

# City of Philadelphia



Council of the City of Philadelphia  
Office of the Chief Clerk  
Room 402, City Hall  
Philadelphia

(Resolution No. 130093)

## RESOLUTION

Authorizing City Council's Committee of the Whole to investigate and hold public hearings reviewing the system utilized by the City of Philadelphia to collect delinquent real estate taxes, the effectiveness and shortcomings of the existing system, and the new methods and resources proposed by the Administration to increase the collection of delinquent real estate taxes.

WHEREAS, The City of Philadelphia's history of failing to collect the taxes engenders a perception that the tax collection system in Philadelphia is unfair and diminishes the trust that Citizens have in their Government and their neighbors; and

WHEREAS, In 2010, PICA found that Philadelphia ranked 24<sup>th</sup> out of 25 cities in real estate tax collections; According to many reports, real estate tax delinquency is a problem which has been increasing over time. Estimates of the severity of the problem vary between \$248 million to \$518 million dollars in uncollected real estate taxes; and

WHEREAS, The failure of the City to collect these revenues has created an instability for our School District, which receives 60-percent of the total real estate tax revenues collected; and

WHEREAS, In anticipation of the City's implementation of the Actual Value Initiative, it is essential that citizens of Philadelphia and City Council have an understanding of the City's tax collection process and procedures and have faith that the system is fair and effective; and

WHEREAS, On February 4, 2013, the Mayor announced that the Administration will "bring the hammer down" on individuals who can actually pay their taxes but choose not to pay and will, therefore, heighten the City's focus on collecting delinquent taxes of all types by instituting measures to more aggressively collect delinquent taxes. This will be accomplished by overhauling technology, expanding tax-payer outreach, increasing enforcement, increasing efficiency, using analytics to determine likeliness to pay, and creating a call-center; and

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*RESOLUTION NO. 130093 continued*

WHEREAS, The Mayor's announcement that the Administration plans to spend an additional \$40 million to collect an additional \$260 million delinquent taxes over the next five years should be carefully reviewed and vetted by City Council; and

WHEREAS, City Council believes that the City of Philadelphia should strive to collect all of the taxes it is owed, including delinquent real estate taxes from vacant, commercial, and residential properties that are owner occupied or owned by an investor, but that the tools or methods used to recover delinquent tax may be different depending on the type of delinquent account, the history and details of ownership, and a variety of other factors; and

WHEREAS, Some collection tools historically used by the City of Philadelphia, such as the 2010 tax amnesty, to encourage tax delinquents to pay, may not be the most effective or appropriate ways to increase payments; and

WHEREAS, The Department of Revenue, Law Department, third party collection agencies, the Sherriff's office, and City Council should share a common understanding of the total amount due to the City, the way that collections should be prioritized, the collectability of all accounts and should strive to establish a seamless processes between impacted Departments which maximizes collections; and

WHEREAS, All of the procedures, rules, regulations and processes used by the City should be clear and accessible to the public; and the criteria and processes for payment agreements for delinquent real estate tax should be fair, transparent and standardized across all collections entities; therefore

BE IT RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That the Committee of the Whole is authorized to hold hearings to explore and investigate the social and financial impact of the tax delinquency problem on both the City's operating budget, the School District's budget and the faith and trust of the Citizens of Philadelphia; and

RESOLVED FURTHER, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That the Committee of the Whole is authorized to hold hearings to explore and investigate the real and perceived impacts of real estate tax delinquency on the City of Philadelphia; to explore the total collection rate and actual number of delinquent accounts, the number of accounts under an agreement with the City and the number of those accounts where the agreement has been broken due to nonpayment and habitual delinquency; to explore and investigate current real estate tax collection processes, the methods used to divide accounts between the collection agencies, the systems used to collect delinquent real estate taxes, and specifically, the processes used to notify and engage delinquent tax-payers, how are delinquent accounts identified, tracked, supervised and pursued for collection; what, if any, consequences exist for failure to pay; and

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*RESOLUTION NO. 130093 continued*

RESOLVED FURTHER, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That the Committee of the Whole is authorized to hold hearings to evaluate the funding allocated to the collection of real estate taxes.

FURTHER RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That in furtherance of such an investigation, the Committee is hereby authorized to issue subpoenas as may be necessary or appropriate to compel the attendance of witnesses and the production of documents to the full extent authorized under Section 2-401 of The Philadelphia Home Rule Charter.

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CERTIFICATION: This is a true and correct copy of the original Resolution, Adopted by the Council of the City of Philadelphia on the seventh of February, 2013.

Darrell L. Clarke  
PRESIDENT OF THE COUNCIL

Michael A. Decker  
CHIEF CLERK OF THE COUNCIL

Introduced by: Councilmember O'Brien

Sponsored by: Councilmembers Johnson, Bass, Oh, Henon, Squilla, Kenney, Jones, Goode, Tasco, Greenlee, Council President Clarke, Councilmembers Blackwell, Quiñones Sánchez and Reynolds Brown