for his payment. The escrow
22 companies' check may be made payable to me if
23 the company is unwilling to make the check
24 payable to their client. Since most property
25 owners also have personal taxes to pay in

1 this office, this should be -- should not be
2 an inconvenience to them.

3 "Quite frankly, I find this puzzling
4 that the school district personnel, state and
5 local officials, and the editor of the *Daily*
6 *Item* are supporting the escrow companies in
7 their efforts to regulate how property taxes
8 are collected. The explanation -- the
9 explanation in the August 28th, 2007, *Daily*
10 *Item* editorial makes tax collecting sound as
11 simple as a refresher. With an escrow
12 account, the taxpayer makes a portion of the
13 tax payments each month. At the end of the
14 year, the total payment is forwarded to the
15 tax collector by an escrow agent. This
16 sounds so simple. And if all escrow
17 companies would forward the total payment
18 along with the tax bill, it would be simple.

19 "Instead of advocating in your
20 editorial that controversy illustrates need
21 for reform, why not advocate that all escrow
22 companies should follow the same rules as
23 taxpayers who pay their own tax bills. I am
24 appalled at the incompetency of some of the
25 escrow agents. Let me describe some of the

1 problems.

2 "The property owners are to send tax
3 bills to their escrow agents. But I receive
4 many calls from escrow agents requesting that
5 I send them copies of tax bills. They claim
6 that the property owner neglected to send the
7 bill. However, I have asked several property
8 owners if that is true and in each case was
9 informed that the bill was, indeed, sent to
10 the escrow companies. Did you lose them or
11 is it just easier for them to call the tax
12 collector instead of searching through their
13 files?

14 "In past seasons I have produced
15 escrow companies with copies of the tax
16 bills. However, instead of returning each
17 bill with a check for the correct amount,
18 escrow companies will submit a list of
19 property owners with one check for the entire
20 amount. The problems arise when the amount
21 of that check does not equal the amount of
22 the total bills for the properties.

23 "On August 30th I received one check
24 from an escrow company for 11 different
25 property owners' taxes. The escrow agent did

1 not include the tax bills. All 11 figures
2 were incorrect. Since I may not accept a
3 partial payment, I must return this check.

4 "When the bills are submitted for
5 payment, the discount period will have
6 expired and the face amount will be due. I
7 do not know if the escrow company pays for
8 the mistake made by the escrow agent's
9 incompetence or if the property owner is
10 charged the additional tax amount.

11 "Mortgage companies sell mortgages
12 to other companies. I have had more than one
13 escrow agent request the tax amount for the
14 same property. I have no way of knowing
15 which company is the correct one. I have
16 also had more than one escrow company pay the
17 taxes for the same property. By requiring
18 that the escrow company send the check with
19 the bill to the property owner, I know the
20 payment is correct.

21 "Escrow companies said that checks
22 in all types of mailing -- send the checks in
23 all types of mailings. In order to finally
24 get to the check it requires several minutes
25 to wade through the Fed Ex envelope, bubble

1 wrap, and superfluous papers that they submit
2 along with or instead of the required bill
3 and check. It would be interesting to learn
4 who pays the postage for the elaborate
5 packaging.

6 "Several years ago the Shikellamy
7 School District provided the tax collectors
8 with notices to send with every tax bill
9 stating that the tax bill must accompany
10 payment for the taxes. A number of escrow
11 companies did not comply with this request.
12 Instead of enforcing the rule, the Shikellamy
13 business manager has backed down and
14 requested that tax collectors deal with
15 payments in whatever manner the escrow
16 companies choose to send them.

17 "Why are escrow companies not
18 expected to follow the rules? Tax collectors
19 must provide the school business office with
20 a detailed report totalling the exact amount
21 of the bills included in the report. This is
22 as it should be.

23 "By receiving the tax bill along
24 with the payment, these reports may be
25 completed accurately and in a timely manner.

1 "Every year a number of residents
2 come to me to request copies of paid bills
3 for the purpose -- for the previous years so
4 they may obtain tax rebates. By submitting
5 the tax payment and receiving receipt when
6 the bill is paid, they are saved a trip to my
7 office the following year for a receipt.

8 "How many other communities accept
9 one payment for bills from numerous customers
10 without copies of their bills?

11 "Why would the *Daily Item* call for
12 reform instead of advocating that escrow
13 companies be required to submit payment as
14 stipulated? Why should escrow companies be
15 given special treatment?

16 "Escrow companies are not
17 infallible. In the August 17th, 2007, issue
18 of *Patriot News* in Harrisburg, Sharon Smith
19 reported that American Home Mortgage filed
20 Chapter 11 bankruptcy protection. Several
21 tax collectors received checks that bounced.
22 The state attorney general lacks jurisdiction
23 since the company filed for federal
24 bankruptcy protection.

25 "Why are escrow companies unwilling

1 to send a check to the property owner so he
2 may pay his taxes? Do they really think that
3 the property owner is going to keep the money
4 and let the taxes go delinquent after he has
5 made the monthly payments? And if the check
6 is made out to the tax collector, the
7 property owner would be unable to cash it.
8 Some escrow companies have complied with this
9 new regulation and have sent the tax payments
10 to the property owners.

11 "There is no good reason why the
12 others can't do as well. Instead of
13 harassing me for doing my job correctly, the
14 Shikellamy business manager, elected
15 officials, and the *Daily Item* should
16 investigate the business practices of these
17 escrow companies in the best interest of the
18 property owners.

19 "Thank you for allowing me to have
20 my turn."

21 And I signed the letter James Snyder. That's
22 Exhibit No. 1. Exhibit No. 2 a copy of a payment
23 check and disbursement report from Countrywide Tax
24 Services Corporation. This report lists 11 properties
25 and tax amounts, all of which were in error.

1 The correct amounts are pencilled in to the
2 right of the incorrect amounts. No original tax bills
3 were included.

4 That exhibit amounts to -- just for your
5 information, the amount of the check that they sent
6 was for 3,400 -- or \$549.33. The actual amount due on
7 those bills amounted to \$8,614.84. Where they got
8 their figures from, I have no idea. That's number
9 two.

10 Exhibit 3, a copy of a check and real estate
11 notice from Sun Trust Mortgage. Tax bill was for
12 \$1,644.57. Payment was in the amount of \$1,552.47.
13 That's Exhibit No. 3.

14 Exhibit No. 4, a copy of Wells Fargo
15 Financial check for \$1,548 with Value America real
16 estate tax information showing the amount due of
17 \$1,547.73. Again, no tax bill was included.

18 Exhibit No. 5, copy of a check from payment
19 processing center for \$1,748.69. No documentation was
20 included with this check; therefore, I had no way of
21 knowing how to credit this payment. What I got from
22 them was a check, period, in an envelope. No bill, no
23 data sheet, no substitute bill or anything. I had no
24 way of knowing where to apply that check.

25 Number six, a copy of a check and information

1 provided from Chase Home for a payment that did not
2 correspond with any of the taxes due for the property.

3 This exhibit here is on a customer and the
4 amount of the check was for \$711.21. That is the only
5 thing that was in the envelope was the check. The
6 taxes were actually \$137.47, which had already been
7 paid. Last year's school taxes were \$205.43 and were
8 turned back to tax claims for a penalty amount of
9 \$223.44. What the check for \$711.21 represented, I
10 have no idea. Again, there were no tax bills or
11 anything with it.

12 Exhibit No. 7, a copy of a check and list of
13 properties from Countrywide Tax Services Corporation.
14 Payment of \$9.80 for one personal bill was paid
15 instead of property real estate tax. No bills again
16 were included. That exhibit shows total of one, two,
17 three, four, five, six, seven -- seven accounts. The
18 total amount of the check, \$3,112.29. That's all well
19 and good, but one of the bills happened to be a per
20 capita bill instead of a real estate bill. So,
21 therefore, I had to return that because I could not
22 cash that check because the amounts were not correct.

23 Exhibit No. 8, sample of bill requests from
24 Wells Fargo Real Estate Tax Service and American Real
25 Estate Tax Service. The property owners should have

1 forwarded the bills to the companies. Property owners
2 have told me that they have submitted copies of the
3 bills to the companies and companies lose them. This
4 I have a very lot of action in. So I have two
5 exhibits here showing the number accounts they
6 requested the taxes for which in my office requires
7 that I go through the tax records to find the name of
8 the customer, dig out my copy of the bill, make copies
9 in order to send to them. And this happens all the
10 time.

11 Exhibit No. 9, two letters from the
12 Pennsylvania Housing Finance Agency requesting bills
13 for various properties because the property owners
14 neglected to send them the original bills. I have no
15 way of knowing if this is a correct mortgage company
16 for each of these properties. Since in the past I
17 have received tax payments from more than one company
18 for the same property, the property owner should be
19 responsible for providing the tax bills to the
20 mortgage company. Additionally, one of these bills
21 had already been paid, one of the bills that they
22 requested an amount for. The bill had already been
23 paid. So those are two more that requested as high as
24 8, 10 properties.

25 Exhibit No. 10, while many mortgage companies

1 have complied with my new policy, I feel this policy
2 would not have become such an issue if David Sinopoli,
3 Shikellamy School District business manager, had not
4 encouraged noncompliance, such as in the *Daily Item*
5 article, an excerpt being:

6 "Mr. Sinopoli said he advised them
7 to pay their taxes in the usual way and
8 assured them there would be no penalties for
9 payments received late."

10 And that is shown in the article that
11 appeared in the -- in the *Daily Item*.

12 Number 11, a *Daily Item* editorial with a
13 statement, Shikellamy School District official said
14 taxpayers should continue making payments as they
15 always have. Further, no resident will be penalized
16 if their payments are late due to their tax
17 collector's decision.

18 And Exhibit No. 12 is a letter entitled Flash
19 Line from FirstAmerica Real Estate Tax Service. And
20 this along with Exhibit 13 is taxing authority
21 updates, weekly tax update. These are letters that
22 evidently FirstAmerica issues to various escrow
23 companies and it states in there that taxpayers with
24 escrow mortgages have been advised by the school
25 district not to pay taxes individually but to wait for

1 the anticipated resolution with the collector. The
2 school district guarantees that the discounted amount
3 will be issued no matter when the issue is resolved.
4 So that's Exhibit No. 12 and 13.

5 Exhibit No. 14, September 11th, 2007, letter
6 to the editor in the *Daily Item* from Gary Kendall and
7 Rolanda Ritzman citing issues with mortgage companies
8 and tax payments. This is a letter that was written
9 by these two individuals stating the various problems
10 that they had with their -- with their escrow and
11 mortgage companies. I won't bother to read it. You
12 may review it.

13 Now, I hope when you review these documents
14 you will see that this issue is more complicated than
15 simply requiring tax collectors with mortgage to
16 accept payments from escrow agents.

17 My recommendation is that you add the
18 following statement to this bill. Escrow agents are
19 required to submit an original -- an original tax bill
20 with payment to the tax collector. The tax bill
21 should be obtained from the property owner. Because
22 this is the manner in which they are -- the bills are
23 issued. I send two copies of the bill to the
24 homeowner. If they have an escrow agent, they are
25 required to send the remittance copy of the bill to

1 the escrow agent so that they can make their payment.
2 This is what is not being done. Penalties should be
3 established for any escrow agent who fails to comply
4 with this provision.

5 Please consider all of these issues and this
6 recommendation before you finalize House Bill 2091.

7 That concludes my testimony at this hearing.
8 I thank you for the opportunity to give you some idea
9 of problems tax collectors have other than just
10 collecting payments from escrow agents. Thank you.

11 CHAIRMAN LEVDANSKY: Thank you, Mr. Snyder.
12 Mr. Snyder, before I recognize the other members for
13 questions, I'd just like to ask you just one or two
14 brief questions myself.

15 So we understand how this works. I would
16 presume that the reason why obviously the tax
17 collectors send the property tax bill to the property
18 owner is because the property owner needs that
19 information when they file their taxes. Typically
20 property tax payments are deduction for your federal
21 income tax purposes.

22 MR. SNYDER: This is correct.

23 CHAIRMAN LEVDANSKY: And while it's likely
24 the responsibilities of the property tax owner to
25 forward that property tax bill to their escrow agent,

1 a lot of times obviously that doesn't happen. What do
2 you -- would it be too difficult to have the tax
3 collector send a copy of the property tax bill to both
4 the property owner and to the -- and to the escrow
5 agent as well? Won't just simply doing that cut down
6 on a lot of that misunderstanding about how much is
7 owed and on what properties?

8 MR. SNYDER: Well, the school district issues
9 the bill in the name of the property owner. And they
10 require that the bill be sent to the property owner.
11 If the school would want to have the responsibility of
12 sending the bill to the escrow agent, then the escrow
13 agent wouldn't have to bother the homeowner for the
14 bill and they would have the bill then to forward
15 their check to me.

