

DAUPHIN COUNTY TAX COLLECTION COMMITTEE

RESOLUTION NO. 2018-1

Adopted: June 20, 2018

**A RESOLUTION OF THE DAUPHIN COUNTY TAX COLLECTION
COMMITTEE APPROVING AMENDMENT NO. 2 TO TAX COLLECTION
AGREEMENT WITH KEYSTONE COLLECTIONS**

WHEREAS, the Dauphin County Tax Collection Committee (hereafter, TCC) governs the Dauphin County Tax Collection District (hereafter, TCD), a body corporate and politic which exercises public powers under the Local Tax Enabling Act for purposes of collecting and administering income taxes; and

WHEREAS, on April 20, 2011, the TCC approved Resolution No. 2011-1 and thereby appointed Kratzenberg & Associates, Inc., d/b/a Keystone Collections Group (hereafter, Keystone), as the tax officer for the TCD for 2012-14 income taxes; and

WHEREAS, consistent with §507(d) of Act 32, 53 P.S. §6924.507(d), the TCC and Keystone entered into a Tax Collection Agreement, dated May 18, 2011 (hereafter, Agreement), for the collection of such income taxes; and

WHEREAS, pursuant to its terms and conditions, the term of the Agreement commenced on January 1, 2012 and it was set to end at midnight on December 31, 2014; and

WHEREAS, in early 2014, Keystone offered to extend the term of the Agreement until midnight on December 31, 2019 at no increase in the commission rate charged by Keystone for such tax collection services; and

WHEREAS, on March 19, 2014, the TCC accepted Keystone's offer to extend the term of the Agreement so that Keystone is authorized to serve as the appointed tax officer for the TCD for 2015-19 income taxes; and

WHEREAS, Keystone has recently offered to further extend the term of the Agreement until midnight on December 31, 2024 at a decrease in the commission rate charged by Keystone for such tax collection services, such decrease to take effect on July 1, 2018; and

WHEREAS, the TCC wishes to accept Keystone's offer to further extend the term of the Agreement so that Keystone is authorized to serve as the appointed tax officer for the TCD for 2020-2024 income taxes; and

WHEREAS, the TCC and Keystone wish to make certain other technical amendments to the Agreement, all as set forth in Amendment No. 2 to the Agreement (hereafter, Amendment No. 2), a true and correct copy of which is attached hereto at **Exhibit A**.

NOW, THEREFORE, be it resolved by the TCC, as follows:

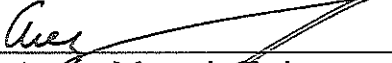
1. By approving this Resolution, the TCC hereby appoints Keystone as tax officer for the TCD for 2020-2024 income taxes.
2. Amendment No. 2 is hereby approved in the form attached hereto at **Exhibit A**.
3. The TCC Chairman or Vice-Chairman is authorized to execute Amendment No. 2 in the name of the TCC.
4. This Resolution was duly adopted by a motion and vote of the TCC. A certified resolution will be forthwith provided to Keystone, the appointed tax officer, and to the Department of Community and Economic Development (hereafter, Department), Commonwealth of Pennsylvania, so that Keystone's name is added to the Department's official register for the collection of 2020-2024 income taxes.

ATTEST

DAUPHIN COUNTY
TAX COLLECTION COMMITTEE



Kaye Thoma, Secretary

By: 

August Memmi, Chairperson

Date: June 20, 2018

EXHIBIT A

Dauphin County Tax Collection Committee

Tax Collection Agreement – Amendment #2

Background. The Dauphin County Tax Collection Committee (the “TCC”) is a government entity created and organized under Act 32 of 2008, which amended and restated the Local Tax Enabling Act, 53 P.S. § 6924.101 *et seq.* Under Act 32, the TCC is required to appoint a tax collector to collect local earned income tax (“EIT”) levied by the school districts and municipalities that are part of the Dauphin County Tax Collection District (the “TCD”) and to oversee the appointed tax collector’s collections. The TCC appointed **Kratzenberg & Associates, Inc.**, a Pennsylvania business corporation doing business as “Keystone Collections Group” (hereinafter “Collector” or “Tax Officer”), to collect EIT throughout the TCD. As required by Act 32, the TCC and Collector entered into a **Tax Collection Agreement** effective May 18, 2011 as amended March 19, 2014. The parties would like to extend the term of, and make additional changes to, the Tax Collection Agreement.

