



Research Summary

Pennsylvania Economy League

CENTRAL DIVISION

December 2000

A RARE OPPORTUNITY TO SAVE ON REAL ESTATE TAX COLLECTION COSTS IN BOROUGHES, TOWNSHIPS, AND SCHOOL DISTRICTS

COMPOSITE SUMMARY

The fundamental objectives of any tax collection system should be the prompt, safe, and most efficient, economical, and honest collection of all taxes due. Pennsylvania's system for collecting real estate taxes does not meet all these objectives. It is basically unchanged from a century ago and is generally regarded as archaic.

Without changes in state legislation, local officials can directly influence the real estate tax collection system only by modifying the method and/or rate of compensation of their tax collectors. This is a once-in-four-years opportunity which exists until February 15, 2001; it should not be missed.

Data gathered directly from municipalities and school districts indicate that 366 of the boroughs and townships in a ten-county area of central and eastern Pennsylvania (Berks, Cumberland, Dauphin, Lackawanna, Lancaster, Lehigh, Luzerne, Lycoming, Northampton, and York) collected \$103.8 million in real estate taxes in 1999 and compensated their elected tax collectors more than \$1.6 million, while 79 of the school districts in these counties collected \$871.8 million and compensated their elected tax collectors almost \$2.4 million. Compensation for collecting borough and township real estate taxes totaled 1.58 percent of the taxes collected; compensation for collecting school district taxes was 0.27 percent of the taxes collected.

Reported compensation as a percentage of taxes collected in the boroughs and townships included in this study ranged from 0.20 percent to 17.22 percent. In the school districts the range was from 0.02 percent to 1.50 percent.

If all boroughs and townships collected their 1999 real estate taxes at a cost of compensation equal to the lowest reported cost in their county, and school districts did likewise, annual savings of \$1,246,710 and \$1,573,410, respectively, would have resulted. Combined, the annual savings in the cost of collecting borough, township, and school district real estate taxes in these counties would be \$2,820,120.

While it may be unrealistic to expect that all taxing jurisdictions will reach this goal, it is clear that there is substantial opportunity for making significant reductions in real estate tax collection costs in the boroughs, townships, and school districts in this ten-county area.

INTRODUCTION

Most municipalities have an elected official who, by virtue of the position, acts as collection agent for all current real estate taxes levied in that municipality whether the taxing authority is the county, school district, or municipality. Exceptions may exist in home rule counties like Lackawanna and Northampton, where the county government has opted to collect its taxes directly; in second class counties and counties subject to special legislation, such as those covered by the “Venango Act” of 1851; in third class cities where some counties have opted to collect their taxes through the county treasurer’s office; in municipalities with home rule charters or optional plans of government which have eliminated this position; and in jurisdictions where no one has sought election to this position or the elected collector has refused or “resigned” from the responsibility of collecting the taxes of one of the taxing jurisdictions—commonly because he or she believed the compensation was too low. In these cases the taxing authorities directly receive their taxes or have delegated this responsibility to banks or other agents.

In addition to the real estate tax, elected tax collectors (or treasurers) also collect taxes levied by the taxing jurisdictions under the respective codes (per capita, residence, and occupation). Taxes levied under Act 511 (earned income, occupational privilege, and so forth) need not be collected by the elected tax collectors (or treasurers). Local governments imposing taxes under Act 511 have broad flexibility in the selection of the collection agent, and some have established joint or centralized collection arrangements involving other taxing jurisdictions.

The methods and rates of compensation for elected tax collectors are determined by ordinance or resolution of each taxing body prior to February 15 of the year in which the tax collectors are elected. Taxing jurisdictions may not alter the established rates of compensation during the four-year term of office of the tax collector or treasurer. The next election for tax collectors and treasurers is in 2001; therefore, an opportunity for change is at hand.