16 I have no -- I have no qualms with accepting
17 the checks from escrow agents as long as I have
18 something to go by. If they would give me the
19 original bill, the remittance bill, that is, that they
20 are to receive from the homeowner, there would be no
21 problem. But I've had so much trouble not getting the
22 correct information, amount, checks. I even had
23 escrow agents require -- who requesting bills from me
24 for properties that that particular person no longer
25 owned. I questioned what is happening to that man's

1 escrow money. Are they giving that back to him, the
2 amount that would be left in his account? I don't
3 know. Why should they have it, especially one year
4 after -- after the fact? And they requested the same
5 information on this particular customer for two
6 billing sessions when he didn't even own the property.
7 So you can see my dilemma there.

8 CHAIRMAN LEVDANSKY: Appreciate. Any
9 questions from members? Representative Bill Kortz.

10 REPRESENTATIVE KORTZ: Thank you,
11 Mr. Chairman. Thank you, Mr. Snyder, for your
12 testimony today. You've been doing this now since
13 1998, so 10 years you've been the tax collector?

14 MR. SNYDER: That is correct.

15 REPRESENTATIVE KORTZ: And when you first
16 started in 1998, was this problem as prevalent then as
17 it is now?

18 MR. SNYDER: This problem -- this problem I
19 would say has just been slowly increasing. Let me say
20 this. In -- I forget what year it was, I bought my
21 first home. But I dealt with a mortgage company who
22 also required an escrow account. And when I got my
23 tax bill, I took my tax bill to the mortgage company.
24 They used to pay the tax bill for me and send me a
25 receipt, a stamped receipt. This was back when

1 Westward Savings and Loan was in business. So you
2 know how long ago it was.

3 Now, with the -- the advent of Sallie Maes
4 and all the government agencies and so forth, the way
5 mortgages are done, the loan is given, the people send
6 their money to that mortgage company, including their
7 escrow. That mortgage company no longer handles the
8 escrow. They pawn that off onto escrow agents. I
9 have escrow agents contacting me from California,
10 Texas, Florida, New York, South Carolina, almost any
11 state you want to mention. So these escrow people,
12 half of them don't know what they're doing, number
13 one. And number two, further, I don't think they
14 care. They just send me a check, here's the check.
15 Apply it to the account. Whose? You know.

16 REPRESENTATIVE KORTZ: Has it been within the
17 last several years where it's really gotten real bad,
18 like the last three years?

19 MR. SNYDER: I would say each year it gets
20 worse, let's put it that way. Because we're getting
21 so many escrow agents, and some of these lending
22 institutions change escrow agents as much as twice a
23 year, which I think is another reason why I get a
24 request for somebody's taxes from two different escrow
25 agents. Evidently the one -- the one outfit was let

1 go and they hired a new escrow agent. Who do you give
2 it to, you know?

3 REPRESENTATIVE KORTZ: I understand. I want
4 to go through the process real quick so I understand
5 this. You get an envelope from an escrow account and
6 they send you a check with the bill for a particular
7 homeowner so you accept that's the problem, correct?

8 MR. SNYDER: If there's a tax bill with it
9 there's no problem.

10 REPRESENTATIVE KORTZ: If you don't have the
11 original bill but they send you a data sheet and that
12 amount of money adds up and you compare it to the
13 bill, do you accept it? Without the original bill?

14 MR. SNYDER: Up until -- up until last year I
15 did.

16 REPRESENTATIVE KORTZ: Okay. Because you
17 could match up the amount of money from the data sheet
18 to the original bill.

19 MR. SNYDER: Match up is one thing. But
20 remember, I have to produce a bill to put with my
21 reports. So this is -- this is extra work on my
22 behalf. I cannot send a report over to the schools,
23 say this money here is for so-and-so, you know. It
24 all -- it all boils down to the fact that they want
25 you to do their work for them. And this is not what a

1 tax collector's duties are.

2 REPRESENTATIVE KORTZ: If you could put it in
3 a percentage of where it's at as far as the escrow
4 people not sending you the original bills, is it
5 30 percent of everything you receive? Is it
6 10 percent? Is it 50 percent this problem has come
7 to?

8 MR. SNYDER: At this point I really wouldn't
9 be able to tell you. If I told you I probably would
10 be wrong because I -- I probably wouldn't tell you
11 enough, because I have no recollection how many of my
12 homeowners have escrow accounts. I don't keep track
13 of it.

14 REPRESENTATIVE KORTZ: I see. Have you --
15 I'm sorry.

16 MR. SNYDER: I deal with the homeowners. I
17 send the bills to the homeowner and I expect to be
18 paid by the homeowner, simply because of all of this
19 problem that the escrow agents create.

20 REPRESENTATIVE KORTZ: Have you talked with
21 any of your colleagues, the tax collectors, to see if
22 they're experiencing the same problem.

23 MR. SNYDER: I talked to some other tax
24 collectors. Some of them have problems; some don't.
25 To what degree, I don't know. I never went into it

1 that deep.

2 REPRESENTATIVE KORTZ: Okay. Thank you, sir.

3 MR. SNYDER: You're welcome.

4 CHAIRMAN LEVDANSKY: Representative
5 Denlinger.

6 REPRESENTATIVE DENLINGER: Thank you,
7 Mr. Chairman. My question's have been answered.

8 CHAIRMAN LEVDANSKY: Representative Kessler.

9 REPRESENTATIVE KESSLER: Thank you. When you
10 receive one check, and let's say it covers ten
11 properties, and they give you a spreadsheet showing
12 how much goes to each property, do you get anything
13 from the school district to show you that you can
14 cross-reference to make sure that that dollar amount
15 is correct that the escrow company is telling you?

16 MR. SNYDER: Yes, I have -- I have a book --
17 I have a ledger of every account. If they send me ten
18 tax bills and one check with it and they add up
19 correctly, there's not one problem. I have no trouble
20 with that.

21 REPRESENTATIVE KESSLER: Okay. So you have
22 something to cross-reference to make sure that that
23 amount is the correct amount --

24 MR. SNYDER: Yes, sir.

25 REPRESENTATIVE KESSLER: -- for that

1 property.

2 MR. SNYDER: Yes. Well, if they send the
3 bill, the bill is what I go by. Which is what they
4 should be doing. If they --

5 REPRESENTATIVE KESSLER: But if they send you
6 a spreadsheet or a data --

7 MR. SNYDER: If they send me the spreadsheet
8 I have to look up in my book whether that -- whether
9 that amount is correct and then make a copy of my bill
10 that I need for my records in order to have a record
11 for myself and the school district for my reports.

12 REPRESENTATIVE KESSLER: Okay. Thank you.

13 CHAIRMAN LEVDANSKY: Representative Tim Seip.

14 REPRESENTATIVE SEIP: Thank you,
15 Mr. Chairman. I don't really have a question for you,
16 Mr. Snyder, but just an observation. I didn't -- I
17 had asked one of the previous testifiers about
18 mortgages being sold. And it hadn't occurred to me
19 that along with the mortgages being sold, we also have
20 those mortgage companies changing escrow companies.

21 MR. SNYDER: This is correct.

22 REPRESENTATIVE SEIP: Which seems to really,
23 really complicate the process here.

24 MR. SNYDER: See, the homeowner, when they
25 make their mortgage payment, they make the mortgage

1 payment to the mortgage company that they dealt with
2 when they got their mortgage. And they also pay this
3 escrow to them. Now, what happens from the time the
4 bank takes their payment until that money is sent to
5 their escrow agent to put in their escrow account and
6 so forth, I have no idea what the time frames are or
7 anything on that. I don't understand or I don't know
8 how -- what for problems they may have.

9 REPRESENTATIVE SEIP: It just seems --

10 MR. SNYDER: And I get -- I get -- people pay
11 their bill, pay their mortgage monthly. When it comes
12 time for the tax bill to be paid, the money is already
13 in their escrow account. Yet I don't get payment from
14 the escrow people in most cases until two or three
15 days left in the discount period. Now, this is at a
16 time when I'm getting payments from all the other
17 homeowners that I have that do not have escrow
18 accounts. And that last week or two of the discount
19 period is bedlam. And this is when they request
20 duplicate bills so that they can get them paid quick,
21 you know, they overnight something to me. I need a
22 bill so I can get this paid in discount.

23 REPRESENTATIVE SEIP: I think that all of the
24 moving parts that you've described here and all the
25 difficulties that this process presents, I think it

1 can only add to why we need to look at trying to
2 eliminate property taxes cross the board. So when we
3 have hearings on that, Mr. Chairman, I would ask that
4 we have Mr. Snyder back. Thank you for your
5 testimony.

6 MR. SNYDER: This is all that I ask, that you
7 consider the problems with the escrow agents, the
8 problems that they create for the tax collectors in
9 trying to get these taxes collected in a timely
10 manner. And I thank you for your time, yes.

11 CHAIRMAN LEVDANSKY: You're not done yet.

12 MR. SNYDER: Okay.

13 CHAIRMAN LEVDANSKY: Representative
14 Vulakovich.

15 REPRESENTATIVE VULAKOVICH: Thank you for
16 your testimony. The exhibits you showed us, did you
17 just pull out a group to show the different problems
18 or is that from one year or is it from a few years.

19 MR. SNYDER: This is mainly from last year,
20 which is when I instituted the procedure of the
21 homeowner getting the money from the escrow agent and
22 bringing it in and getting their receipt. We have --
23 we have people who qualify for the rebates from the
24 lottery or the gambling, and these state agencies will
25 not even talk to anybody about their rebate, giving

1 them the rebate unless they have a copy of their tax
2 bill stamped by me showing that their taxes are paid.
3 This creates another problem that people come in to me
4 and ask me to dig out my copies to make a copy for
5 them so they can go get their rebates. This is why I
6 would like the homeowner to come in and pay them so
7 that I can give them their receipts and they would
8 have them.

9 REPRESENTATIVE VULAKOVICH: I think today we
10 saw two sides of the story.

11 MR. SNYDER: I hope.

12 REPRESENTATIVE VULAKOVICH: However, it
13 reminds me of the commercial that I -- or
14 advertisement I see on TV where the man's standing in
15 the kitchen with the knife talking to his doctor and
16 he's telling him to make an incision, three inches
17 down, two inches over, and says, Shouldn't you be
18 doing this?

19 And I guess my comment is, with no disrespect
20 because I know you have a hard job. But I think the
21 process that you went by, it seems to me like you're
22 on a mission to try to solve a problem here. But I
23 think the process you chose was wrong. Simply
24 because, for example, like Mr. Hullihen -- Hullihen.

25 MR. HULLIHEN: Hullihen.

1 REPRESENTATIVE VULAKOVICH: It's probably
2 service, we're there to help and not hinder. And we
3 have people that we are concerned about being able to
4 pay their taxes and here he has to come up with this
5 lump sum of money, pay the taxes and he still has his
6 money that he's already paid somewhere else, and it's
7 really not fair to him.

8 I mean, you are the tax collector. And I
9 realize these problems you have and I want to
10 acknowledge that. I think both of us here or all of
11 us here have heard a different side of the story and
12 things that have to be addressed. Because I know
13 personally when they sell these mortgages off, and all
14 the sudden you get a tax bill and you say, well, I
15 have enough money in my escrow; well, the other
16 company took over, all the sudden stopped taking the
17 money and putting it into escrow, and all the sudden
18 now you have this tax bill and you said, well, I
19 thought I was putting that money away. I've seen it
20 happen many times. It happened to me actually.

21 And so there's problems here. But I just
22 think the way -- you did yourself a disservice because
23 you got these people all on you where if you would
24 have took the approach like here today explaining
25 these problems to us, but still continuing to do what

1 we feel was your obligation to do and I believe the
2 people feel that way, too. But you certainly did
3 enlighten myself. I see the expressions on the other
4 peoples' faces as you were talking.

5 MR. SNYDER: It surprises me when I read the
6 proposed bill that was presented that the issue of the
7 escrow agents was not checked into or investigated to
8 see what issues may be being caused by that fact of
9 the transaction. I would have thought that they'd
10 have investigated that as well as investigating the
11 tax collector just refusing to take the taxes.

12 REPRESENTATIVE VULAKOVICH: Me personally --

13 MR. SNYDER: I don't refuse -- I don't refuse
14 the taking of the tax from the escrow agent. They
15 can -- they can mail the check or they can make out
16 the check for it. As long as I get the correct
17 amount, I don't care if it comes out of the
18 homeowner's personal accounts or their escrow's
19 account. It makes no difference to me, or if they pay
20 it in cash. As long as I get the money and it's
21 correct and I have documentation from them that that
22 bill is what is being paid, fine. I have no problem
23 with it.

