

**HOUSE FINANCE COMMITTEE  
PUBLIC HEARING  
HB 2091**

**Wednesday, May 21, 2008**

**Testimony  
Of  
David Sinopoli, Business Manager  
Shikellamy School District**

Allow me to preface my comments by stating that no one likes to pay taxes. This has been the case since governments were established, and will always be subject to great debate. However, governments rely on taxes to operate whether levied locally or passed through from the state or federal government. School districts, as a governmental body, follow the same creed.

According to the Local Tax Collection Law, the definition of a Tax Collector is, “a person duly elected or appointed to collect real property taxes levied by a political subdivision...”

The Tax Collector’s Manual as published by the Commonwealth of Pennsylvania, Department of Community & Economic Development, states on page one, “Municipal tax collectors collect school taxies levied under the authority of the Public School Code, including school real estate taxes. There is no authority for a school district to collect these taxes through its own employees; this function has been assigned to the municipal tax collectors.”

Also included in the Tax Collector’s Manual are references to the Local Tax Collection Law (LTCL), including a 2006 amendment to the LTCL that requires the tax collector to send special notices to taxpayers who have not paid the real estate tax within four months of the date of the tax notice. Accordingly, the notice should read as follows:

**YOUR REAL ESTATE TAXES HAVE NOT BEEN PAID ON TIME AND A PENALTY HAS BEEN ADDED TO THE AMOUNT YOU OWE. IF NOT PAID BY DECEMBER 31, YOUR REAL ESTATE TAXES WILL BE DELINQUENT. IF YOU HAVE ANY QUESTIONS PLEASE CONTACT (NAME OF TAX COLLECTOR) BY MAIL AT (ADDRESS) OR BY TELEPHONE AT (TELEPHONE NUMBER). IF YOUR REAL ESTATE TAXES ARE TO BE PAID FROM AN ESCROW ACCOUNT ESTABLISHED IN CONNECTION WITH YOUR MORTGAGE, YOU SHOULD CONTACT THE COMPANY MANAGING YOUR ESCROW ACCOUNT.”**

Please notice the last sentence states that any taxpayer whose taxes are to be paid from an escrow account should contact the managing company with the underlying assumption that the taxes are going to be accepted by the tax collector. The wording of the notice seems to indicate the ability to pay via the escrow agent. I would question whether there is any legal or statutory basis for not accepting the tax payments from escrow agents.

In addition, the Tax Collector’s Manual refers to tax escrow accounts held by a homeowner’s mortgage company. Quoting directly from the Manual, it states, “Many residential mortgage companies require the borrowing homeowner to include in their monthly mortgage payment an installment of real property taxes equal to approximately one-twelfth of the annual taxes. These payments are placed in an escrow account, which is held by an escrow servicer and paid to the tax collector when taxes are due. It is

common for the escrow servicer to send the tax collector a request, signed by the taxpayer, asking that tax bills be sent directly to the escrow servicer. Although the tax collector is under no obligation to comply with such request, they may choose to do so as a courtesy to the taxpayer.”

I believe the courtesy referred to is the sending of the tax bills to the escrow agent. The duty of the tax collector is to collect the taxes levied, which includes school district real estate taxes. It would be impractical and imprudent to do otherwise, and once again, I question what is reasonable.

Since July 2007, the Shikellamy School District has been involved with one of our tax collectors who refuses to accept payments from escrow agents on behalf of taxpayers. We were not notified in advance and did not authorize the notice sent by the tax collector, but began receiving telephone calls from taxpayers shortly after our 2007 real estate taxes were mailed-out. The telephone calls referred to a notice that stated, “Effective immediately this office will not accept Real Estate Tax payments from Escrow Agents. If your taxes are held in Escrow it will be your responsibility to get your money from your Escrow Agent to pay your taxes. Payments remitted must have the Remittance Copy included with your payment. Thank you. James Snyder, Jr. Tax Collector.” When I contacted Mr. Snyder about the notice and how it would impact those taxpayers who relied on escrow agents to pay their taxes, his comment was, “I’ve had nothing but trouble from escrow agents - they don’t want to work with me.” When I asked for specifics he only stated that I would not understand since I’m not a tax collector. When I pressed-on as to why he is doing this, his comment was, “I’m sorry, I won’t take the payments. You do what you have to do.” That comment certainly does not help the taxpayers with their tax payments when the escrow agents ultimately want to make payments but cannot since obstacles have been put up outside their control. In many cases, the escrow agreements are a result of the bank or mortgage company regulations and are outside the taxpayer’s control. However, the resulting non-payment of real estate taxes is also outside the taxpayer’s control and ultimately becomes the problem of the taxpayer. This now calls into question why the escrow accounts would actually exist.