In January and again at mid-year, PEL issued newsletters alerting public officials and taxpayers that a once-in-four-years opportunity to reduce real estate tax collection costs was approaching and that they needed to begin to do their homework so that they could make the best of this rare cost-saving opportunity. This report complements these “alerts,” demonstrates ways to control tax collection costs, and identifies the potential for annual savings without negatively affecting the tax collection process. Specifically, the report is designed to highlight the cost in terms of direct compensation (i.e., commissions, salaries, or other forms of remuneration) for collecting real estate taxes in boroughs, townships, and school districts in ten central and eastern Pennsylvania counties: Berks, Cumberland, Dauphin, Lackawanna, Lancaster, Lehigh, Luzerne, Lycoming, Northampton, and York. (Each of these counties was the subject of a separate, more detailed PEL examination of tax collection costs.)

The figures on taxes collected and compensation paid which are presented in this study were gathered using a brief survey form which was mailed to each borough, township, and school district in each of the ten counties. It was designed to identify the methods and rates of compensation of their elected tax collector, total real estate taxes collected in 1999, the compensation paid, and other relevant data. The figures utilized in this study are “as reported” by the respective municipal and school

officials—not by the individual tax collectors. The same approach was utilized in 1996. But, in carrying out prior studies of this type, data were obtained directly from the reports of tax collectors filed with the Pennsylvania Department of Community Affairs. These reports listed, among other items, the amount of taxes collected for each jurisdiction, compensation paid, and expenses incurred. Act 48 of 1994 repealed the requirement that tax collectors annually file these reports with the Department. More recent legislation (Act 169 of 1998) requires that tax collectors regularly file reports with the taxing jurisdictions they serve detailing the taxes collected using standard forms provided by the Department of Community and Economic Development. However, these reports were not available in time to aid in PEL's analysis.

PEL wishes to acknowledge the cooperation of each of the municipalities and school districts which participated in the data gathering phase of this study.

In addition to providing direct compensation, taxing jurisdictions generally underwrite many of the costs incurred by tax collectors including postage, printing, and stationery, as well as the premiums on the tax collectors' bonds, and are responsible for the employer's share of social security costs. These expenses are not included in this study as part of the cost of collecting taxes. It should also be noted that in some cases tax collectors incur costs for which they are not reimbursed by the taxing bodies. In these cases the total compensation figures cited in this report would be offset by the unreimbursed expenses, and, therefore, the figures would not be fully comparable with those of tax collectors who have all their costs reimbursed. The costs of compensation presented in this report, however, clearly reflect the amounts which were reported by the municipalities and school districts to have been paid to the elected tax collectors for the collection of real estate taxes in 1999.

It should also be noted that in some cases real estate tax collections and the corresponding compensation reported to PEL may have included data on per capita, occupation, and/or other taxes or charges, such as garbage fees or street light assessments. References to real estate tax collections and compensation should be understood to include some per capita, occupation, and/or other taxes, fees, or charges in those cases where the collections and compensation were combined. Some of the data reported to PEL may also include prior years' and/or delinquent taxes, penalties, and interest.

**METHODS AND RATES OF COMPENSATION FOR COLLECTING
BOROUGH AND TOWNSHIP REAL ESTATE TAXES**

While data were sought on the real estate taxes collected and compensation paid in each of the 496 boroughs and townships in the ten-county area, this study covers only 366. Fifteen municipalities did not levy real estate taxes in 1999, in 32 cases special circumstances prevented use of collection and compensation data, in 13 instances the information provided proved to be insufficient or incomplete, and in 70 cases municipal officials did not respond to PEL's request for data. The 14 cities in the ten counties were excluded because of the nature of the traditional tax collection mechanism in cities or because of the terms of a home rule charter or an optional plan of government.

The primary method of compensation for 253 of the 366 borough and township tax collectors which are covered in this study was commission; 59 were paid a salary; 42 were paid on a per bill basis; and for 12 the compensation was based on a combination of these methods.

Reported commissions in boroughs and townships ranged from 0.33 percent to 10.00 percent and may vary depending on whether collections occur during the discount, face, or penalty periods, or whether taxes are from prior years. For those compensated exclusively on a per bill basis, the reported range was from 35 cents to \$4.00 for each bill processed—the median per bill compensation was \$1.40. Some municipalities may base compensation on a sliding scale according to the volume of taxes collected or tax bills handled, and some, after establishing their rates of compensation, may place “caps” on the total compensation that can be paid to the tax collectors. (The same may be true for school districts.)

