

# DAUPHIN COUNTY TAX COLLECTION COMMITTEE

## SUMMARY MINUTES

May 17, 2023

- Roll Call – A quorum was established.
- Delegates Present: J. Seeds, Middle Paxton Township; D. Grbich, Dauphin Borough; M. Kelley, Harrisburg City; R. Cassel, South Hanover Township; G. Painter, Conewago Township; B. Marchuck, Londonderry Township; K. Ferraro, Williams Valley School District; O. Anderson, Susquehanna Township School District; Kaye Thoma, representing Berrysburg Borough, Elizabethville Borough, Gratz Borough, Jefferson Township, Lykens Twp., Lykens Borough, Mifflin Township, Pillow Borough, Washington Township and Upper Dauphin School District; M. Rizzo, Derry Township School District; Nicole Fry, Harrisburg City School District; M. Carnes, Steelton-Highspire School District.

Solicitor: G. Beneventano

Keystone Collections: Joe Lazzaro, Esq.

- J. Seeds, Chairperson, called the meeting to order.
- There were no public comments.
- Summary Minutes from March 22, 2023 were presented for approval – A motion was made and seconded to approve the March 2023 summary minutes --accepted and APPROVED.
- Financial report as of April 30, 2023 was presented for approval – A motion was made and seconded to approve the April 30, 2023 financial report --accepted and APPROVED.
- Chairperson Seeds reported that the Executive Management Committee has met twice since the March meeting. One of the meetings occurred prior to tonight's TCC meeting. No official action was taken at either meeting. There will be an executive session following this meeting to obtain advice from legal counsel on two important matters.
- Chairperson Seeds asked Mr. Joe Lazzaro of Keystone Collections to discuss the banking protections that Keystone employs. The Chairperson mentioned that there have been three recent bank failures of some significance – two in California; one in New York – which should be of interest to all of us who receive public money. Mr. Lazzaro began by saying that “all deposits, every dollar that we collect in earned income tax from withholdings or quarterly filings from Dauphin County, are deposited in an institution that is at least 100% collateralized, or backed by the full faith of the federal government.” This means those funds are not subject to any risk. They are specifically earmarked. As Mr. Lazzaro explained: “The bank has to hold assets, funds or assets or equities, of the value – at least of the value of the dollar-for-dollar of Dauphin County’s money held on deposit.” This is verified by our auditors. Mr. Lazzaro then made reference to Act 32’s requirement that all tax collectors maintain a bond for the public money they receive

from taxpayers. Mr. Lazzaro explained that Keystone is bonded at 2.5 million dollars. During 2023, the highest amount Keystone has held at any one time for Dauphin County is 1.6 million. As Mr. Lazzaro continued: “We have bond coverage of \$2.5 million. So we’re paying for a lot more coverage than you even need. The highest amount held [i.e., \$1.6 million] is the highest that Liberty Mutual would ever have to kick in if something catastrophic were to happen to your funds.” There is also a controls audit that is in place watching over the funds. Keystone generally distributes funds to municipalities within 24 hours after these funds are received. It is all done electronically. Mr. Lazzaro concluded with this: “So I hope you can rest assured that there’s no concerns with the things that the investors in those banks [i.e., the three banks referred to by the Chairperson], the depositors in those banks went through.”

- Chairperson Seeds asked Mr. Lazzaro whether Keystone, over the past ten years, has increased the rate at which it distributes EIT to the taxing authorities. Mr. Lazzaro replied: “Yes. The funds start distributing [to the taxing authorities] before they’ve even gotten all the way through the Federal Reserve. They’re in and out within 48 hours, 24 hours.” Mr. Lazzaro added that Keystone is using TriState Bank for all its client TCCs. He explained that TriState is based in Ohio, but has a large presence in Pittsburgh. According to Mr. Lazzaro: “They’re not an individual or a consumer institution at all. They’re entirely commercial and business oriented.”
- Mr. Lazzaro continued with his report. The first quarter of 2023 was in the black. As of April 1<sup>st</sup>, EIT revenue for Dauphin County was up by \$1.8 million. That is a 4.1% increase over 2022. Compliance and delinquent enforcement were key factors in this increase. Between January and April of 2023, \$1,155,020 delinquent fees have been collected by Keystone for Dauphin County. Mr. Lazzaro added: “That represents a lot of previously unreported income.”
- Mr. Lazzaro concluded his remarks by informing the TCC that Keystone has expressed to Chairperson Seeds its interest in renewing the current contract, which will expire on December 31, 2024.
- The TCC discussed cancellation of the TCC meeting scheduled for July 19, 2023 – A motion was made and seconded to cancel such meeting – accepted and APPROVED.
- Meeting adjourned at approximately 7:10 p.m.
- The TCC then held an executive session to obtain the advice of legal counsel on pending contract matters with Keystone Collections Group and communications with DCED re Act 32. Chairman Seeds provided material information on both matters to the TCC during the executive session, and the solicitor provided his advice upon receiving that information.