



May 16, 2008

The Honorable Merle H. Phillips
The Pennsylvania House of Representatives
Main Capitol Building, Room 315J
Harrisburg, PA 17120-2108

Re: House Bill 2091, P.N. 2950 –Property Tax Payments from Escrow Agents

Representative Phillips:

The Pennsylvania School Boards Association would like to express its support for House Bill 2091 that would require tax collectors to accept real property tax payments from escrow agents. The association requests that you continue to press for the passage of this legislation to correct the frustrating situation in Northumberland County and to enable communities elsewhere in the Commonwealth to avoid a similar problem.

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

Beyond negatively impacting individual taxpayers, the delinquency in payments resulting from a collector's refusal of escrow payments obstructs the flow of revenue to school districts. It also limits a district's recognition of interest from short-term investments made during discount periods. This could undercut the earned interest revenue on which a district bases part of its budget.

PSBA appreciates your commitment to resolving this issue and looks forward to working with you and your staff to advance House Bill 2091.

Sincerely,

Timothy Allwein
Assistant Executive Director

Beth L. Winters
Director of Legislative Services

cc: Robert Kassoway, Executive Director for the Majority, House Finance Committee
Andrew Ritter, Executive Director for the Minority, House Finance Committee