The total reported compensation paid to the tax collectors in the 366 municipalities (for which data were available and could be used) for collecting \$103,827,123 in municipal real estate taxes in 1999 was \$1,643,462. The average (mean) compensation as a percentage of total real estate taxes collected was 1.58 percent—down from 1.65 percent in 1995, 2.19 percent in 1991, 2.05 percent in 1987, and 2.19 percent in 1983. (The 1983, 1987, 1991, 1995, and 1999 figures may represent a slightly different number and mix of tax collectors.) The averages in the individual counties ranged from 0.91 percent in Lehigh to 2.39 percent in Lycoming. Compensation as a percentage of taxes collected in individual municipalities ranged from 0.20 percent to 17.22 percent. (See Exhibit I.)

Many factors affect the compensation a jurisdiction pays to collect each real estate tax dollar. These include the volume of taxes, the method and rate of compensation of the tax collector, and the promptness of the taxpayers. However, review of data contained in this series of studies clearly suggests that there is a strong relationship between the method of compensating tax collectors and the relative cost of collection.

In the 253 municipalities which paid their tax collectors on a commission basis in 1999, compensation as a percentage of taxes collected was higher than in those which compensated on any other basis identified—2.65 percent. For those municipalities that paid a salary, the corresponding figure was 0.78 percent; for those which compensated on a per bill basis, 1.18 percent; and for those that based compensation on a combination of methods, 1.00 percent. Those paying a commission had an average cost of compensation which was almost two-thirds higher than the overall average and more than three times higher than the average for those that paid a salary. Those that paid on a per bill basis had compensation costs which were about three-fourths of the average for all boroughs and townships. (See Table 1 and Exhibit I.)

Table 1

**Real Estate Taxes Collected and Compensation Paid by Method of Compensation
Boroughs and Townships in Ten Central and Eastern Pennsylvania Counties**

1999

Primary Method of Compensation	# of Municipalities	Taxes Collected	Compensation	
			Amount Paid	As a % of Taxes Collected
Commission	253	\$ 40,493,822	\$1,071,250	2.65%
Salary	59	41,171,976	320,159	0.78
Per Bill	42	16,808,928	198,347	1.18
Combination	<u>12</u>	<u>5,352,397</u>	<u>53,706</u>	1.00
All Municipalities	366	\$103,827,123	\$1,643,462	1.58%

**METHODS AND RATES OF COMPENSATION FOR COLLECTING
SCHOOL REAL ESTATE TAXES**

Data were sought for 511 tax collectors serving the 114 school districts in the ten counties. However, this study covers only 354 tax collectors and 79 school districts. Six school districts which are coterminous with cities were excluded because of the nature of the traditional tax collection mechanism in cities; 12 districts were excluded because they do not utilize the elected tax collectors (they receive their taxes directly or use banks or other agents); two districts were excluded because of special circumstances; in two instances the information provided proved to be insufficient or incomplete; and 13 other districts were excluded because school officials did not respond to PEL's request for data. In addition, for some of the 79 school districts for which data were included in this study, figures of at least one tax collector were excluded because of special circumstances; in some cases these exclusions may represent a substantial portion of the district's collections.

In 52 of the 79 school districts covered in this study, elected tax collectors were compensated on a per bill basis; 15 districts paid a salary; just two paid a commission; and ten used a combination of methods. Reported per bill compensation (when it was the exclusive method used) ranged from 15 cents to \$4.00 for each bill—the median per bill compensation was \$1.70. Reported commissions ranged from 0.75 percent to 1.50 percent and may vary during each collection period (discount, face, penalty, etc.).

The total reported compensation paid to the 354 tax collectors serving the 79 school districts for which data were available and could be used was \$2,371,251 for collecting \$871,819,914 in real estate taxes in 1999. The average compensation as a percentage of taxes collected was 0.27 percent

(down from 0.28 percent in 1995, 0.38 percent in 1991, 0.50 percent in 1987, and 0.68 percent in 1983). (The 1983, 1987, 1991, 1995, and 1999 figures may represent a slightly different number and mix of school districts and tax collectors.)