Our school district solicitor, Jeffrey Apfelbaum, as well as Emiline Weiss, President of the Pennsylvania State Tax Collectors’ Association, Inc., have both corresponded with Mr. Snyder expressing their concerns and asking Mr. Snyder to accept tax payments from escrow agents on behalf of taxpayers. The school district has been bombarded with telephone calls from irate taxpayers who are only asking for direction as to how their taxes can be paid. Our comment has been that even though we would like to accept the payments, we legally cannot since that duty is assigned to the tax collector. We assured them that we would do whatever we could to have their tax payments accepted. Unfortunately, any unpaid taxes as of December 31, 2007, are considered delinquent regardless of the circumstances and are turned-over to the Northumberland County Tax Claims Bureau for collection. The amount due now includes collection costs and fees in addition to the real estate tax and penalty.

We know of no other tax collector in our school district, region, or for that matter in the Commonwealth of Pennsylvania, who is utilizing a practice like Mr. Snyder. Once again, this calls into question the reasonableness of his actions and how they could possibly benefit taxpayers.

At this point, the school district cannot quantify how much of the delinquent taxes are actually attributable to the escrow issue, however, one is too many. The school district has lost interest earnings since there are unpaid taxes that the escrow agents are willing to pay but have not been able to since those payments have not been accepted, and the lost earnings no matter how large or small will impact the financial situation of the school district to some degree.

However, the big loser in all of this is the taxpayers of the school district who now have to contend with the delinquency problem through no fault of their own. I am not the one who can determine how this will affect their credit ratings going forward. All I know is that real estate taxes for 2008 will be mailed in July. For those taxpayers utilizing an escrow agent, I am sure when thinking about these taxes they can only wonder what 2008 will hold for the payment and ultimate acceptance of their real estate taxes.

Through no fault of their own, will they be delinquent again in 2008?

TXPA0292-005 JOB-40128  
/AGENCY/CUSTOMER/FA-TAXID

FIRST AMERICAN REAL ESTATE TAX SERVICE  
TAX PAYMENT REPORT

AGENCY : 370690021 NORTHUMBERLAND BORO (NORTHUM, 219 FRONT ST, NORTHUMBERLAND PA17857 (570)473-7275  
CUSTOMER: 004/325 HSBC-INSOURCED PORTFOLIO OPERATIONS

PAGE: 1  
RUN DATE: 04/25/08  
RUN TIME: 11.36.41  
INSTALLMENT: 1  
TPA:

TAX IDENTIFICATION  
OWNER NAME  
SITUS ADDRESS

BILL NUMBER

CONTRACT SUF SUF

03601001160  
WHITING ROBERT  
75 ORANGE STREET, NORTHUMBERLAND PA 178570000

036-00288 INST-1 310.88 34153287 001 002

AMOUNT PAID= 310.88

PAGE TOTALS ITEMS= 1 310.88  
CUSTOMER TOTALS ITEMS= 1 310.88  
AGENCY TOTALS ITEMS= 9 5,595.90

TXPA0292-005 JOB-40128  
/AGENCY/CUSTOMER/FA-TAXID

FIRST AMERICAN REAL ESTATE TAX SERVICE  
TAX PAYMENT REPORT

AGENCY.: 370490021 NORTHUMBERLAND BORO (NORTHUM, 219 FRONT ST, NORTHUMBERLAND PA17857 (570)473-7275  
CUSTOMER: 0043001 WASHINGTON MUTUAL HOME LOANS INC

PAGE: 1  
RUN DATE: 04/25/08  
RUN TIME: 11.36.41  
INSTALLMENT: 1  
TPA:

TAX IDENTIFICATION  
OWNER NAME  
SITUS ADDRESS

BILL NUMBER

CONTRACT SUF SUF

03701002383  
LEHMAN DEBRA  
345 HANOVER ST, NORTHUMBERLAND PA 178570000

037-00346

INST-1

1,084.92

59881937 001 004

AMOUNT PAID=

1084.92

03804035007  
BLACK III JAMES  
555 JEFFERSON ST, NORTHUMBERLAN PA 17857

038-00060

INST-1

1,053.19

82132682 001 005

AMOUNT PAID=

1053.19

PAGE TOTALS ITEMS=  
CUSTOMER TOTALS ITEMS=

2 2,138.11  
2 2,138.11

TXPA0292-005 JOB-40128  
/AGENCY/CUSTOMER/FA-TAXID

FIRST AMERICAN REAL ESTATE TAX SERVICE  
TAX PAYMENT REPORT

AGENCY: 370490021 NORTHUMBERLAND BORO (NORTHUM, 219 FRONT ST, NORTHUMBERLAND PA17857 (570)473-7275  
CUSTOMER: 0042318 BANK OF AMERICA C/O HOME FOCUS

PAGE: 1  
RUN DATE: 04/25/08  
RUN TIME: 11:36.41  
INSTALLMENT: 1  
TPA:

TAX IDENTIFICATION  
OWNER NAME  
SITUS ADDRESS

BILL NUMBER

CONTRACT SUF SUF

03601001176  
TREAS JARED  
472 FRONT ST, NORTHUMBERLAND PA 17857

00261  
INST-1 486.40 66925413 001 003

AMOUNT PAID= 486.40

03601001219  
MITCHELL SUSAN  
721 WATER ST, NORTHUMBERLAND PA 17857

00155  
INST-1 323.58 12533662 001 003

AMOUNT PAID= 323.58

03801003326 A  
LONG BENJAMIN  
405 ORANGE ST, NORTHUMBERLAND PA 17857

00343  
INST-1 691.57 16884545 001 004

AMOUNT PAID= 691.57

03801003426  
FLEURY ANTHONY R  
696 HANOVER ST, NORTHUMBERLAN PA 17857

038-00196  
INST-1 807.87 72081099 001 005

AMOUNT PAID= 807.87

PAGE TOTALS ITEMS= 4 2,309.42  
CUSTOMER TOTALS ITEMS= 4 2,309.42

TXPA0202-005 JOB-60128  
/AGENCY/CUSTOMER/FA-TAXID

FIRST AMERICAN REAL ESTATE TAX SERVICE  
TAX PAYMENT REPORT

AGENCY: : 370490021 NORTHUMBERLAND BORO (NORTHUM, 219 FRONT ST, NORTHUMBERLAND PA17857 (570)473-7275  
CUSTOMER: 0042190 BANK OF AMERICA C/O HOME FOCUS

PAGE: 1  
RUN DATE: 04/25/08  
RUN TIME: 11.36.41  
INSTALLMENT: 1  
TPA:

TAX IDENTIFICATION  
OWNER NAME  
SITUS ADDRESS

BILL NUMBER

CONTRACT SUF SUF

03601001125  
MARKO DERETHA  
363 PRIESTLY AVE, NORTHUMBERLAND PA 17857

036-00146

INST-1

243.21

44645905 001 002

AMOUNT PAID= 243.21

PAGE TOTALS ITEMS= 1 243.21  
CUSTOMER TOTALS ITEMS= 1 243.21



TXPA0292-005 JOB-40120  
/AGENCY/CUSTOMER/FA-TAXID

FIRST AMERICAN REAL ESTATE TAX SERVICE  
TAX PAYMENT REPORT

AGENCY : 370490021 NORTHUMBERLAND BORO (NORTHUM, 219 FRONT ST, NORTHUMBERLAND PA17857 (570)473-7275  
CUSTOMER: 0041417 US BANCORP SERVICE PROVIDERS, LLC

PAGE: 1  
RUN DATE: 04/25/08  
RUN TIME: 11.36.41  
INSTALLMENT: 1  
TPA:

TAX IDENTIFICATION  
OWNER NAME  
SITUS ADDRESS

BILL NUMBER

CONTRACT SUF SUF

03902003037 B  
ZIMMERMAN GREGORY  
725 STRAWBRIDGE ROAD, NORTHUMBERLAN PA 17857

00637

INST-1

594.28

59981863 001 002

AMOUNT PAID=

594.28

PAGE TOTALS

ITEMS=

1

594.28

CUSTOMER TOTALS

ITEMS=

1

594.28