24 REPRESENTATIVE VULAKOVICH: And I respect
25 people in your position because I know how everyone is

1 who deals with money and has to account for it. It's
2 down to the penny. You want -- you want it to the
3 penny, and I respect that. I just think that, you
4 know, I personally, there's more to this. But I would
5 support this bill on the fact that we can't have
6 people all the sudden deciding that we're just not
7 going to collect that, put that all on the homeowner.
8 And I would have to support that now. But I'm not
9 against what you've said. I agree, there needs to be
10 more done. And you've enlightened us on that today,
11 but --

12 MR. SNYDER: And that was my purpose in
13 coming today.

14 REPRESENTATIVE VULAKOVICH: But
15 Representative Phillips, I believe, is doing a service
16 here that needs to be done. And but now we see it's
17 one part of the puzzle.

18 MR. SNYDER: As far as the bill that he has
19 presented to you being changed which forces me to take
20 the payment from the escrow agent, I have no problem
21 with that. I'm used to taking them and collecting
22 money. And I've done it for 10 years. I've been
23 putting up this having to either send bills back that
24 were incorrect or making extra copies unnecessarily in
25 order to have the records. I've been doing that.

1 But I would just like to see the bill, if the
2 bill is going to be changed, I would like to see that
3 the bill is changed correctly and that everything is
4 looked at instead of just one aspect of it.

5 REPRESENTATIVE VULAKOVICH: But you
6 understand what we want to see is we don't want to see
7 other people like Mr. HULLIHEN go through what he's
8 gone through.

9 MR. SNYDER: No, I don't either.

10 REPRESENTATIVE VULAKOVICH: I mean, that's --

11 MR. SNYDER: And I have people who -- many
12 homeowner's who agree with me, that these escrow
13 people are trouble, trying to deal with.

14 REPRESENTATIVE VULAKOVICH: Well, thank you.

15 MR. SNYDER: And I'm sure Mr. HULLIHEN found
16 that out, which I'm sorry he had to do. But any other
17 questions?

18 CHAIRMAN LEVDANSKY: Yes. Yes.

19 Representative Metcalfe.

20 REPRESENTATIVE METCALFE: Thank you,
21 Mr. Chairman. Thank you for spending some time with
22 us today. When you started having these problems a
23 couple of years ago or a few years ago, I mean, have
24 you had these problems the whole time you've been tax
25 collector since '98 with the escrow companies.

1 MR. SNYDER: To a certain degree, yes. I
2 mean, we --

3 REPRESENTATIVE METCALFE: You think they've
4 gotten worse over the last two, three years.

5 MR. SNYDER: That's correct.

6 REPRESENTATIVE METCALFE: Did you at any
7 point in time contact Representative Phillips' office
8 about legislation to correct those problems?

9 MR. SNYDER: No, I did not. Not until now.

10 REPRESENTATIVE METCALFE: Okay. I think the
11 analogy that Representative Vulakovich used was very
12 applicable. I think the taxpayers do elect you and
13 you are elected to be a public servant. And it seems
14 like a lot of what you were describing was just the
15 nature of a tax collector's job, from my understanding
16 of it. And I -- there is a taxpayer association -- a
17 tax collector's association. I know I've met with
18 them out in my county.

19 MR. SNYDER: Yes. I had a letter from the
20 president of that association.

21 REPRESENTATIVE METCALFE: So we have --

22 MR. SNYDER: Who told me that I should think
23 of resigning.

24 REPRESENTATIVE METCALFE: Well, we --

25 MR. SNYDER: My answer to her, and I'll tell

1 you what it was, as long as that association has been
2 in existence, why haven't they ever looked into this
3 matter?

4 REPRESENTATIVE METCALFE: That's the question
5 that's the million dollar question.

6 MR. SNYDER: That is a good question. So I
7 told her she ought to resign.

8 REPRESENTATIVE METCALFE: Only this isn't
9 let's make a deal. This isn't a million dollar
10 question really, but I think really we should have
11 heard over the years from other tax collectors of
12 these problems that you're citing. And I think many
13 tax collectors probably just assume it's part of their
14 duties because, I mean, you mentioned that there's --
15 you said -- you made some reference during your
16 testimony in Q and A that that's not part of the tax
17 collector's job or part of their duties.

18 MR. SNYDER: I don't know how much -- how
19 many problems other tax collectors have. I checked
20 with some and they -- they admit, you know, that they
21 do have some problems. They also admit that they have
22 fees that they charge for different things that
23 possibly they're looking at that they don't want to
24 lose that fee or --

25 REPRESENTATIVE METCALFE: Part of your

1 testimony today, you many times tried to share concern
2 and show concern for how escrow companies were
3 actually handling the dollars that are being taken
4 from the taxpayers for their taxes. And I appreciate
5 that concern. I think the greater --

6 MR. SNYDER: And the fact that the escrow
7 agents are so scattered.

8 REPRESENTATIVE METCALFE: I think the greater
9 concern -- I think the greater concern, sir, is
10 taxpayers, like you just heard from one of your
11 taxpayers here today, the people who elected you to
12 office, that are electing you to serve them, when you
13 say things like, you know, the taxpayers required you
14 to send this in to the escrow company rather than you
15 even doing it, I think you're trying to put a burden
16 back on the taxpayer that is undue and ultimately
17 creates a lot of headaches for them. And as you know,
18 we are in an environment where the property taxes is
19 the most hated tax that anybody has to pay, and
20 additional burdens are not something that any taxpayer
21 really needs.

22 I mean, I would encourage you to take that
23 concern that you shared with us today for the dollars
24 that the taxpayers are giving to their escrow
25 companies and look at -- look at it from a different

1 perspective. You're there to serve each of those
2 taxpayers. And whatever you can do to make their life
3 a little easier, which is maybe complying with some of
4 these requests to help get their property taxes paid
5 during that time when it's cheaper, I think would be a
6 great service from your end.

7 MR. SNYDER: And I have no problem doing that
8 as long as I get the right information from the escrow
9 company.

10 REPRESENTATIVE METCALFE: And I think a lot
11 of taxpayers would probably look at this as, well,
12 that's kind of my tax collector's job is to help work
13 that out because I elected him to serve me there. So
14 I appreciate you coming to share this with us today
15 but I think if there was a widespread problem of the
16 escrow companies being abusive, as you are alleging in
17 your testimony, that we probably would have heard from
18 additional tax collectors along with tax collector
19 associations.

20 What we are hearing from today is some
21 taxpayers that are concerned with the way that you've
22 been dealing with their tax collection, and that we've
23 had to have legislation introduced to correct one tax
24 collector's situation across the state of 2,600
25 municipalities and 501 school districts is a little

1 alarming. But if this is what we have to do to
2 correct that, to make sure that some other tax
3 collector didn't become rogue in another situation,
4 then I think we need to move forward.

5 MR. SNYDER: I think it would be in your best
6 interest to contact other tax collectors --

7 REPRESENTATIVE METCALFE: Thank you.

8 MR. SNYDER: -- before you approve this bill.

9 CHAIRMAN LEVDANSKY: Mr. Snyder, I just want
10 to, just for my information, what information would
11 you require in order -- in order to take, you know,
12 one check from an escrow agent, what information would
13 you need to make sure that the parcel of properties
14 and the amount owed equals the check for which you
15 need?

16 MR. SNYDER: All I need from the escrow agent
17 is the remittance copy of the bill, which should be
18 coming to them from the homeowner, along with their
19 check. As long as that -- those remittances add up to
20 the total of the check, there's no problem.

21 CHAIRMAN LEVDANSKY: And the remittance copy
22 normally has indicated on there the property owner,
23 their address, their lot and block number?

24 MR. SNYDER: It has everything on.

25 CHAIRMAN LEVDANSKY: Okay.

1 MR. SNYDER: Who the check should be made to,
2 the name of the property owner, the parcel number of
3 the property, the three different amounts for the
4 different payment periods, everything is right there
5 for them.

6 CHAIRMAN LEVDANSKY: And correct me, under
7 the present -- under the way the system works right
8 now, the taxing body, be it the school district, the
9 municipality sends or -- sends the -- sends the bill
10 to the property owner.

11 MR. SNYDER: I send the bill to the property
12 owner.

13 CHAIRMAN LEVDANSKY: You send it to the
14 property owner.

15 MR. SNYDER: That is correct.

16 CHAIRMAN LEVDANSKY: For the school district
17 or the municipality or both?

18 MR. SNYDER: All three -- all three,
19 municipality -- all three entities.

20 CHAIRMAN LEVDANSKY: Three entities being
21 county?

22 MR. SNYDER: County, borough, and school.

23 CHAIRMAN LEVDANSKY: County, borough, and
24 school?

25 MR. SNYDER: County and borough bill is

1 combined under one bill.

2 CHAIRMAN LEVDANSKY: Okay.

3 MR. SNYDER: And then the school is separate.

4 CHAIRMAN LEVDANSKY: So you send it to?

5 MR. SNYDER: I mail them out.

6 CHAIRMAN LEVDANSKY: So it's not -- because
7 in my area we get the property tax or my school is
8 sent by the school. The county is kept by the county
9 treasurer. Okay.

10 MR. SNYDER: No, I send the bills to all the
11 homeowners.

12 CHAIRMAN LEVDANSKY: I think what we need --
13 I think part of the breakdown is obviously that the
14 property owner doesn't always forward the bill, the
15 property tax bill to their --

16 MR. SNYDER: This is one of the problems,
17 yes.

18 CHAIRMAN LEVDANSKY: -- to their mortgage
19 owner. And so there's a breakdown right there.

20 MR. SNYDER: Right there is the first.

21 CHAIRMAN LEVDANSKY: So I think we need to --

22 MR. SNYDER: Then we have the fact that
23 they're mailed -- they mail the bill and the escrow
24 company hold those bills until the last few days of
25 the discount period to pay it, and in the meantime

1 they lose them.

2 CHAIRMAN LEVDANSKY: I understand. I
3 understand.

4 MR. SNYDER: So it's a -- it's a problem.

5 CHAIRMAN LEVDANSKY: So part of the problem
6 is that an information breakdown between the property
7 owner and the mortgage company and the escrow agent
8 don't always -- that's not always forwarded to them.
9 So there's a breakdown there.

10 MR. SNYDER: Right.

11 CHAIRMAN LEVDANSKY: So maybe we ought to
12 require as part of this that the mortgage company
13 and/or the escrow agent receive a copy directly from
14 the taxing body. And then I think that would probably
15 help ensure that the check that they send matches up.

16 MR. SNYDER: Well, it's even more complex
17 than that. I have received -- let me tell you this.
18 I have received payments from escrow agents whereby
19 the lending institution never sent the money to the
20 escrow agent. I've had checks -- I've had checks from
21 the lending institution dated 15 days before the end
22 of the -- end of the discount period where they sent
23 the check to the escrow agent. The escrow agent
24 turned around and sent that same check to me. So
25 there's a breakdown there between them -- between them

1 and their hired escrow people.

2 CHAIRMAN LEVDANSKY: Why have an escrow agent
3 at that point if the lending institution is going to
4 cut the check. And just one -- one other thing for my
5 information. You're an elected tax collector for a
6 school district and a couple of --

7 MR. SNYDER: County and borough.

8 CHAIRMAN LEVDANSKY: County and borough. And
9 how -- in your area of the state how are tax
10 collectors paid?

11 MR. SNYDER: Each entity is different. Some
12 are paid -- some are paid by commission. Some are
13 paid by parcel plus commission. And they're different
14 amounts. It all depends on the taxing authority.

15 CHAIRMAN LEVDANSKY: So in large part it's
16 subject -- it's a negotiated agreement between the tax
17 collector and the taxing body?

18 MR. SNYDER: Yeah, that's correct.

19 CHAIRMAN LEVDANSKY: And it could be on a per
20 parcel basis or on a commission or a percentage of
21 total collections or --

22 MR. SNYDER: Well, in fact, as far as to the
23 compensation for this job is concerned, I have not had
24 an increase in the 10 years that I've been tax
25 collector for some of the entities.

1 CHAIRMAN LEVDANSKY: So, and given that, to
2 require additional -- so every time you have to send
3 additional mailings or follow-up in processing and
4 administrative costs, that's -- that puts a financial
5 pressure and cost factor on you. I understand that.

6 MR. SNYDER: Sure. It reduces my -- my
7 income.

8 CHAIRMAN LEVDANSKY: Sure. One final thing,
9 Mr. Himes earlier suggested maybe that what we ought
10 to do partially or maybe in lieu of all of this is to
11 give -- it is to give the authority to collect taxes
12 to the taxing bodies themselves, to the school
13 districts, to the municipalities, and to the counties.
14 And essentially, you know, let them worry about all
15 these issues. What's your reaction to that
16 suggestion?