In the 52 school districts in this sample which paid their tax collectors on a per bill basis in 1999, compensation as a percentage of taxes collected was 0.26 percent—slightly lower than the average for any other method identified and lower than the overall average. The average for those paying a salary was 0.27 percent; for those which used a combination of methods, the average was 0.28 percent; and for those districts with commissioned collectors, the corresponding figure was 1.02 percent—almost four times the average compensation for all school districts. (See Table 2 and Exhibit II.)

Table 2

Real Estate Taxes Collected and Compensation Paid by Method of Compensation
School Districts in Ten Central and Eastern Pennsylvania Counties
 1999

Primary Method of Compensation	# of School Districts	Taxes Collected	Compensation	
			Amount Paid	As a % of Taxes Collected
Commission	2	\$ 7,764,455	\$ 79,198	1.02%
Salary	15	144,175,831	382,670	0.27
Per Bill	52	544,927,951	1,413,293	0.26
Combination	<u>10</u>	<u>174,951,677</u>	<u>496,091</u>	0.28
All Districts	79	\$871,819,914	\$2,371,251	0.27%

WHAT CAN BE DONE TO CONTROL TAX COLLECTION COSTS?

Only changes in state law will permit the centralized collection of all municipal, school, and county real estate and other code taxes, which unquestionably would be much more reliable and cost-effective than the present system. Under existing law, the easiest way to bring about reductions in cost is for taxing jurisdictions to adjust the method and/or rate of compensation.

If all boroughs and townships in each of the ten counties studied collected their 1999 taxes at a cost of compensation equal to the lowest reported cost in their county, an annual savings of \$1,246,710 would have resulted. The range in potential savings is from \$66,621 in Lycoming County to \$232,116 in Berks County. Similarly, if all school districts in each county collected their 1999 taxes at a cost of compensation equal to the lowest reported cost in their county, annual savings of \$1,573,410 would

have resulted. The range in potential savings for school districts is from \$731 in Lancaster County (where most districts already collect their taxes directly) to \$327,581 in York County.

The compensation paid to elected tax collectors by the boroughs, townships, and school districts covered in this report totaled \$4,013,883 in 1999. If all boroughs and townships in each county collected their 1999 taxes at a cost of compensation equal to the lowest reported cost in their county, and school districts did likewise, a combined annual savings of \$2,820,120 would have resulted. The range in combined potential savings is from \$93,028 in Lancaster County to \$551,065 in York County. While it may be unrealistic to expect that all taxing jurisdictions will reach this goal, it is clear that there is substantial opportunity for making significant reductions in real estate tax collection costs in the boroughs, townships, and school districts in this ten-county area and, likely, in most other counties throughout the Commonwealth. **(The cost of collecting county taxes in the areas covered by this overview is the subject of a separate PEL report.)** (See Exhibit V.)

The cost of collecting each \$100 of real estate taxes in these ten counties has declined significantly since PEL issued its first analysis of this type. The unit cost of collecting borough and township taxes decreased by more than one-quarter from 2.19 percent in tax year 1983 to 1.58 percent in 1999; the unit cost of collecting school district taxes has dropped by almost two-thirds from 0.67 percent to 0.27 percent during this period. (While the decrease in the unit cost is strongly influenced by changes in the methods and/or rates of compensation, the rise in the volume of taxes levied is also a factor.)

Had there been no change in the unit cost of collecting each \$100 of borough and township real estate taxes in these counties since tax year 1983, the current cost would be approximately 40 percent higher; had there been no change in the unit cost of collecting each \$100 of school district real estate taxes during this period, the current cost would be more than 150 percent higher. More significantly, the cumulative cost of collecting borough and township real estate taxes in the interim years would have been about \$12 million greater, and the cumulative cost of collecting school district real estate taxes would have been almost \$50 million higher.

