

**TESTIMONY ON
SENATE BILL 775/HOUSE BILL 1559
TAX SALE BIDDER REGISTRATION**

Presented to the Senate Urban Affairs and Housing Committee
and the House Urban Affairs Committee

By

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Good morning. I am Stacy Phile, Director of the Berks County Tax Claim Bureau and First Legislative Officer for the Tax Claim Association of PA (TCA). With me today, is Rachael White, Director of Assessment and Tax Claim Chief Assessor for York County Tax Claim Bureau and President of the TCA and Renee Roberts, Director of Carbon County Tax Claim Bureau and Second Legislative officer of the TCA. The TCA currently represents 65 counties in the State of Pennsylvania that follow the Pa Real Estate Tax Sale Law (RETSL). Allegheny County and Philadelphia County do not follow RETSL.

Current Issues of Tax Claim Bureaus and Benefits of the Proposed SB 775 and HB1559:

After discussion with members of the Association, we support the concept of the bills and offer the following:

1. An individual who operates under a corporation of limited liability which has delinquent taxes, or code violations register under another company name. We have all experienced an individual who owes back taxes under company ABC, Inc and they simply register at our Tax Sale and purchase properties under another entity that they own. Currently, our statute does not restrict or prohibit this from happening. We would like to see language added to the bills to address this issue.
2. Currently under RETSL section 619.1, an affidavit is required within 20 days following a Tax Sale to certify that a bidder does not have delinquent taxes or is in code violations, we support the change made in the proposed bill of this section to require the affidavit prior to the Tax Sale.
3. Currently under RETSL Section 619 (b) local municipalities do have a right to petition the court to object to a purchaser after a Tax Sale has occurred. The issue with this section is that it occurs after the Tax Sale. If a municipality would object, tax claim bureaus are faced with voiding a tax sale and trying to determine what to do with the property that was sold. We support the change made in the proposed bill to this section to allow municipalities to object to a bidder prior to the Tax Sale.
4. Defining Immediate family members would prohibit them from bidding on a property at a tax sale; this addresses an issue often seen where an owner gets around the prohibition on purchasing his own property at sale by having a family member do so, only to have the family member turn around and transfer the property back to the original owner. This would not prevent anyone, including a family member, from coming into the tax claim bureau, up to the day before a Judicial or Repository Sale, to pay off the back taxes along with accrued costs, fees and penalties thus removing the property from sale. In addition, it is important that this prohibition on family purchases applies only to judicial and repository sales – where it is being sold free and clear of most liens.

Considerations/Changes:

There are several items we believe warrant further consideration as the bills move through the process.

1. As Lisa Schaefer from CCAP mentioned we believe the bidder registration envisioned under the legislation should **be optional, rather than mandatory**. From talking with our members, we know that the problems the pre-registration process is intended to address are not prevalent in all of our counties. In other cases, counties have already developed other ways of working with and cooperating with their municipalities that have been effective locally in preventing bad actors from purchasing tax sale properties.
2. Under Section 501-A "Scheduled Sale" is not defined in our statute and should be struck out. In addition, 14 days prior to Tax sale is early for Upset Sale. Our Upset Sale lists are large and properties are removed daily. Closing registration too early has the potential of bidders registering for a property that will be removed.

Section 501-A. Duty to register.

(a) General rule.--A person that intends to bid at a scheduled **Upset Sale or Judicial Sale** must appear and register at the bureau not less than **10** days before the scheduled sale.

3. Section 503-A The Tax Claim Bureaus would like the ability to send the list of registered bidders by mail, email or fax. This would allow the list to be sent in a more reasonable time frame to the municipalities. In addition, the list of registered bidders would simply provide name, address and phone number of applicant. We do not know what property they would be purchasing at the time of registration

Section 503-A. List of registered bidders.

A bureau shall provide a list of completed applications received under section 502-A to all municipalities **by mail, email, or facsimile** within the county at least 10 days prior to the scheduled sale. The list shall provide for ~~each property~~ the name, address and phone number of the applicant.

4. Section 627 Add a statement to clarify that the consent is within 60 days of receipt of the notice.

Section 627. Sale of Property in Repository.--(a) The bureau may, with the written consent of all the taxing districts where the property is located, establish a minimum purchase price and accept an offer of any price equal to or greater than the minimum purchase price for property placed in the "repository for unsold properties" without court approval and published notice of sale. The bureau may also require, as a condition of sale, that the purchaser provide an affidavit that includes the information specified under section 502-A(3).

Any taxing district may not unreasonably withhold its consent to the sale of the property and, if no consent is provided within sixty (60) days **of the date notice was received by the taxing district**, it shall be deemed that the taxing district consents to the sale of the property.

Proposed Amendments

We have been asked to comment on two proposed amendments:

A02922 –

This amendment would limit pre-registration requirements based on distance, or whether the individual is from out of state. We feel the issue arising from bidders who do not maintain or care for a property purchased at tax sale are local/regional as well as from other states.

This amendment would allow online registration which no county's current system could support. In addition, we would have no way to verify the person registering is in fact who they say they are.

A01950 –

This amendment would allow pre-registration up to 36 hours before the sale, rather than the deadline of 14 days currently in the bill. This would not allow enough time for Tax Claim Bureaus to send the lists to municipalities to review and respond.

This amendment removes language that would allow the county tax claim bureau to establish a minimum bid price to purchase a property in repository. Any property that makes it into repository is one that remains unsold after a judicial sale, and when sold, is sold free and clear of all tax and municipal claims, mortgages, most liens and so forth; the price for which the property is sold will also be deemed to be the fair market value of the property for tax assessment purposes. Thus the county has an interest both in selling the property out of its inventory, and in recovering its costs to advertise and attempt to sell the property to that point. Allowing the county to establish a minimum bid price will enable them to take these costs into account.

This amendment strikes through the entire section for repurchase by Owner or Immediate Family Member. As stated above, this is an issue faced by many Tax Claim Bureaus across the state.

We appreciate the opportunity to appear before you today to present our comments on Senate Bill 775 and House Bill 1559, thank you for your consideration of these comments. We would be more than happy to answer any questions you may have.