17 MR. SNYDER: Well, if it's going to continue
18 with the escrow people as it is now, I think it would
19 be smart to do. That would be my personal opinion.

20 CHAIRMAN LEVDANSKY: Well, thank you for your
21 testimony. There's certainly two sides to every issue
22 and sometimes even more. Thank you.

23 MR. SNYDER: You're welcome.

24 CHAIRMAN LEVDANSKY: We're starting to run a
25 little bit behind. Next I'd like to call to testify

1 Mr. David Sinopoli, the business manager of the
2 Shikellamy School District.

3 MR. SINOPOLI: Thank you very much, Chairman
4 Levdansky and members of the House Finance Committee.
5 Thank you for affording me the opportunity to address
6 House Bill 2091 and allow me to preface my comments by
7 stating that no one likes to pay taxes. This has been
8 the case since governments were established. It will
9 always be subject to great debate.

10 However, governments rely on taxes to
11 operate, whether levied locally or passed through from
12 the state or federal government. School districts has
13 one of these governmental bodies follow the same
14 creed. According to the local tax collection law, the
15 definition of a tax collector is a person duly elected
16 or appointed to collect real property taxes levied by
17 a political subdivision. The tax collectors' manual
18 is published by the Commonwealth of Pennsylvania
19 Department of Community and Economic Development
20 states on Page 1 that municipal tax collectors collect
21 school taxes, levy them to the authority of the public
22 school code, including school real estate taxes.
23 There is no authority for school district to collect
24 these taxes through its own employees. This function
25 has been assigned to the municipal tax collectors.

1 Also included in the tax collector's manual
2 are references to the local tax collection law,
3 including a 2006 amendment that requires the tax
4 collector to send special notices to taxpayers who
5 have not paid the real estate tax within four months
6 of the date of the tax notice.

7 Accordingly, the notice should read as
8 follows, that your real estate taxes have not been
9 paid on time and a penalty has been added to the
10 amount that you owe. If not paid by December 31st
11 your real estate taxes will be delinquent. If you
12 have any questions, please contact the tax collector,
13 address and phone number to follow. If your real
14 estate taxes are to be paid from an escrow account
15 established in connection with your mortgage, you
16 should contact the company managing your escrow
17 account.

18 Please notice the last sentence states that
19 any taxpayers whose taxes are to be paid from an
20 escrow account should contact the managing company
21 with the underlying assumption that these taxes are
22 going to be accepted by the tax collector.

23 The wording of the notice seemed to indicate
24 the ability to pay via the escrow agent. I would
25 question whether there is any legal or statutory basis

1 for not accepting the tax payments from escrow agents.

2 In addition, the tax collectors' manual
3 refers to tax escrow accounts held by a homeowner's
4 mortgage company. Quoting directly from the manual it
5 states, Many residential mortgage companies require
6 the borrowing homeowner to include in their monthly
7 mortgage payment an installment of real property taxes
8 equal to approximately one-twelfth of the annual
9 taxes. These payments are placed in an escrow account
10 which is held by an escrow servicer and paid to the
11 tax collector when the taxes are due.

12 It is common for the escrow servicer to send
13 the tax collector request signed by the taxpayer
14 asking the tax bills be sent to the escrow service.
15 Although the tax collector is under no obligation to
16 comply with such request, they may choose to do so as
17 a courtesy to the taxpayer.

18 I believe the courtesy referred to is the
19 sending of the tax bills to the escrow agent. The
20 duty of the tax collector is to collect the taxes
21 levied, which includes school districts' real estate
22 taxes. It would be impractical and imprudent to do
23 otherwise. And once again I question what is
24 reasonable.

25 Since July of 2007 the Shikellamy School

1 District has been involved with one of our tax
2 collectors who refuses to accept payments from escrow
3 agents on behalf of taxpayers. We were not notified
4 in advance and did not authorize the notice sent by
5 the tax collector but began receiving telephone calls
6 from taxpayers shortly after our 2007 real estate
7 taxes were mailed out.

8 The telephone calls referred to a notice that
9 stated:

10 "Effective immediately, this office
11 will not accept real estate tax payments from
12 escrow agents. If your taxes are held in
13 escrow, it will be your responsibility to get
14 your money from your escrow agent to pay your
15 taxes. Payments remitted must have the
16 remittance copy included with your payment.
17 Thank you, James Snyder, Junior, Tax
18 Collector."

19 When I contacted Mr. Snyder about the notice
20 and how it would impact those taxpayers who relied on
21 escrow agents to pay their taxes, his comment was I've
22 had nothing but trouble from escrow agents. They
23 don't want to work with me. When I asked for
24 specifics, he only stated that I would not understand
25 since I'm not a tax collector.

1 When I pressed on as to why he is doing this,
2 his comment was I'm sorry, I won't take the payments.
3 You do what you have to do.

4 That comment certainly does not help the
5 taxpayers with their tax payments when the escrow
6 agents ultimately want to make payments but cannot
7 since obstacles have been put up outside their
8 control.

9 In many cases the escrow agreements are a
10 result of the bank or mortgage company regulations and
11 are outside of the taxpayer's control. However, the
12 resulting nonpayment of real estate taxes is also
13 outside the taxpayer's control and ultimately becomes
14 the problem of the taxpayer.

15 This now calls into question why the escrow
16 accounts would actually exist. Our school district
17 solicitor, Jeff Apfelbaum, as well as Emiline Weiss,
18 president of the Pennsylvania Tax Collectors'
19 Association, have both corresponded with Mr. Snyder
20 expressing their concern and asking Mr. Snyder to
21 accept tax payments from escrow agents on behalf of
22 taxpayers.

23 The school district has been bombarded with
24 telephone calls from irate taxpayers who are only
25 asking for direction as to how their taxes can be

1 paid. Our comment has always been that even though we
2 would like to accept the payments, we legally cannot
3 since that duty is assigned to the tax collector. We
4 assured them that we would do whatever we could to
5 have their tax payments accepted. Unfortunately, any
6 unpaid taxes as of December 31st, 2007, are considered
7 delinquent regardless of the circumstances and are
8 turned over to the Northumberland County Tax Claims
9 Bureau for collection. The amount due now includes
10 collection costs and fees in addition to the real
11 estate tax and penalty.

12 We know of no other tax collector in our
13 school district, region, or for that matter in the
14 Commonwealth of Pennsylvania who is utilizing a
15 practice like Mr. Snyder's.

16 Once again, this calls into question the
17 reasonableness of his actions and how they could
18 possibly benefit taxpayers. At this point the school
19 district cannot quantify how much of the delinquent
20 taxes are actually attributable to the escrow issue;
21 however, one is too many. The school district has
22 lost interest earnings since there are unpaid taxes
23 that the escrow agents are willing to pay but have not
24 been able to since those payments have not been
25 accepted. And lost earnings, no matter how large or

1 small, will impact the financial situation of this
2 school district to some degree.

3 However, the big loser in all of this is the
4 taxpayers of the school district who now have to
5 contend with the delinquency problem through no fault
6 of their own. I am not the one who can determine how
7 this will affect their credit ratings going forward.
8 All I know is that real estate taxes for 2008 will be
9 mailed in July. And for those taxes utilizing an
10 escrow agent, I am sure when thinking about these
11 taxes, they can only wonder what 2008 will hold for
12 the payment and ultimate acceptance of the real estate
13 taxes. Through no fault of our own will they be
14 looking at being delinquent again into 2008.

15 That's all I have at this time. And if there
16 are any questions I'd be happy to answer them for you
17 at this time.

18 CHAIRMAN LEVDANSKY: Thank you, Mr. Sinopoli.
19 Any questions of the members? Representative Seip.

20 REPRESENTATIVE SEIP: Thank you, Mr.
21 Chairman. Just very briefly, I'm just wondering --
22 and I don't know the answer to this. That's why I
23 have to ask you. But would there be a possibility
24 that when you send the bills out to the property
25 owners, would you be able to either fax or somehow get

1 a copy of that bill to the escrow companies or the
2 mortgage company to help expedite this a little bit?
3 I mean, I don't know if it's the end all to this
4 terrible situation that we have, but I'm just
5 wondering if that would be something the school
6 district would be able to consider.

7 MR. SINOPOLI: Allow me if I could to explain
8 how we received the information. It all starts at the
9 county assessor's office. That's where the tax bills
10 are compiled. The addresses, I should say, are
11 compiled. We then, when we print the bills, put our
12 tax rate on there, the assessed value then is
13 multiplied, therefore, to get the tax rate. The
14 information which is maintained at the assessor's
15 office is only the taxpayer's name. And that's why
16 the notices are sent to the taxpayer.

17 With the mortgage companies, escrow agents
18 and that sort of thing buying and selling the accounts
19 all the time, if they could get the addresses and put
20 them on, by the time we would send it out it may not
21 be accurate. And again, that's all maintained and
22 those names and addresses when the property is bought
23 or sold, the assessor's office would make that change.

24 Therefore, we then would print the bills and
25 the tax collectors ultimately are reimbursed for the

1 postage but do send them out.

2 REPRESENTATIVE SEIP: It seems as though
3 there's very few constants in this whole process. One
4 being the property owner the other one the location of
5 the property. And outside of that, it seems as though
6 there's a lot of other inconsistent things that occur
7 that only add to this problem. Thank you, Mr.
8 Chairman. Thank you.

9 CHAIRMAN LEVDANSKY: Thank you. Executive
10 Director Andrew Ritter.

11 MR. RITTER: Mr. Sinopoli, how does your
12 school district compensate the tax collector?

13 MR. SINOPOLI: We pay them per bill. As far
14 as the real estate taxes are concerned, we pay them
15 per bill collected.

16 MR. RITTER: So per parcel.

17 MR. SINOPOLI: Correct. Each one collected,
18 we then reimburse them for that.

19 MR. RITTER: No commission on -- no
20 percentages based on the amount collected or anything
21 like that?

22 MR. SINOPOLI: No, strictly on real estate.
23 It is a dollar amount per bill.

24 MR. RITTER: All right. Thanks.

25 CHAIRMAN LEVDANSKY: Representative Kortz.

1 REPRESENTATIVE KORTZ: Thank you,
2 Mr. Chairman. Thank you, Mr. Sinopoli. You had
3 mentioned that you were bombarded with phone calls.
4 And has it continued? Is it still going on to this
5 day?

6 MR. SINOPOLI: At this point, no. But we
7 suspect again if the process is maintained when the
8 2008 taxes go out we'll again begin to receive
9 telephone calls.

10 REPRESENTATIVE KORTZ: Okay. In your
11 testimony you mentioned here that the school district
12 cannot quantify how much of this is because of the
13 escrow issues. But I guess my question is along those
14 lines, typically you expect X amount of dollars per
15 each school year. Have you seen an increase in that
16 percentage where you haven't received monies?

17 MR. SINOPOLI: It has increased.

18 REPRESENTATIVE KORTZ: Can you quantify it in
19 that degree?

20 MR. SINOPOLI: I'm sorry. There was an
21 increase this year of about one-half of 1 percent in
22 terms of an increase in the amount turned over as
23 delinquent.

24 REPRESENTATIVE KORTZ: Okay. Thank you, sir.
25 Appreciate your testimony.

1 CHAIRMAN LEVDANSKY: Mr. Sinopoli, just so I
2 understand how this works, so the school district in
3 your case, the school district sends out the property
4 tax bill to the property tax -- to the property owner.
5 You get the information from the county records. And
6 you send the bill out to the property owners.

7 MR. SINOPOLI: No, we get the -- the -- we
8 print the bills ourselves. We get the information
9 from the assessor's office on all the parcels. We
10 then print the bills and then distribute them to the
11 tax collectors. The tax collectors, we have six in
12 our school district for the six municipalities, they
13 then mail out the tax bills to their taxpayers within
14 their district.

15 CHAIRMAN LEVDANSKY: Okay. What is your
16 contractual arrangement with your tax collectors? You
17 say you pay them on a per -- on a per bill. So
18 whether the property tax bill is \$10 or 10,000,
19 they're going to get the same amount.

20 MR. SINOPOLI: Correct.

21 CHAIRMAN LEVDANSKY: And how much is that?

22 MR. SINOPOLI: It's \$5 per collected parcel.

23 CHAIRMAN LEVDANSKY: \$5 per collected parcel.

24 MR. SINOPOLI: Yes.

25 CHAIRMAN LEVDANSKY: And all other expenses

1 that they incur, postage to mail out, their office
2 expenses.