Combined, current real estate tax collection costs in 1999 would have been higher by about \$4.4 million, and the cumulative costs to taxpayers from the mid-1980s through 1999 would have been about \$62 million higher. Clearly, PEL's periodic analyses and "calls for action" combined with the positive response on the part of municipal and school officials have produced significant savings for the taxpaying public in these counties.

During the past two decades some jurisdictions—particularly school districts, but many boroughs and townships and some counties—have concluded that they could collect their taxes at lower unit costs than they were paying their elected tax collectors and have set their rates of compensation accordingly. Some tax collectors have responded by refusing to collect taxes for these jurisdictions at the established levels of compensation and have "resigned" from this responsibility. As a result, some jurisdictions directly collect their taxes, while others have arranged for the school district or the county government to collect them, or have delegated responsibility to banks or other agents. In so doing, they have improved efficiency, provided for the safety of their assets, enhanced liquidity and interest earnings,

improved reporting, reduced auditing and bonding costs, and realized significant savings. By far the greatest number of examples of this approach exist in Lancaster County where almost one-half of the municipalities and three-fourths of the school districts collect their taxes in this manner.

Another cost-saving approach involves the elimination of the elected tax collector through the adoption of a home rule charter or optional plan of government. Municipalities which have taken this approach have significantly reduced tax collection costs—in fact some actually show a modest “profit” in carrying out this function. Similarly, Lackawanna and Northampton counties—both of which have Home Rule Charters—have opted to collect their county taxes directly at sizable reductions in costs.

HOW SHOULD YOU GO ABOUT ADJUSTING THE METHOD AND RATE OF COMPENSATION FOR YOUR TAX COLLECTOR?

- Find out how your compensation costs compare with others.
- Find out why some can collect taxes at lower compensation costs.
- Find out if a change in the method and/or rate of compensation for your tax collector is justified and which method and rate would be most cost-effective.

In considering these questions, it is important to remember that too often the compensation of tax collectors is not related to their responsibilities or workloads. Commissions, for example, are based not on the number of taxables but on the value of the taxables and the tax rate. If commissions are not “capped,” tax rate increases can produce increased compensation without any change in workload. Large tax bills netting large commissions cost no more to handle than small ones. Salary and per bill compensation are more logical and have generally proved to be less costly than commissions.

When it has been determined that a change in the method and/or rate of compensation of the tax collector is justified, the taxing jurisdiction should initiate appropriate action in keeping with the terms of the Local Tax Collection Law (72 P.S. 5511.36a) which states that changes in tax collectors’ compensation should be made by ordinance or resolution finally passed or adopted prior to February 15 of the year in which the tax collectors will be elected. Such action must also be consistent with the terms, conditions, and procedures outlined in the respective borough, township, or school district codes.

No matter what type of jurisdiction is involved, all appropriate steps should be taken far enough in advance to ensure that all required actions are completed and that the ordinance or resolution is “finally adopted” prior to February 15, 2001.

This report should help public officials to better meet their responsibility to ensure that the functions of their governmental units are carried out in the most cost-effective manner. PEL will join with concerned taxpayers in monitoring the response of all taxing jurisdictions to the data put forth in this report and will remain alert to opportunities to make changes in Pennsylvania’s tax collection law to allow for more modern and less costly real estate tax collection methods.

**REMEMBER, FINAL ACTION BY LOCAL TAXING JURISDICTIONS
MUST BE TAKEN PRIOR TO FEBRUARY 15, 2001.**



The Pennsylvania Economy League is a 64-year old nonprofit, nonpartisan organization which serves as a catalyst for the increased effectiveness of state government, and also for the adoption of state policies and programs which will improve the state's economy and encourage economic development in order to improve the quality of life for the citizens of Pennsylvania. At the local level PEL works to improve government by bringing about the sound financing and the most cost-effective delivery of necessary public services. To these ends, PEL encourages and assists officials of Pennsylvania's state and local governments in formulating and implementing sound policies and practices through its program of professional and unbiased research in government finance and management. PEL's efforts are made possible by the voluntary tax deductible memberships of more than 1,000 individuals, businesses, institutions, and associations in the counties covered in this analysis and throughout Pennsylvania.

