

Proposal

To

WARREN COUNTY TAX  
COLLECTION COMMITTEE

For

EARNED INCOME TAX  
COLLECTION SERVICES

BY

WARREN COUNTY SCHOOL DISTRICT  
EARNED INCOME TAX OFFICE

October 10, 2011

### **Background and Contact Information**

The Warren County School District was organized in January of 1966 by joint resolution of the local school districts.

The Interim Operating Committee of the Warren County School District adopted the "Warren County School District Earned Income Tax Resolution" on March 23, 1966, for the collection of earned income tax under the authority of "The Local Tax Enabling Act", Act #511 of the 1965 session of the General Assembly, approved December 31, 1965. On June 1, 1966, the Interim Operating Committee, by resolution, appointed a full-time clerical employee to the position of Income Tax Officer, *"who as such Officer shall on behalf of the Warren County School District, subject to the directions of the School Board, and with all materials, equipment and office space furnished by the Warren County School District Office, have the powers and duties prescribed by this resolution."* On June 22, 1966, the Boroughs of Youngsville, Tidioute, the Supervisors of Brokenstraw Township, of Farmington Township and Pittsfield Township requested and by resolution approved that the Warren County School District Earned Income Tax Office would collect their earned income taxes, at a charge pro-rated for the entire collection costs against the amounts collected for each municipality. In December of 1966, Conewango Township joined with the Warren County Earned Income Tax Office for collection of its taxes, and in January of 1967 the following municipalities joined, Clarendon Borough, Pleasant Township, Glade Township, Warren Borough, Pine Grove Township, Sheffield Township, Mead Township. In subsequent resolutions the Earned Income Tax Office began collecting for Bear Lake Borough, Cherry Grove Township, Deerfield Township, Eldred Township, Elk Township, Freehold Township, Sugar Grove Borough, Sugar Grove Township, Triumph Township, Watson Township.

The Warren County School District Board of School Directors oversees the operation of the Earned Income Tax Office. The Board is comprised of nine elected directors; three being elected from each of the three electoral regions of the Warren County School District.

The Warren County School District and Earned Income Tax Offices are located at:

589 Hospital Drive, Suite A  
Warren, PA, 16365-4885  
Phone: (814) 723-6900  
Fax: (814) 723-4244

Mr. James Grosch, Director of Business Services will serve as the primary contact person regarding this proposal and the collection of Earned Income Tax and Local Services Tax in general.

The Tax Collection Committee (TCC), by resolution dated September 10, 2010, appointed the Warren County Earned Income Tax Office to collect the Earned Income Tax and Local Services Tax within the Warren Tax Collection District and further named Ms. Donna Zega, Supervisor of the Earned Income Tax Office, and employee of the Warren County School District, as the Tax Officer, who has met the Educational Requirements as established by the DCED.

### **Overview**

The services to be provided shall be the collection of the Earned Income Tax (EIT) and Local Services Tax (LST) for those entities that assess either an Earned Income Tax or a Local Services Tax, or both, and are a part of the Warren Tax Collection District, as established by the Pennsylvania Department of Community and Economic Development (DCED). Services under this proposal will be provided by the Warren County School District Earned Income Tax Office as established by resolution in 1966 and as amended by resolution until the present time. The WCSD Earned Income Tax Office currently operates with two employees assigned to the EIT Office on a full-time basis.

### **Distinguishing Characteristics**

The WCSD Earned Income Tax Office is uniquely situated to provide tax collection services for Earned Income Tax and Local Services tax on behalf of the Warren Tax Collection District in that;

- WCSD Earned Income Tax Office has collected for the local municipalities since 1966
- The office is within a local municipality
- An experienced EIT collector is on staff
- EIT employees have immediate access to databases to identify residents subject to the tax
- Bonding capacity exists to collect funds
- Annual Audits are conducted for all public funds

### **Office Locality**

Warren County School District Earned Income Tax collection services will be located at 589 Hospital Drive, Suite A, Warren, PA 16365, with regular business hours from 8:00 a.m. to 4:00 p.m. Monday-Friday, excepting holidays.

### **Office Staff**

Ms. Donna Zega has worked in the Earned Income Tax Office since 2002 and is currently the Supervisor of the Earned Income Tax Office, and has met the educational requirements as established by the DCED to act as the Tax Officer.

One additional employee serves as a clerk for data entry and meeting the day-to-day needs of responding to taxpayer inquiries.