3 MR. SINOPOLI: We reimburse them for their
4 postage and expenses with regard to mailing the
5 invoice -- the bills, I'm sorry.

6 CHAIRMAN LEVDANSKY: So you pay for the
7 postage.

8 MR. SINOPOLI: Yes.

9 CHAIRMAN LEVDANSKY: Okay. And they
10 typically then mail the invoice to the property tax --
11 I'm sorry, to the property owners.

12 MR. SINOPOLI: Yes.

13 CHAIRMAN LEVDANSKY: If they mail it to the
14 mortgage company or the escrow agent, you pay for that
15 postage, too?

16 MR. SINOPOLI: Typically now I don't believe
17 they would be sending it to any mortgage companies
18 because once again the property owner's name is on the
19 tax bill. So they would go out to all the taxpayers
20 themselves.

21 CHAIRMAN LEVDANSKY: Okay. If they did,
22 though, I mean if -- you know, but you did note that
23 in your testimony that if the -- if the homeowner were
24 to request the tax collector to send the bill directly
25 to the escrow agent that they then would do that?

1 MR. SINOPOLI: Yes. They would -- when they
2 get their envelopes, they would be -- the postage is
3 already on the envelope, so yes, they would send it
4 out in that envelope, we would have been paying for
5 it.

6 CHAIRMAN LEVDANSKY: See, one bad thing about
7 that then is you take the homeowner -- you take the
8 property owner entirely out of the information loop.
9 Then you have the tax collector sending the bill
10 directly to the escrow agent and then, you know, you
11 just get your mortgage statement every month and every
12 year it goes up and you don't know why your -- why
13 your -- why your mortgage payment is going up from
14 year to year. You don't know if it's your school
15 district, your county, your municipality. It's
16 increasing taxes or maybe -- maybe the escrow agent is
17 increasing their fees to collect.

18 So I think it's important that the property
19 taxpayers know what their property tax bill actually
20 is. So in that kind of -- would there be any harm in
21 requiring the school district to pick up the postage
22 then so that the tax collector could send the bill
23 both to the property owner as well as to the bank
24 and/or escrow agent?

25 MR. SINOPOLI: Well, I think maybe there's a

1 misunderstanding. When we buy -- they're postage paid
2 envelopes. So if the tax collector chose to send
3 something to the escrow agent, he would be using that
4 envelope that we've -- we bought and purchased for
5 him. So, yes, we are reimbursing him for that postage
6 that he is using to send that.

7 CHAIRMAN LEVDANSKY: I understand. But if we
8 also required him to send it to the property owner,
9 you're going to have to pay first class postage for
10 that.

11 MR. SINOPOLI: Yes.

12 CHAIRMAN LEVDANSKY: Would that make sense
13 to -- so that both the property owner and the mortgage
14 company or escrow agent both receive a copy of the
15 bill?

16 MR. SINOPOLI: Yes, I understand your
17 question now. The answer would be yes, because the
18 property owner is then seeing, as you referred to,
19 what their taxes are.

20 CHAIRMAN LEVDANSKY: Right. Okay.
21 Mr. Ritter.

22 MR. RITTER: Just one follow-up. We heard
23 from your state association that some school districts
24 are collecting their own taxes, their own property
25 taxes, possibly without clear statutory authority but

1 apparently they have that authority. Has your school
2 district pursued any remedies to collect your own
3 taxes for this coming fiscal year?

4 MR. SINOPOLI: To this year we have not
5 chosen to do that. We felt it's better to have the
6 local tax collectors continue to operate because we
7 are still one of the school districts levy the
8 so-called nuisance taxes, occupation, and per capita
9 taxes. We feel the tax collector's in a good position
10 to be able to know who's coming and going within their
11 municipality so that they can pick up the moves in and
12 out so that the billings can be accurate.

13 MR. RITTER: Okay. Thanks.

14 CHAIRMAN LEVDANSKY: Thank you.

15 REPRESENTATIVE KESSLER: I have one question.

16 CHAIRMAN LEVDANSKY: Representative Kessler.

17 REPRESENTATIVE KESSLER: So the tax collector
18 has the option to send it to either the homeowner or
19 the escrow company if they have a mortgage?

20 MR. SINOPOLI: Yes, based on tax collector's
21 manual, correct.

22 REPRESENTATIVE KESSLER: Okay. They have
23 either option, okay. When you send the bills to the
24 tax collector, do you send a spreadsheet data sheet
25 with it showing them the breakdown of everything?

1 REPRESENTATIVE KESSLER: They would have
2 that. They would have the name of the individual
3 property owners, addresses, parcel numbers, as well as
4 the amounts for the taxes and the discount, the face,
5 and the penalty portion.

6 REPRESENTATIVE KESSLER: Other than the
7 actual tax bill itself, it comes along with something
8 else listing all of them.

9 MR. SINOPOLI: They would have the listing,
10 the printouts that would show that.

11 REPRESENTATIVE KESSLER: Okay. Thank you.

12 CHAIRMAN LEVDANSKY: Mr. Kassoway.

13 MR. KASSOWAY: How would the taxpayer know
14 whether or not -- or for that matter taxing authority
15 or the tax collector, but especially the taxpayer, how
16 would he know whether or not his escrow was being
17 managed by his mortgage company or a third party?

18 MR. SINOPOLI: I suppose the bank or the
19 company that he has the initial mortgage with would
20 probably be able to tell him. That I don't know as a
21 matter of fact.

22 MR. KASSOWAY: Because just for an example,
23 I've had three different mortgages in the last
24 10 years, and I've had no indication that the escrow
25 was being kept by anyone but my mortgage company. So

1 that's -- to me that's -- would be an interesting
2 question, how that information would filter down.
3 Thank you.

4 CHAIRMAN LEVDANSKY: Thank you. Thank you,
5 sir.

6 MR. SINOPOLI: Thank you.

7 CHAIRMAN LEVDANSKY: We're running a little
8 bit behind schedule. I'd like to call Mr. Chris
9 Skelly, a taxpayer from the area. Mr. Skelly.

10 MR. SKELLY: First, I'd like to thank
11 Mr. Chairman and the members of the committee. My
12 main concern is as a taxpayer was the escrow problem
13 that we were having.

14 In late July of 2007 I received my property
15 taxes from my local tax collector, which I sent the
16 still sealed envelope directly to my mortgage company,
17 which I dealt with GMAC Mortgage is who my company
18 was, for payment from my escrow account.

19 On July 20th in the local paper I heard -- or
20 I read where the local tax collector was no longer
21 accepting escrow account payments. I also heard on
22 the radio about the same time that escrow checks were
23 sent to him may have either been torn up or thrown
24 away. After several days of contact -- or trying to
25 contact his office and find out what was going on, I

1 finally was able to get to talk to him. And I'm told
2 that the mortgage companies will have to send the
3 checks to my -- for the taxes and that they will have
4 to send them to me to pay out of my account --
5 checking account or cash.

6 After contacting the mortgage company again,
7 I was confronted with the case of -- okay. I'm sorry.
8 Could not do this as per my mortgage contract. In
9 order to have my escrow account closed, it was going
10 to cost me \$1,300. And after proof of paying the
11 taxes it would take me six months for them to close my
12 account. Extra money that I didn't have.

13 On August 17th I spoke with my mortgage
14 company again and was informed that my taxes were sent
15 to the local tax collector. On September 14th, I
16 again took -- spoke with the tax collector who
17 informed me that my taxes were not posted yet and that
18 this -- if they were paid by an escrow account they
19 may have been sent back.

20 As of September 18th, at 3:30 p.m., after
21 talking to the escrow company again, they told me that
22 they were not received -- that they had not received
23 anything back. This has been very stressful and very
24 consuming time trying to find out if these were paid
25 or not by the local county office.

1 Fortunately enough, I did find out that just
2 this past Monday I had stopped at my local tax claims
3 office, did find out that my local taxes were paid on
4 time. Fortunately they were paid by my escrow account
5 payment, which I have been very fortunate to since
6 November of '07 have been able to eliminate and will
7 not have to worry about the escrow accounts anymore.

8 But my main concern is still for the
9 taxpayers that do have to pay them. I did send a
10 letter to the borough of Northumberland, Shikellamy
11 School District, the Shikellamy School District,
12 Mr. Snyder, Mr. Phillips' office and also John
13 Gordner's office around September 18th stating my
14 concern. There was also a letter to the editor put in
15 the paper at that time stating my concerns and also
16 that I would fully -- totally and fully hold the --
17 Mr. Snyder's office, the Borough of Northumberland and
18 the Shikellamy School District responsible if my
19 properties did go into property tax sales.

20 I also approached the borough council the
21 night of September 18th. And when I questioned the --
22 Mr. Snyder was at the meeting also. When I questioned
23 the borough council as to what they were doing about
24 this, their basic statement was, well, we have no
25 concern -- we have no vested interest in this problem.

1 He is an elected official and he can do as he pleases.
2 Which my response was how can you say you have no
3 vested interest in this because if the taxes are not
4 paid, the municipality does not make -- get their
5 money, the Shikellamy School District also does not
6 get their money. So for them to basically say they
7 have no vested interest, I did not understand how they
8 could do that. But that is as much as I have. Thank
9 you for you time.

10 CHAIRMAN LEVDANSKY: Thank you, Mr. Skelly.
11 Representative Seip.

12 REPRESENTATIVE SEIP: Thank you,
13 Mr. Chairman. I just want to thank you for being here
14 today. I'm guessing that you may have had to take off
15 of work or make some special arrangements to be in
16 Harrisburg today. So I just want to commend you for
17 your activism and advocacy in this important issue.

18 MR. SKELLY: I've also been fortunate enough
19 to get retired.

20 REPRESENTATIVE SEIP: Thanks for being here.

21 CHAIRMAN LEVDANSKY: Representative
22 Vulakovich.

23 REPRESENTATIVE VULAKOVICH: Sir, you said you
24 closed out your escrow account.

25 MR. SKELLY: Yes, I have.

1 REPRESENTATIVE VULAKOVICH: Did they charge
2 you to do that?

3 MR. SKELLY: No, they haven't. Basically
4 what happened, I ended up paying my house off. I was
5 fortunate enough to pay it off. They just closed the
6 account that way.

7 REPRESENTATIVE VULAKOVICH: Thank you.

8 CHAIRMAN LEVDANSKY: Mr. Skelly, sorry to
9 hear you had to go through -- I think your instance
10 and your circumstances are probably typical for a lot
11 of people in your particular school district and
12 municipality that are suffering through this problem.
13 And unfortunately, in the end it's really the
14 taxpayers that are being hurt by all this confusion.
15 It kind of makes me think that when I bought my house
16 15 years ago I did the right thing not setting up an
17 escrow.

18 MR. SKELLY: Well, the problem is it seems
19 like a lot of the companies nowadays are requiring it.
20 It's hard to get -- what I'm finding from when I went
21 to buy my house was that every company I contacted
22 required an escrow account.

23 CHAIRMAN LEVDANSKY: In my particular
24 circumstances it wasn't that they required it but they
25 certainly encouraged it. And, you know, it seemed as

1 though, you know, it was expected to set up an escrow
2 and I told them, you know, I absolutely refused to do
3 it because I wanted to see my tax bill every year. So
4 that if my taxes went up I wanted to know, was it my
5 school district, was it my municipality, or was it my
6 county. And when you set up escrows and the bills go
7 to the escrow agent, it ends up with the taxpayer
8 doesn't really know and understand, you know, the
9 amount of taxes that they pay to their county versus
10 their school versus their municipal. But you know,
11 we -- sorry you had to go through this experience, but
12 we're going to try to be helpful and work it all out.

13 MR. SKELLY: As one of your members said here
14 earlier, I was enlightened a lot more as to -- I
15 sympathize for Mr. Snyder as to what he does go
16 through. And I was enlightened a lot more here at the
17 hearing tonight finding -- or today, finding out some
18 of the problems that he has. So you know, I also
19 sympathize with him, but.

20 CHAIRMAN LEVDANSKY: Well, thank you much.
21 Appreciate your testimony and your insights.

22 MR. SKELLY: Thank you.

23 CHAIRMAN LEVDANSKY: Thank you. Next, Dennis
24 Carr, senior agency relations with Land America.
25 Mr. Carr.

1 MR. CARR: Thank you all. Long day, huh? I
2 had everything I wrote down. It sounded like I needed
3 to come here and do what I do across the country,
4 which is explain to you exactly how tax escrow agents
5 work, what the process is and everything like that.
6 So if -- I'd be happy to take those types of questions
7 at the end so you can really get a true understanding
8 of how this works.

9 And the first thing I just want to clear up
10 is normally tax escrow agents do not hold escrow
11 accounts. They are not made payment to. They do go
12 to the banks.