EXHIBIT I

Summary of Real Estate Taxes Collected, Compensation Paid, and Compensation as a Percentage of Taxes Collected
Boroughs and Townships in Ten Central and Eastern Pennsylvania Counties

1999

County	Number of Municipalities		Real Estate Taxes Collected ^{2/}	Compensation Paid ^{2/}	Compensation as a Percentage of Taxes Collected		
	In County	Included in Study ^{1/}			Lowest	Highest	Average
Berks	75	62	\$ 16,415,233	\$ 286,217	0.33%	7.00%	1.74%
Cumberland	33	26	6,950,518	110,885	0.54	12.34	1.04
Dauphin	40	30	11,217,268	123,260	0.50	17.22	1.10
Lackawanna	40	28	5,583,138	126,989	0.58	5.94	2.27
Lancaster	60	27	11,705,982	115,709	0.20	5.66	0.99
Lehigh	24	19	16,209,202	147,055	0.21	5.65	0.91
Luzerne	76	51	6,666,048	134,688	0.30	7.28	2.02
Lycoming	52	37	3,310,907	80,033	0.38	10.00	2.39
Northampton	38	27	10,747,807	193,000	0.22	5.84	1.80
York	<u>72</u>	<u>59</u>	<u>15,021,020</u>	<u>325,626</u>	0.68	8.86	2.17
Total	510	366	\$103,827,123	\$1,643,462	0.20%	17.22%	1.58%

^{1/} Figures of some municipalities had to be excluded. For example, cities were excluded because of the nature of the traditional tax collection mechanism in cities. Also excluded were municipalities that did not levy real estate taxes in 1999, those where special circumstances prevented use of collection and compensation data, those whose data proved to be insufficient or incomplete, and those where municipal officials did not respond to PEL's request for data.

^{2/} Real estate tax collections and the corresponding compensation of tax collectors may include data on per capita, occupation, and/or other taxes or charges, such as, garbage fees or street light assessments. References to real estate tax collections and compensation should be understood to include other taxes or charges in some cases. Tax collectors may receive additional compensation for collecting other taxes.

SOURCE: Survey form mailed by PEL to municipal officials; responses are "as reported" on survey forms returned to PEL by October 31, 2000.

EXHIBIT II

Method of Compensation and Compensation as a Percentage of Real Estate Taxes Collected ^{1/}
Boroughs and Townships in Ten Central and Eastern Pennsylvania Counties
 1999

<u>County</u>	<u>Number of Municipalities</u>		<u>Number of Municipalities By Method of Compensation</u>				<u>Compensation as a Percentage of Taxes Collected by Method of Compensation</u>				
	<u>In County</u>	<u>Included in Study ^{2/}</u>	<u>Comm.</u>	<u>Salary</u>	<u>Per Bill</u>	<u>Mixed</u>	<u>Comm.</u>	<u>Salary</u>	<u>Per Bill</u>	<u>Mixed</u>	<u>Average</u>
Berks	75	62	43	7	11	1	2.49%	0.72%	1.45%	3.15%	1.74%
Cumberland	33	26	19	7	—	—	2.52	1.14	—	—	1.60
Dauphin	40	30	16	7	5	2	3.55	1.03	0.88	0.58	1.10
Lackawanna	40	28	20	4	4	—	3.66	0.74	1.34	—	2.27
Lancaster	60	27	16	1	8	2	2.31	0.20	0.94	0.62	0.99
Lehigh	24	19	9	7	3	—	2.20	0.49	1.19	—	0.91
Luzerne	76	51	32	15	3	1	3.45	0.99	3.95	7.28	2.02
Lycoming	52	37	32	2	3	—	3.27	1.45	1.61	—	2.39
Northampton	38	27	18	6	—	3	2.15	1.00	—	1.75	1.80
York	<u>72</u>	<u>59</u>	<u>48</u>	<u>3</u>	<u>5</u>	<u>3</u>	2.69	1.29	1.19	1.90	2.17
Total	510	366	253	59	42	12	2.83%	0.90%	1.26%	1.53%	1.70%

^{1/} Real estate tax collections and the corresponding compensation of tax collectors may include data on per capita, occupation, and/or other taxes or charges, such as, garbage fees or street light assessments. References to real estate tax collections and compensation should be understood to include other taxes or charges in some cases. Tax collectors may receive additional compensation for collecting other taxes.