### **Tax Collection Capacity**

The Warren County School District Earned Income Tax Office has a track record for efficiently handling tax collection services since 1966 and has agreements in place with agents for added efficiency and delinquent tax collection which comply with Act 32 requirements.

The Earned Income Tax Office will take reasonable action to identify taxpayers and taxes owed and provide said reports semi-annually to the Tax Collection Committee

All necessary and appropriate actions will be taken to collect taxes not paid when due and to ensure employer compliance with Act 32 requirements. As necessary, status reports of legal proceedings will be submitted to the Tax Collection Committee by the Earned Income Tax Office.

### **Background and Operating Information**

- a) It is expected that Tax Officer training, certification and continuing education requirements established by DCED have been met and at a minimum, the EIT Office will maintain a supervisory employee with the appropriate qualifications so long as the Tax Collector Agreement remains in effect.
- b) Processes and procedures for collecting the Earned Income Tax and Local Services Tax will comply with the requirements of Act 32 and any other federal, state and local laws, regulation or ordinances that may apply.

### **Outsourcing**

The Warren County School District has in place agreements and will utilize Berkheimer Associates for delinquent tax collection and Taxsys tax collection software provided by a third-party vendor for processing tax roll data and tax return forms.

### **Financial, Insurance, Bonding and Other Information**

- a) A copy of the most recent EIT audit is submitted as a part of this proposal. Audit services will be provided on an annual basis for all funds under EIT management by Felix, Gloekler, P.C., Certified Public Accountants.
- b) The EIT Office agrees to cooperate and coordinate with the Committee's Act 32 §505(h) appointed certified public accountant for audits and will maintain records supporting charges, commissions, reimbursable expenses and other costs incurred in the collection of Earned Income Taxes and Local Services Taxes.
- c) Certificates of Insurance and current bonding levels for EIT employees are included as part of this proposal.

### **Transition Plan**

On or before December 1 prior to WCSD Earned Income Tax Office commencing tax collection, the EIT office will notify, in writing, all employers and individuals who pay or are believed to owe tax within the Warren Tax Collection District of all pertinent contact information for the EIT Office, website address and other necessary information ensuring communication and payments are directed to the WCSD EIT Office. The notice will include tax returns and other required forms. The WCSD EIT Office will also take reasonable and appropriate measures to educate taxpayers regarding changes brought by Act 32, the LTEA and the appointment of the WCSD EIT Office appointment providing uninterrupted tax collection services.

### **Fees and Charges**

The Earned Income Tax Office services under this proposal will be provided on a commission basis of 3% of all Earned Income Taxes and Local Services Taxes collected and disbursed to the taxing authorities, excluding only delinquent Earned Income Taxes and Local Services Taxes collected by Berkheimer Associates. The 3% commission shall include all reasonable costs and expenses incurred by the Earned Income Tax Office, with the exception of the fees and charges assessed by Berkheimer Associates in accordance with the succeeding paragraph. If the TCC or any of the taxing authorities is desirous of detailed data or reports outside the scope and requirements of the Tax Collector Agreement, additional fees may apply and shall be mutually agreed to by the Earned Income Tax Office and the TCC prior to the commencement of work in this regard by the Earned Income Tax Office.

In addition to the above charges, all fees and charges assessed by Berkheimer Associates for delinquent tax collection shall be deducted from all Earned Income Taxes and Local Services Taxes collected and disbursed to the taxing authorities. A copy of the fees and charges assessed by Berkheimer Associates for the provision of said services is attached hereto as a part of this proposal. For delinquent Earned Income Taxes and Local Services Taxes collected by Berkheimer Associates, the 3% commission identified in preceding paragraph shall not be charged or withheld by the Earned Income Tax Office.

Future cost escalations may necessitate renegotiation of certain terms of this proposal and the resulting Tax Collection Agreement. If the terms of this proposal and the Tax Collection Agreement cannot be

renegotiated, the School District shall have the right to terminate the Tax Collection Agreement upon 60 days written notice to the TCC.

**Term**

This proposal is conditioned on the assumption that the term of the Tax Collection agreement will remain in effect until terminated by either party upon 60 days written notice.

**Other**

This proposal is based on Act 32 as it exists in its current form. Any future legislative changes may serve to cause the need to renegotiate certain terms of this proposal and the resulting Tax Collection Agreement.