13 So I'll just start with some history of what
14 it is. And thank you all for having me here today,
15 allowing me to testify. Our company is obviously, and
16 me -- I'm a lifelong Pennsylvania resident -- are in
17 support of this House Bill 2091.

18 LandAmerica Financial Group, which is who I
19 represent, is a leading provider of real estate
20 transactions services with over 700 offices and a
21 network of more than 8,500 active agents. LandAmerica
22 serves residential, commercial, and lender customers
23 throughout the United States, Mexico, Canada,
24 Caribbean, Latin America, Central. We are a publicly
25 traded company on the New York Stock Exchange. Our

1 corporate office is located in Richmond, Virginia.
2 Our tax service operations is headquartered in Covina,
3 California; however, we have servicing bodies in some
4 of the states or where we have local reps, such as
5 myself, that live in the states that we operate.

6 Although LandAmerica Financial Group formed
7 only 10 years ago, our company can trace its roots
8 back to the first title insurance policy written by
9 the Real Estate Title Insurance Company of
10 Philadelphia founded in 1876. For the second
11 consecutive year, LandAmerica is recognized as number
12 one in the mortgage services industry on *Fortunes* 2008
13 list of America's most admired companies.

14 I'm also -- it's here if you'd like to see
15 the website. LandAmerica Lender Services Tax Division
16 currently services approximately 200,000 mortgage
17 properties located in Pennsylvania. Our clients are
18 obviously mortgage companies and lenders. A few of
19 our larger Pennsylvania clients include National City
20 Mortgage; Northwest Savings Bank; Taylor, Bean &
21 Whitaker. LandAmerica also begins servicing every
22 home mortgage beginning in August of 2008. For escrow
23 type loans, Land America requests tax bill
24 information, reports the dollar amounts to the lender
25 and submits lender payments that comply with tax

1 office deadlines or automated specifications.

2 Our service allows national lenders to
3 downsize their own internal tax departments while
4 providing life of loan guarantees regarding timely and
5 accurate real estate tax reporting.

6 Once again, as I say, my name's Dennis Carr.
7 And I appreciate the opportunity. My job title is I'm
8 the agency relations specialist for the state of
9 Pennsylvania. And this means I am a direct first
10 point contact and liaison with the tax collectors'
11 offices. I work with tax office IT specialists,
12 software vendors to automate the collection process.
13 I maintain contact and calendar records on our
14 databank and I try to foster and maintain a positive
15 working relationship with all the tax offices. I
16 regret to inform you that from an industry perspective
17 Pennsylvania is considered one of the most difficult
18 states in the country. One Pennsylvania challenge is
19 the sheer number of tax offices. During the spring we
20 work with over 2,300 Pennsylvania jurisdictions
21 collecting county, municipal real estate taxes.

22 For school taxes, each fall we repeat this
23 process with most of the same local collectors plus
24 several school district administrators now taking more
25 active collection roles.

1 In contrast, this is more than twice the
2 number of tax offices in Texas, four times the number
3 in New Jersey, and 20 times the number in California.

4 Pennsylvania has more tax offices than any
5 state in the union, many working directly from their
6 own homes and each one unique. That's a lot of cooks
7 in the kitchen.

8 Another Pennsylvania challenge is the wide
9 range of cooperation we receive. The majority of
10 local Pennsylvania tax collectors are dedicated, hard
11 working individuals. They recognize that we share a
12 common goal of gathering and delivering timely and
13 accurate property tax payments. But tax collectors
14 are just people like you and me, each with different
15 habits and personalities. While we enjoy a healthy
16 partnership with most, many simply tolerate us.
17 Others cooperate reluctantly. Still others lock their
18 doors and ignore us completely.

19 Although I work to foster relationships, I've
20 learned in my 18 years in this business that there's
21 always somebody that just doesn't like you. But
22 despite the level of cooperation there are always
23 workarounds solutions. Sometimes this involves a visit
24 to the local tax office to retrieve tax information.
25 Sometimes we solicit original tax bills directly from

1 the property owner. Sometimes we purchase duplicate
2 tax statements from the tax collector. Frankly
3 speaking, if tax collection was easy, mortgage
4 companies and lenders wouldn't need me and my service.
5 So speaking for myself, Pennsylvania equals job
6 security.

7 There is another challenge. The challenge
8 may be less tangible and more difficult to measure.
9 As a citizen of the Commonwealth, I find this most
10 concerning and the reason I am speaking to you today.

11 This challenge, for lack of a better term,
12 involves the handful of Pennsylvania collectors who
13 appear to value personal gain or a minimal workloads
14 above the duty of collecting taxes.

15 These are the tax collectors who charge
16 unreasonable fees for services not needed nor
17 requested. These are tax collectors who charge a fee
18 to tell you what tax amount needs to be paid, then
19 charge an additional fee when you attempt to pay it.
20 These are tax collectors who would rather reject and
21 return bulk mortgage payments rather than incur the
22 added paperwork of issuing a refund or taking the time
23 to work with us to resolve a minor payment problem. I
24 put here, and I don't want to waste your time with it,
25 but for your review is ten examples, that this is not

1 an isolated issue in the state of Pennsylvania.

2 It stems probably at least one or more
3 collectors throughout every county in the Commonwealth
4 from Adams, Allegheny, Chester, Cumberland, where I've
5 literally had a tax collector returning hundred
6 thousands of dollars worth of payments because their
7 fee wasn't in there for their personal gain. It was
8 nothing requested, nothing asked. We submitted
9 memorandum bills with every bit of information on the
10 original bill and we also included the original bills
11 received from homeowners. In this case, they refused
12 to post that payment unless a fee for their duplicate
13 bills was charged. And my statement then was that we
14 haven't requested a duplicate bill nor do we need one.
15 Our cancelled check will be sufficient as a receipt.

16 I was told in that case you need to pay us \$5
17 per parcel in order for me to post this payment to the
18 records.

19 So these are just some of the issues. And
20 I've cited ten, so if you would like, I'll go over
21 these ten different issues. If not, we can put it on
22 the record, but I'll give you an idea.

23 CHAIRMAN LEVDANSKY: You're -- Mr. Carr,
24 you're going to leave a copy of your testimony for the
25 record?

1 MR. CARR: Yes. There's a copy already here.
2 So I don't know if you want me to go over each of
3 these. I know it's been a long day.

4 CHAIRMAN LEVDANSKY: You don't have to go
5 over all of them, but if there's a couple you'd like
6 to highlight.

7 MR. CARR: I give you quickly this one. Tax
8 officer provided 17 requested current tax bills. This
9 is in Adams County in Menallen Township. They charged
10 \$170 for the bills, so it's \$10 per item for a tax
11 certification service.

12 Now tax certification service is when a tax
13 collector takes responsibility to tell us that a tax
14 bill have in fact been paid and stamped by them, okay.
15 In the event that in a title search you find out it
16 wasn't, then the tax certification obviously verifies
17 the tax collector said it was and keeps it from going
18 to possible tax sale. But they're using that term to
19 charge for duplicate bills. And when the lenders
20 attempt to remit the current tax payment using the
21 information, the tax office charges an additional \$170
22 per -- and this is \$10 per item, for mandatory
23 duplicate bill services. So the first service was \$10
24 to tell us here's the open amount that needs to be
25 paid. The second \$10 was so I was allowed to pay it,

1 regardless that I had the information provided by
2 them.

3 The duplicate bill must serve as an internal
4 office need because they are not needed or requested
5 by the lenders for payment or for receipt purposes.
6 So many tax collectors do go to their municipalities
7 and request an ordinance resolution in order to charge
8 a duplicate bill fee. Now when we send a bill request
9 in the beginning, we're saying please provide us with
10 bills. That fee is applicable. And if you're going
11 to create us a duplicate bill and send it back to us,
12 it's an applicable fee. But if I've gone to the
13 county and I've purchased from the county a file of
14 all due taxes with all the correct information
15 including a bill number, at the end when I come back
16 to pay and I provide not only a listing with detailed
17 information -- which I also have a copy of how that
18 information comes so that you can see how much
19 information is for each and every bill -- at the end
20 when I go back to make that payment I'm told that
21 that's inadequate. It must be an original bill or a
22 duplicate created by me, the tax collector. No other
23 thing is acceptable, and you must purchase the bill or
24 I will not post this payment.

25 Now, the ten items here, because I don't want

1 to take all day, but we're talking about payments
2 being rejected because of personal service fees.
3 I'm -- we're so behind 2091 because what it's stating
4 in it is if you have a fee and it's reasonable and it
5 didn't arrive with the payment package, please don't
6 jeopardize the homeowner and return that payment
7 package back. Accept it, get the money in the caucus
8 so that -- so that local government can then pay a tax
9 anticipation notice for police and for fire and for
10 wherever else they need. And let us know that you
11 have a fee, and in most cases we pay it.

12 I can get together with the other tax
13 services who could tell you the fees I'm talking about
14 are in excess of \$3 million. So there are several of
15 these. Chester County, London, Grove Township, two
16 Nationwide payment checks paying 32 items totalling
17 644,617 were mailed on 4/25/07 to the tax office.
18 These checks were returned 5/10/07 because three items
19 were previously paid either by the homeowner or a
20 closing agent, which at closing people are
21 refinancing, they're going to close at that table, it
22 must be paid. There's RESPA laws that I'm sure you're
23 familiar with that tell them what they need to do
24 there. Anyway, the tax office couldn't issue a
25 refund. Twenty-nine payments are reissued with

1 separate checks at the loss of discount.

2 This happens more often than not. That we
3 could send a bulk payment package that has one item
4 that a homeowner came in and has an escrow account but
5 just got nervous and decided to go in and pay it
6 themselves. There's 30 people in the payment package.
7 29 other people are paying for the one person who
8 walked in and did that. And there's a complete
9 refusal to accept the money until we take the payment
10 back, cut 29 individual checks, and send them without
11 the one person that had already been paid.

12 Cumberland County, Camp Hill Borough, the tax
13 office threatens to reject old payments if the
14 following criteria are not met, A, only one bulk check
15 per mortgage lender; checks must be payable to the tax
16 collector's name. The same as mortgage companies
17 change, it's also true that tax collectors have not
18 gotten raises over the years and they quit in the
19 middle of service in many cases. And we're very
20 reluctant to put the tax collector's personal name on
21 a check. The mortgage companies would much rather put
22 Camp Hill Borough tax collector. And that should be
23 sufficient. But because this is an enter name and
24 they'll only accept the payment if either all original
25 bills or all memo bills are enclosed but they won't

1 accept a mixture of original with the memo bills. And
2 the tax office then charges a dollar for each of the
3 memo bills. So that means the original but not their
4 memo charges it. So I don't want to go -- belabor it.
5 You can read this later on. But this is actually a
6 statewide issue.

7 In conclusion, LandAmerica, like other tax
8 services, is not perfect. We make mistakes.
9 Sometimes we are late. In rare instances we transpose
10 a digit, and end up paying the neighbor's tax bill
11 instead of the intended mortgage property. But at the
12 end of the day, we know our work has been worthwhile.
13 We have performed a service not only for our mortgage
14 company clients, but for local communities as well.
15 We help facilitate the payment of bulk tax dollars
16 into county treasuries into local municipalities and
17 into our schools. By working together with the tax
18 collector, we help build better lives.

19 The job of the tax collector is demanding.
20 They unfairly take heat for increased property
21 assessments. They work odd hours. Tax service
22 companies like LandAmerica call, mail, or fax requests
23 for information during the busiest collection times.
24 They deal with high dollars, auditors, and time
25 sensitive deadlines. But at end of the day, their

1 efforts helped pay for the policeman's salary or new
2 textbooks in the classroom. The collector performs an
3 essential service and gathers much needed tax revenue
4 for the community.

5 Times are tough. The economies struggle.
6 Efficient local tax collection is vital for the
7 maintenance and growth of our communities. If we
8 hinder the collection process with unnecessary or
9 self-serving policies, or if you reject the payment of
10 ten items instead of depositing nine and refunding
11 one, they need to feed the purpose and diminish your
12 role and contribution. While we hope that every local
13 tax collector shares the common goal of delivering tax
14 dollars, we occasionally see glimpses that make you
15 wonder. Thank you for allowing me the time to share
16 some information with you.

17 CHAIRMAN LEVDANSKY: Thank you, Mr. Carr.
18 Representative Kortz.

19 REPRESENTATIVE KORTZ: Thank you,
20 Mr. Chairman. Thank you, Mr. Carr, for your
21 testimony. Well, I guess this has come full circle
22 today. We heard the issue of the problem from the
23 first gentleman, and then we heard Mr. Snyder. And
24 now you bring it all around in full circle.