^{2/} Figures of some municipalities had to be excluded. For example, cities were excluded because of the nature of the traditional tax collection mechanism in cities. Also excluded were municipalities that did not levy real estate taxes in 1999, those where special circumstances prevented use of collection and compensation data, those whose data proved to be insufficient or incomplete, and those where municipal officials did not respond to PEL's request for data.

SOURCE: Survey form mailed by PEL to municipal officials; responses are "as reported" on survey forms returned to PEL by October 31, 2000.

PEL:CD December 2000

EXHIBIT III

Summary of Real Estate Taxes Collected, Compensation Paid, and Compensation as a Percentage of Taxes Collected

School Districts in Ten Central and Eastern Pennsylvania Counties

1999

County	Number of School Districts		# of Member Municipalities		Real Estate Taxes Collected ^{3/}	Compensation Paid ^{3/}	Compensation as a Percentage of Taxes Collected		
	In County	Included in Study ^{1/}	In S.D.	Included In Study ^{2/}			Lowest	Highest	Average
Berks	18	14	81	74	\$171,751,752	\$ 306,103	0.08%	0.41%	0.18%
Cumberland	9	8	39	27	117,034,009	417,418	0.16	0.59	0.36
Dauphin	10	7	35	28	86,941,714	161,653	0.04	1.50	0.19
Lackawanna	10	6	36	23	36,071,938	159,401	0.13	0.75	0.44
Lancaster	16	2	58	5	8,212,760	2,374	0.02	0.03	0.03
Lehigh	9	6	25	18	87,075,890	134,836	0.03	0.33	0.15
Luzerne	11	10	80	59	91,498,382	372,907	0.17	0.79	0.41
Lycoming	8	8	50	46	33,556,538	134,561	0.07	0.99	0.40
Northampton	8	7	38	22	103,324,777	231,700	0.06	0.39	0.22
York	<u>15</u>	<u>11</u>	<u>69</u>	<u>52</u>	<u>136,352,154</u>	<u>450,298</u>	0.09	0.72	0.33
Total	114	79	511	354	\$871,819,914	\$2,371,251	0.02%	1.50%	0.27%

^{1/} Figures of some school districts had to be excluded. For example, six districts which are coterminous with cities were excluded because of the nature of the traditional tax collection mechanism in cities. Also, 12 districts were excluded because they do not utilize elected tax collectors (they receive their taxes directly or use banks or other agents); two districts were excluded because of special circumstances; in two instances the information provided proved to be insufficient or incomplete; and 13 others were excluded because school officials did not respond to PEL's request for data.

^{2/} Figures of some municipalities within the districts included in this study had to be excluded. For example, cities were excluded because of the nature of the traditional tax collection mechanism in cities. Also excluded were municipalities where special circumstances existed. In some cases these exclusions may represent a substantial portion of the district's collections.

^{3/} Real estate tax collections and compensation may include data on per capita, occupation, and/or other taxes. As such, references to real estate tax collections and compensation should be understood to include other taxes in some cases. Tax collectors may receive additional compensation for collecting other taxes.

SOURCE: Survey form mailed by PEL to school district officials; responses are "as reported" on survey forms returned to PEL by October 31, 2000.

PEL:CD December 2000

EXHIBIT IV

Method of Compensation and Compensation as a Percentage of Real Estate Taxes Collected^{1/}