Intending to be legally bound, the parties agree as follows:

1. **Extension of Term.** Section 3(a)(Term) of the Tax Collection Agreement is hereby amended so as to substitute “December 31, 2024” for “December 31, 2019.” As a result, the term of the Tax Collection Agreement shall end at midnight on December 31, 2024 unless otherwise extended or terminated in accordance with the provisions of the Tax Collection Agreement.
2. **Commission Amount.** Tax Officer agrees to reduce the commission rate charged to the political subdivisions of the TCC to 1.38 percent during the full period of the extended term, and further agrees to reduce said commission rate to 1.38 percent during the current term beginning and effective July 1, 2018. Accordingly, the term “1.45 percent” is hereby stricken and replaced with the term “1.38 percent”. Except for this amendment, Section 6.B. *Commission Amount* remains unchanged. The validity of all other terms and conditions set forth in Section 6.B. remain unaffected, in full force and effect.
3. **Collector Office.** The TCC and Tax Officer recognize that the Keystone office located at 2330 Vartan Way, Suite 155 in Susquehanna Township receives little to no public interaction in person with Dauphin County taxpayers. Having an office located within the TCD may have been important to aid and support the initial transition to consolidated local tax collection under Act 32 in 2012. Since then, the impact of mandatory employer withholding, online and electronic reporting, online payment and online filing, as well as readily accessible taxpayer services via telephone and online communications, effectively obviated the need for a public service office located within the TCD to receive tax payments. The TCC and the Tax Officer would prefer to reallocate those resources to reduce the collector commission as described above. Accordingly, any reference in the Tax Collection Agreement, including but not limited to Section 4.E., obligating Collector to establish, support and maintain an office and staff within or reasonably close to the TCD, is hereby stricken; henceforth, Collector shall have no such duty or obligation.

4. **Tax Collector Bond Amount.** In accordance with the Tax Collection Agreement, the amount of the Bond shall be revised annually by the TCC based upon the annual auditor examination and bonding analysis. Pursuant to Section 4.D.(2)a., as amended, the TCC conducted the annual examination of the Collector by and through independent auditors, in accordance with §505(h) of Act 32, 53 PS §6924.505(h). The TCC reviewed the independent auditors' Schedule of Bonding Analysis for the year ended December 31, 2017 and accordingly revises the bond amount for calendar year 2019 to the penal sum of Two Million Five Hundred Thousand (\$2,500,000.00) Dollars. The TCC reserves the right to further revise the bond amount in accordance with the advice of the independent auditor and the recommendation of the TCC Audit Subcommittee.

5. **Legislative Proposals.** The parties acknowledge that the Pennsylvania Legislature is currently considering several proposals to amend the *Local Tax Enabling Act*. In the event that one of the proposals pending in the Legislature (including but not limited to HB 866 and SB 653) becomes law and thus requires the Tax Officer to change the manner by which it recovers delinquent tax collection costs from a contingent fee structure to another fee structure, the Tax Officer shall modify its cost recovery schedule in accordance with the new law.

6. **Effect.** The terms and conditions of this extension agreement accordingly modify the terms of the Tax Collection Agreement as first amended March 19, 2014. Capitalized terms that are used in this Amendment #2 but that are not defined herein have the meanings provided in the Tax Collection Agreement. In reading this Amendment, the singular includes the plural and vice-versa.

7. **Execution.** This Amendment #2 may be executed in counterparts, each of which shall be considered an original and all of which, when taken together, shall be considered one document. Facsimile, electronic, and photocopied signatures on this Amendment #2 shall be considered the same as original signatures for all purposes.

The parties hereby execute and make this Amendment #2 effective on _____, 2018.

TAX OFFICER

Attest:

By: _____

Title: President

Street Address: _____

Keystone Collections Group

546 Wendel Road

Irwin PA 15642

Facsimile Number: (724) 978-0339

Email Address: tkratzenberg@keystonecollects.com

**DAUPHIN COUNTY TAX COLLECTION
COMMITTEE**

Attest:

By: _____

Title: Chairperson
Contact: c/o Solicitor Guy Beneventano, Esquire
Phone Number: (717) 652-4600
Facsimile Number: (717) 652-4611
Email Address: guy@guyblaw.com