25 Obviously, you'd like to see House Bill 2091

1 pass. What do you say if there was a couple
2 amendments put on there to help tighten this down on
3 the escrow company and/or some of the tax collectors
4 so that they have to accept these payments even if
5 it's not the exact amount and refund one? Would you
6 be agreeable to certain amounts?

7 MR. CARR: Oh, yes, yes. Right now there's
8 tremendous amount of differences, as I was trying to
9 state there -- 2,500 people doing the job 2,500
10 different ways. And we try to do it exactly the way
11 each one would like. The nonconformity of the tax
12 collection process is the major breakdown in this
13 entire system. This bill at least says don't send it
14 back.

15 I mean, I -- for other states, and this is
16 not my only state, but I've actually driven to a tax
17 office and sat and balanced a payment for them. We're
18 that cognizant of -- I'm a homeowner. I have a
19 mortgage and I -- and my mortgage company is paying my
20 bill. Okay. There's a good reason for escrow and we
21 all know what that is. There's unforeseeable things
22 that happen in the future and if it's time to pay the
23 tax bill or I've got a car broke down, my refrigerator
24 just went, I got to pay the refrigerator, keep food on
25 my kids' table. So there's a good reason for escrow.

1 What I would like to just see is some kind of
2 uniformity where at least if I'm trying -- I'm trying
3 to pay a tax -- I should think that the tax collector
4 would be willing to take that on a -- on a piece of
5 paper that says here, here's what I'm trying to pay,
6 please let me pay my taxes. It shouldn't be this
7 difficult. I think we've come too far to run in these
8 issues any longer. And that's why this bill at least
9 starts us down that road.

10 REPRESENTATIVE KORTZ: You had mentioned that
11 there's a number of other states you do business in.
12 Are you having the same amount of problems in those
13 states?

14 MR. CARR: Not at all. There are no
15 problems. I handle the states -- I handle Virginia
16 and, well, believe it or not, I handle Washington,
17 D.C., so there's been some problems there. But
18 Washington, I handle Virginia. I handle Georgia.
19 I've handle the North and South Carolina, Mississippi,
20 New Jersey, Delaware, West Virginia, as well. This is
21 my job security. It's actually come down to where tax
22 services needed -- normally needed an office in this
23 state with four representatives doing what I do. It's
24 a full-time job for me. And I enjoy most of the tax
25 collectors because there's a high volume of integrity.

1 But the nonconformity of this current collection
2 process is just devastating the homeowner as well as
3 municipalities at this time.

4 REPRESENTATIVE KORTZ: Thank you.

5 CHAIRMAN LEVDANSKY: Mr. Vulakovich.

6 REPRESENTATIVE VULAKOVICH: Mr. Carr, thank
7 you. With regards to Mr. Snyder's testimony, when he
8 said he'd get a check for a certain amount of money
9 and he doesn't know who that money is associated with,
10 how does that happen?

11 MR. CARR: Well, that's a good question,
12 because it shouldn't ever happen. It's not usually --
13 if it's an escrow agent, the only time I've really
14 seen that exact circumstance is if it comes from a
15 local title company that's had at a settlement table
16 and they've sent a check over to the local tax
17 collector without inserting something. It wouldn't
18 come from the major tax services. I have, however --
19 I've seen it come from a bank that's eager or they're
20 in a rush to get it there before the last day and they
21 actually have a loan number on it with the homeowner's
22 name. And I agree with him. That's -- that's
23 unacceptable. And in that case, quite understandable
24 if he either has to return it without any contact
25 information.

1 REPRESENTATIVE VULAKOVICH: If you would get
2 a -- have a talk in his testimony and his exhibits
3 that he has, and if you looked at them personally, I'd
4 be curious to know how much that you look at that you
5 agree with, hey, I can see his position on this. That
6 would be interesting for us to see, especially if
7 we're going to address this issue. Because like
8 Representative Kortz said, it's come full circle
9 today. But our main concern is the taxpayer being
10 caught in the middle of this. It's not fair.

11 MR. CARR: Well, I'm glad I had an
12 opportunity to speak, because that's my primary job.
13 I am the direct contact -- I am the liaison for the
14 collector to the escrow companies. However, I'm not
15 given audience with issues. And I go -- I am an
16 active member and I'm a member of the Pennsylvania Tax
17 Collector's Association. I go to every one of their
18 functions. I'm there every year at their conferences,
19 where we address issues such as these. Unfortunately,
20 for 2,500 collectors, their attendance is 300 or less
21 active tax collectors that are showing up for the
22 educational classes and to address specific issues.

23 Every bank normally that deals with the tax
24 collectors are represented there so that these direct
25 issues can be dealt one on one. We're looking to work

1 with you, not against you.

2 REPRESENTATIVE VULAKOVICH: Thank you.

3 CHAIRMAN LEVDANSKY: Representative Seip.

4 REPRESENTATIVE SEIP: Thank you,

5 Mr. Chairman. I just have a very quick question for
6 you. If a borrower requests to have an escrow account
7 set up at a local financial institution, something
8 that may make it easier for them to communicate their
9 concerns and put their fears to bed, is that possible
10 or are you able to do that?

11 MR. CARR: Well, let me clarify one thing.
12 99 percent of homeowners have no idea who we are. We
13 are seamless. They deal with their bank. They don't
14 deal with us. The collectors that we have one-on-one
15 relationship with that I've developed over all these
16 years, they'll come directly to me because they'll
17 know I'm going to get it done for them. I'm going to
18 get it fixed.

19 Escrow accounts are paid as part of their
20 regular mortgage payment that is held by the bank that
21 holds the mortgage. What I will let you know is when
22 they -- at the settlement table there's a little sheet
23 of paper that comes by that says tax service fee.
24 That's what FirstAmerica receives, that's what
25 LandAmerica Tax Service receives formally, if you

1 remember TransAmerica, it's about five major tax
2 service organizations.

3 They get a one-time life-of-loan service fee.
4 If you keep it for 30 years, we guarantee, you'll
5 never pay an extra dime for taxes than needed. In
6 these circumstances, all this transfer of mortgage
7 you're talking about, if they have a tax service, this
8 is where they use this -- the homeowner will not pay a
9 loss of discount. We will accept that liability.
10 That's part of the -- that's part of the contractual
11 agreement. And that's why lenders enjoy using our
12 service so much, because it takes the burden off of an
13 incorrect issue on their end and it places the burden
14 on ours to make sure that it gets done.

15 So to tell you could you set up a local
16 account where they're depositing in their local bank,
17 some of the lenders that are lending them don't even
18 have a local branch. You have Countrywide that is a
19 major number one player in the country. They're not a
20 local bank. You have Washington Mutual, another major
21 player in the country. How many Washington Mutual
22 banks? You're starting to see more now, but how many?
23 Would they be able to talk to someone there?
24 Absolutely. But on their mortgage statement that
25 comes every month, there's customer service numbers,

1 loan numbers. And I agree there's a lot of offshore
2 issues going on right now. But if they worked more
3 closely with the tax services, the escrow agents, we'd
4 be able to resolve issues a lot quicker. So we're
5 here to work with the tax collector.

6 REPRESENTATIVE SEIP: As you stated before,
7 sometimes when you have difficulties, it's easier for
8 you to go to the tax collector and talk directly. And
9 that was my line of thinking was if we encourage
10 people to get these escrow accounts locally, when
11 there's a problem they could go right to the bank, not
12 have to go through a menu of different options to be
13 frustrated and not be able to communicate with the
14 people that they're trying to communicate with.

15 MR. CARR: Emiline Weiss, we do work with
16 that. There's many other collectors that when they do
17 have an issue they know to call me. Upper Darby
18 School District in Delaware County is another one that
19 I'll be able to cut through the red tape, get directly
20 to the bank, say this is an unpaid issue here and I'll
21 get resolution to be able to contact. That's our
22 cooperation with the tax collector. That's what we're
23 hoping to accomplish. I know that I seem like a pain
24 to some tax collectors, but if I'm representing 500
25 people in your municipality and you only have to go to

1 one guy to get your issues resolved, you would think
2 it would be a very cooperative exchange.

3 REPRESENTATIVE SEIP: Thank you, Mr. Carr.
4 Thank you, Mr. Chairman.

5 CHAIRMAN LEVDANSKY: Mr. Carr, just make sure
6 you leave your testimony with the stenographer. Thank
7 you very much.

8 MR. CARR: Thank you.

9 CHAIRMAN LEVDANSKY: Final person testifying,
10 we're running, for the members' information, about a
11 half hour late. Janice Bowman, the borough secretary
12 of Northumberland Borough.

13 MS. BOWMAN: Thank you. When I was contacted
14 by Representative Phillips' secretary or assistant
15 from the Sunbury office, she asked me if someone from
16 the borough would come and report what experience we
17 have had with the tax collections for the last year.
18 And I told her that Mr. Snyder had come to one of our
19 tax -- or one of our council meetings and explained
20 his reasons why he was doing what he was doing. Our
21 council's position was basically he's an elected
22 official, we really have no recourse. We have no way
23 to say you must do this or something else. I mean, as
24 an elected official that was his job.

25 So the meeting with Mr. Snyder was basically

1 an informative meeting. Now the representative from
2 Mr. Phillips' office asked me then to give you an idea
3 of how this has affected the collection of our taxes.
4 So what I had done -- I hadn't checked this before.
5 We don't have a finance meeting till June. But I did
6 check to see how it affected the taxes for this year.

7 And last Thursday, May 15th, I had checked in
8 our accounting system the amount of 2008 taxes that
9 was collected was 78.6 percent of the total amount
10 budgeted for all of the real estate taxes.

11 The 2007 taxes that were collected during the
12 same time period was at 62.9 percent and the 2006
13 taxes collected for the same time frame were
14 60.8 percent.

15 Then I've compared the total taxes collected
16 for the years 2006 and 2007. In 2006 the borough
17 received 97.1 percent of the total amount budgeted for
18 taxes. And in 2007 the borough received 99.9 percent
19 of the total amount budgeted. Our budgeted amount for
20 taxes is based on a collection rate of 94 -- 94
21 percent of the total tax dollars as calculated by the
22 assessed value and the millage rates.

23 Back in like 2000, 2001 we were budgeting for
24 a hundred percent of tax collection. And the council
25 finance committee at that time, we were looking at our

1 budgets from the previous year. It was, you know,
2 we're never going to collect a hundred percent. So
3 that's where they adopted the let's go with
4 94 percent. So as you can see, last year we collected
5 99.9 percent of the total budgeted amount.

6 Then I checked also with what the assessed
7 values were for the budget. And in 2006 the amount
8 not collected from the total assessed value was
9 8.72 percent. In 2007 it was 6.12 percent. I then
10 checked to see what it would have been if I had just
11 taken the period from January 1st to May 15th so I
12 could include this year's taxes. In 2006 the amount
13 of taxes, percentage of taxes not collected was
14 42.81 percent. In 2007 it was 40.91 percent. And
15 this year it was 24.67 percent.

16 As far as the borough testimony, that's the
17 end. But I do have some other -- having heard the
18 other testimony, I can tell you that before I became
19 the borough secretary for Northumberland, I was the
20 office supervisor for the Northumberland County
21 Assessment Bureau. So I have some knowledge as to
22 what goes on in the assessment bureau, how the tax
23 bills are generated, what happens after the tax
24 collectors collect the taxes, what's required of them
25 to bring the tax bills to the county. And I know

1 they've had new systems since I've been there, but at
2 the time I was there the tax collectors had to bring
3 in a copy of each tax bill when they brought their --
4 their checks, their payments -- I think their payments
5 were deposited, went right to the treasurer's office.
6 But the assessment office got a copy of every tax bill
7 that was paid in each of those batches. And then what
8 we needed to do was we needed to enter the -- there
9 was a code on the tax bill, I think now they have
10 scanners, but we needed to take each individual tax
11 bill, enter that into the computer so that we would
12 know that those bills were paid. Then at the end of
13 the year we generated a report that would have all the
14 bills that were not paid and that's what we checked
15 out with the tax collector would come, we would
16 compare our records, make sure everything was correct
17 before the delinquent taxes were turned over to the
18 tax claims office.

19 CHAIRMAN LEVDANSKY: Thank you. Thank you
20 for your insights in your testimony. Any questions?
21 Representative Vulakovich.

22 REPRESENTATIVE VULAKOVICH: So how many
23 complaints did you get about the new procedure?

24 MS. BOWMAN: This year I think we had one.
25 Last year we had maybe a dozen phone calls because

1 basically our tax bills came out in March and the new
2 procedure wasn't put in place until the July bills for
3 the school. But we did get probably about a dozen
4 calls. And our -- what we had told the people was
5 he's an elected official. You know, we really can't
6 do anything about it. You'll need to contact
7 wherever, you know, your escrow agent.