School Districts in Ten Central and Eastern Pennsylvania Counties

1999

County	Number of School Districts		# of Member Municipalities		Number of School Districts By Method of Compensation				Compensation as a Percentage of Taxes Collected by Method of Compensation				
	In County	Included in Study ^{2/}	In S.D.	Included in Study ^{3/}	Comm.	Salary	Per Bill	Mixed	Comm.	Salary	Per Bill	Mixed	Average
Berks	18	14	81	74	–	–	13	1	– %	– %	0.18%	0.15%	0.18%
Cumberland	9	8	39	27	–	2	3	3	–	0.25	0.48	0.34	0.36
Dauphin	10	7	35	28	1	1	4	1	1.50	0.23	0.11	0.14	0.19
Lackawanna	10	6	36	23	1	2	3	–	0.75	0.13	0.48	–	0.44
Lancaster	16	2	58	5	–	–	2	–	–	–	0.03	–	0.03
Lehigh	9	6	25	18	–	2	2	2	–	0.12	0.13	0.28	0.15
Luzerne	11	10	80	59	–	3	6	1	–	0.34	0.36	0.79	0.41
Lycoming	8	8	50	46	–	–	7	1	–	–	0.43	0.17	0.40
Northampton	8	7	38	22	–	1	5	1	–	0.25	0.22	0.24	0.22
York	<u>15</u>	<u>11</u>	<u>69</u>	<u>52</u>	<u>–</u>	<u>4</u>	<u>7</u>	<u>–</u>	<u>–</u>	<u>0.33</u>	<u>0.33</u>	<u>–</u>	<u>0.33</u>
Total	114	79	511	354	2	15	52	10	1.13%	0.24%	0.28%	0.30%	0.27%

^{1/} Real estate tax collections and the corresponding compensation of tax collectors may include data on per capita, occupation, and/or other taxes. As such, references to real estate tax collections and compensation should be understood to include other taxes in some cases. Tax collectors may receive additional compensation for collecting other taxes.

^{2/} Figures of some school districts had to be excluded. For example, six districts which are coterminous with cities were excluded because of the nature of the traditional tax collection mechanism in cities. Also, 12 districts were excluded because they do not utilize elected tax collectors (they receive their taxes directly or use banks or other agents); two districts were excluded because of special circumstances; in two instances the information provided proved to be insufficient or incomplete; and 13 others were excluded because school officials did not respond to PEL's request for data.

^{3/} Figures of some municipalities within the districts included in this study had to be excluded. For example, cities were excluded because of the nature of the traditional tax collection mechanism in cities. Also excluded were municipalities where special circumstances existed. In some cases these exclusions may represent a substantial portion of the district's collections.

SOURCE: Survey form mailed by PEL to school district officials; responses are "as reported" on survey forms returned to PEL by October 31, 2000.

EXHIBIT V

Potential Savings in Tax Collector's Compensation Resulting From Adjustments in Methods and Rates of Compensation^{1/}
Boroughs, Townships, and School Districts in Ten Central and Eastern Pennsylvania Counties
 1999

County	Boroughs and Townships		School Districts		Combined Municipal and School	
	Compensation	Potential Savings	Compensation	Potential Savings	Compensation	Potential Savings
Berks	\$ 286,217	\$ 232,116	\$ 306,103	\$ 168,702	\$ 592,320	\$ 400,817
Cumberland	110,885	73,353	417,418	230,164	528,303	303,516
Dauphin	123,260	67,173	161,653	126,877	284,913	194,050
Lackawanna	126,989	94,607	159,401	112,507	286,390	207,114
Lancaster	115,709	92,297	2,374	731	118,083	93,028
Lehigh	147,055	113,015	134,836	108,713	281,891	221,728
Luzerne	134,688	114,689	372,907	217,360	507,595	332,049
Lycoming	79,202	66,621	134,561	111,072	213,763	177,693
Northampton	193,000	169,355	231,700	169,705	424,700	339,060
York	<u>325,626</u>	<u>223,484</u>	<u>450,298</u>	<u>327,581</u>	<u>775,925</u>	<u>551,065</u>
Total	\$1,642,632	\$1,246,710	\$2,371,251	\$1,573,410	\$4,013,883	\$2,820,120

^{1/} Based on all boroughs and townships collecting their real estate taxes at a cost of compensation equal to the lowest reported cost in their county, and school districts doing likewise. The compensation listed for collecting real estate taxes may include compensation for collecting per capita, occupation, and/or other taxes or charges, such as, garbage fees or street light assessments. Tax collectors may receive additional compensation for collecting other taxes.