8 REPRESENTATIVE VULAKOVICH: That's what you
9 told the people. What did you tell Mr. Snyder?

10 MS. BOWMAN: Like I said, when Mr. Snyder
11 came to the council meeting, he basically presented a
12 lot of what he presented here today. And the council,
13 I know we had several council members who have
14 mortgages, have escrow companies, who weren't real
15 happy with the policy but they understood what was
16 going on and they also felt that they really had no
17 recourse over him. It's not like he's an employee,
18 you know. Me they can fire. Someone who's elected,
19 they don't have any recourse over what you do.

20 So they really didn't take any special, you
21 know, any kind of position. I know our solicitor had
22 sent a letter stating that there are different fees
23 that could be charged and that this is an additional
24 work. I also know that our borough pays 4 percent of
25 all the taxes that are collected. That's how he is

1 paid. The tax collector's paid from the borough. But
2 I know that the county, the last I knew, paid \$1.50 a
3 bill, only bills that are collected. So the bills
4 that go delinquent they don't get paid for.

5 REPRESENTATIVE VULAKOVICH: Did your
6 solicitor go so far as to look at the tax code and
7 bring up the -- you know, I'm not an attorney, but
8 there was -- there was things brought up in other
9 testimony where in the tax code there was sections
10 there that the Section 10B, if real estate taxes be
11 paid from an escrow account established in connection
12 with your mortgage, should contact the company
13 managing your escrow account. But the local tax
14 collection code, it was referenced and I don't know
15 where the other one's at, that there was language in
16 there that one opinion was that the duty of the tax
17 collector would be to collect those escrow payments.
18 And I guess what I'm saying to you, your solicitor, I
19 mean, if I was a township commissioner or township
20 manager or borough mayor, I would ask the solicitor to
21 look in to the local tax collection law and say should
22 he be collecting this payment; not just cut and dry,
23 well, he's elected official he can do what he wants.
24 Bam.

25 MS. BOWMAN: Well, I think what he had said

1 was he can -- he had -- he had told them he is
2 accepting payments as long as it -- the bill and the
3 check were sent to the taxpayer who could give it to
4 him. He would accept that payment.

5 REPRESENTATIVE VULAKOVICH: But even people
6 on your board know it doesn't work that way, that it
7 goes through the escrow company.

8 MS. BOWMAN: Well, some of them found out
9 that the escrow company mailed it to them. It didn't
10 happen -- you know, in that case I know they did get
11 them.

12 REPRESENTATIVE VULAKOVICH: Well, you know,
13 sometimes you'll get these companies, they'll do
14 things because there's elected officials involved,
15 they'll do it for them, but the average taxpayer
16 doesn't have any voice.

17 MS. BOWMAN: I don't know that they would
18 have known that these people were elected officials.

19 REPRESENTATIVE VULAKOVICH: Well, I don't
20 know either. But I do know the taxpayers -- and I am
21 sympathetic to what the taxpayer testified to. And
22 like Representative Kortz said, this all came around
23 today in full circle. But I still, you know, still
24 have to support this bill based on the fact we got a
25 taxpayer that's caught in between and they don't have

1 all that money and that expertise and the attorneys
2 and everything else to fight for them. They're left
3 by themselves. And when their own municipality tells
4 them, well, there's nothing we can do, and the tax
5 collector takes a position that, well, sorry, this is
6 the way I'm doing it, where does that leave the
7 taxpayer?

8 MS. BOWMAN: That's true. And I can see
9 where after hearing all the testimony today this bill
10 maybe is a necessary thing, but it should maybe have
11 some other stipulations for everybody so everybody
12 knows what are the rules and everybody follows the
13 same rules. But our solicitor actually -- we had a
14 work session last night. He doesn't come to our work
15 sessions. So I just found out about this a week ago
16 and I really, you know --

17 REPRESENTATIVE VULAKOVICH: I'm just making
18 an observation. Because it still comes down to the
19 taxpayer. And that's really why we're having a
20 hearing today on this bill, to protect the taxpayer.
21 And sometimes we lose sight of the little guy who
22 doesn't have all those references to go to. Thank
23 you.

24 CHAIRMAN LEVDANSKY: Miss Bowman, thank you
25 so much for your testimony. Just for the record, we

1 will have read into the record testimony -- written
2 testimony been provided by the Pennsylvania Housing
3 Finance Agency, the Pennsylvania School Boards
4 Association, as well as the government relations
5 director of Wells Fargo and Company. Their testimony
6 will be read into the record as well.

7 And with that, that concludes the House
8 Finance Committee meeting today, public hearing on
9 House Bill 2091. Thank you.

10 (Proceedings concluded at 12:43 p.m.)

11 (The following is written testimony from
12 Pennsylvania Housing Finance Agency.)

13 Thank you for providing the Pennsylvania
14 Housing Finance Agency (PHFA) with the opportunity to
15 submit written comments for the record regarding House
16 Bill 2091.

17 PHFA is the Commonwealth's leading finance
18 organization for affordable homes and rental
19 apartments. The agency was created by the legislature
20 in 1972 with its core mission to finance affordable
21 homes and apartments at minimal expense to
22 Commonwealth taxpayers. PHFA has been able to
23 accomplish its mission of financing affordable housing
24 opportunities through the issuance of securities to
25 private investors throughout the nation.

1 The agency is governed by a 14 member board
2 of directors. Four serve in an ex-officio capacity.
3 They are the secretary of banking, who by law is our
4 chairperson; the secretaries of the Departments of
5 Community and Economic Development and Public Welfare;
6 as well as the State Treasurer. The majority and
7 minority leaders of the House and Senate have one
8 appointment each. The remaining six members are
9 appointed for six-year terms by the Governor with the
10 advice and consent of the Senate.

11 PHFA offers several programs for individuals
12 and families to purchase a home. As part of the
13 agreement with the bondholders, PHFA requires the
14 escrow of funds for the payment of real estate taxes
15 and property insurance on all of the mortgage loans
16 that are financed and serviced in-house. The agency
17 has required the escrow of funds since 1982 and has
18 been acting as a servicing agent for mortgage loans
19 since 1988. PHFA currently services approximately
20 49,000 mortgage loans across the Commonwealth.

21 The managing of escrow funds (taxes and
22 insurance) for mortgage loans is a standard banking
23 practice and is viewed in a positive light by the bond
24 rating agencies because of the additional security
25 provided by this procedure.

1 Recently, PHFA has encountered difficulty
2 with the local tax collector in a borough who refuses
3 to accept direct payments from escrow agents. This
4 particular collector has directed all escrow agents to
5 make checks "payable to the Tax Collector and mailed
6 to the property owner who will make the payment to the
7 Tax Collector and receive a stamped receipt for same."
8 This practice is contrary to good mortgage lending
9 practices and prevents PHFA from ensuring that the
10 payment is made during the appropriate billing period
11 and is paid in full.

12 PHFA currently holds and services 52 loans in
13 this borough. That equates to 104 individual tax
14 bills to be paid annually. For these loans, the
15 collector has required that we generate 52 separate
16 checks in the spring for the county/local tax and an
17 additional 52 checks in the fall for the school tax.
18 Most tax collectors will accept one check for the
19 total of all bills being paid. PHFA has complied with
20 the separate check requirement. However, to force us
21 to send our checks to each individual homeowner simply
22 makes no sense. Not only is this additional work for
23 us, but also an inconvenience for each borough
24 resident who must go through this procedure.

25 As a result of this particular tax

1 collector's unwillingness to accept payments from
2 escrow agents, several of PHFA's checks were returned
3 multiple times and the taxes deemed delinquent.
4 Counsel for the agency subsequently contacted the
5 County Tax Claim Office and payment has been accepted.
6 However, since the checks were first issued during the
7 discount period, PHFA has requested that County Tax
8 Claim Office accept the checks as payment in full.
9 PHFA continues to work diligently to correct this
10 situation for our homeowners.

11 Had provisions similar to those contained in
12 HB 2091 already been in law, the agency would not
13 currently be involved in trying to correct the
14 above-referenced situation.

15 Thank you again for allowing PHFA to submit
16 written comments. Should you have any additional
17 question, comments, or wish to discuss this matter
18 further, we would be happy to do so.

19 (The following is written testimony of
20 Pennsylvania School Boards Association.)

21 Representative Phillips:

22 The Pennsylvania School Boards Association
23 would like to express its support for House Bill 2091
24 that would require tax collectors to accept real
25 property tax payments from escrow agents. The

1 association requests that you continue to press for
2 the passage of this legislation to correct the
3 frustrating situation in Northumberland County and to
4 enable communities elsewhere in the Commonwealth to
5 avoid a similar problem.

6 This bill seeks to amend the local Tax
7 Collection Law to preserve the commonly-accepted
8 practice of receiving checks from escrow agents, which
9 tend to be delivered in a timely and reliable manner.
10 A tax collector's refusal to accept such payments
11 ignores the fact that some homeowners with mortgages
12 from larger lenders are required to pay property taxes
13 through escrow services, depending on the size of the
14 down payment. Levying delinquency penalties against
15 them for complying with their mortgage terms is
16 unjustifiable and only serves to place an additional
17 burden on the lives of innocent taxpayers. It is
18 equally unrealistic for a collector to expect
19 taxpayers to take the time to acquire individual
20 checks from major lenders, who operate by their own
21 set protocol, and submit them directly.

22 Beyond negatively impacting individual
23 taxpayers, the delinquency in payments resulting from
24 a collector's refusal of escrow payments obstructs the
25 flow of revenue to school districts. It also limits a

1 district's recognition of interest from short-term
2 investments made during discount periods. This could
3 undercut the earned interest revenue on which a
4 district bases part of its budget.

5 PSBA appreciates your commitment to resolving
6 this issue and looks forward to working with you and
7 your staff to advance House Bill 2091. Sincerely,
8 Timothy Allwein, Assistant Executive Director; Beth L.
9 Winters, Director of Legislative Services.

10 (The following is written testimony of Wells
11 Fargo & Company.)

12 Chairman Levdansky, We appreciate the
13 opportunity to comment on House Bill 2091 sponsored by
14 Rep. Phillips and being heard in the House Finance
15 Committee on Wednesday, May 21st. We regret that we
16 will be unable to attend the hearing in person and
17 thank you for our consideration of these comments that
18 we feel will provide some clarity to the issue being
19 addressed within, and we would ask that you approve
20 this legislation.

21 This legislation would require a tax
22 collector to receive and accept payments for real
23 estate taxes directly from an escrow agent or
24 third-party servicer. The issue being addressed in
25 this legislation is one where a local tax collector

1 has refused to accept payments for real estate taxes
2 made by what are defined in the legislation as escrow
3 agents, and instead requires that those payments be
4 made directly and only by the property owners
5 themselves. The mortgage and tax service industry has
6 tried repeatedly to find a resolution to this
7 unfortunate situation, including personal contact and
8 working with the township, school district and county
9 to no avail.

10 The insistence that these payments be made
11 solely and directly by the property owner creates many
12 problems and inconveniences, including:

13 Under this scenario, servicers and escrow
14 agents are unable to fulfill their servicing
15 agreements with our customer to collect property taxes
16 as a portion of the monthly mortgage payment, and
17 forward to the taxing authority in the jurisdiction in
18 which they live.

19 The property owners are greatly
20 inconvenienced because they would then have to serve
21 as the intermediary between the mortgage company and
22 their local tax office to facilitate the payment of
23 their property taxes, nullifying a large reason why
24 they would use an escrow account in the first place.

25 Additionally, the customer is at risk of

1 delinquency, penalties, interest and/or tax sale if
2 the customer fails to forward the check from their
3 mortgage company or escrow agent.

4 This legislation would relieve the continued
5 burden on property owners in this locality, as well as
6 other areas, if additional tax collectors believe this
7 practice is acceptable with an absence of definition
8 in the statute.

9 Finally, the requirement for direct payment
10 by property owners delays distribution of the property
11 taxes into the bank accounts of the localities. In
12 these more difficult economic times the local
13 jurisdiction may need these funds in a timely manner
14 to continue operations of its schools and local
15 services.

16 Again, we thank you for the opportunity to
17 provide comment on this important issue and ask that
18 you move for passage of the legislation. Please feel
19 free to contact me with any questions you may have or
20 for any additional information you may need.

21 Sincerely, Michael Hughes, Government Relations
22 Director, Wells Fargo & Company.

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I hereby certify that the proceedings and evidence are contained fully and accurately in the notes taken by me on the within proceedings and that this is a correct transcript of the same.

Heather L. Artz, RMR, CRR
Notary Public