

**MERCER COUNTY TAX COLLECTION COMMITTEE**  
**Tax Collector RFP**  
**JUNE 29, 2010**

The Tax Collection Committee requests proposals for tax collection services according to the following terms.

**A. Taxes for which Services are Requested**

1. **Earned Income Tax** – Attachment A is a list showing tax rates levied by the school districts and municipalities within our TCD and the approximate amount of tax collected in the most recent fiscal year. The list includes applicable low income exemption amounts A list of minor variations between districts is attached.
2. **Local Services Tax(LST)/Occupational Tax(OP)** – It is anticipated that some school districts and municipalities may desire the tax collector to collect the local services tax, but they are not known at this time. Attached is a list showing tax rates levied by the school districts and municipalities and the approximate amount of tax collected in the most recent fiscal year. Sample tax enactments from those school districts and municipalities will be provided when they are identified. Low income exemptions were not available for most municipalities.
3. **Business Privilege/Mercantile Tax** – It is anticipated that some school districts and municipalities may desire the tax collector to collect the business privilege/mercantile tax, but they are not known at this time. Attached is a list showing tax rates levied by the school districts and municipalities and the approximate amount of tax collected in the most recent fiscal year. Sample tax enactments from those school districts and municipalities will be provided when they are identified.
4. Services should include collection of current and delinquent taxes.
5. The attached TCC Tax Collection Agreement form is an integral part of this RFP and should be reviewed carefully.

**B. Time for Commencement of Services**

1. Commencement of services. Tax collection services will commence January 1, 2012. Tax collector may be responsible to process 2011 tax returns filed in 2012.
2. Contract term. You are requested to provide alternate terms for contracts of 3, 4, and 5 years.

**C. Proposal Format and Submission Requirements**

1. Provide 5 copies plus one electronic copy in a .pdf format on a CD.
2. Proposal due July 20, 2010
3. Direct any questions and submit proposals to:

Gary E. Hittle, Chairman, Administrative Committee  
Mercer County Tax Collection Committee  
278 South Mercer Street  
Greenville, PA 16125

Telephone: 724-588-5032  
Fax: 724-588-6907  
E-Mail: hhempfieldtowns@neo.rr.com

D. **Tentative Timetable for RFP Decision making**

Proposal due date	July 20, 2010
TCC evaluation of proposals	July, 2010
TCC selection of finalists	July/Aug, 2010
TCC site visits	July/Aug, 2010
TCC appointment of tax collector	September 15, 2010

E. **Proposal Minimum Content Requirements**

1. Cover Letter. The cover letter should be signed by a principal of the firm.
2. Firm Background and Contact Information. Provide the following information (one page):
  - a. Firm name, address, telephone number, fax number, e-mail address, and website address.
  - b. Contact person name and title.
  - c. Firm officer and director names and addresses.
  - d. Legal structure of the firm (e.g., corporation or limited liability company).
  - e. Date of incorporation or organization.
3. Firm Overview. Provide a brief overview of your firm, including types of taxes collected, number of years providing tax collection services, total tax revenue collected for each type of tax in the last 5 years, and number of employees.
4. Firm Distinguishing Characteristics. Provide a summary of characteristics that distinguish and differentiate your firm, and why the TCC should select your firm, including any promotional material you wish the TCC to consider.
5. Firm Offices. It is required that the firm providing tax collection services have a presence within the TCD. Please provide a list of current and proposed locations intended to provide service to the TCD.
6. Site Visits. It is important the TCC be able to tour and observe the offices your firm uses to provide tax collection services. Please indicate whether your firm will allow the TCC to tour and observe your offices and operations.
7. Key Employees. Provide a list and resume or other statement of qualifications of key employees, including the individuals who will be the TCC primary and secondary contact persons and other individuals who perform key roles in the tax collection process.
8. Other RFP Responses. Provide a list of other tax collection committee RFPs to which your firm has responded or plans to respond.

9. Business Volume Capacity. The TCC is concerned about the capacity of tax collection agencies to handle the expanded volume of business that might result from county-wide collection under Act 32. Please address thoroughly your capacity to handle effectively all tax collection services for current clients and clients for which you have or will be making proposals, including details of any planned steps to add people, facilities, or other resources.
10. Conflicts of Interest. Provide a summary on any relationships or interests your firm or its officers, directors, employees or owners might have with the TCC, its constituent taxing authorities or their officers, directors, or employees. Also without limiting the foregoing, are there any family relationships between officers, directors, employees, or owners of your firm and the officers, directors, employees, or owners of your auditing firm or any other provider of service to your firm? Pursuant to Act 32, such relationships or interests may not necessarily pose an impermissible conflict of interest, but the TCC desires to have such relationships and interests made public before any selection is made.
11. Detailed Background and Operating Information. In addition to the information provided above, please address:
- a. Does your firm meet all tax collector qualifications and requirements established by DCED under Act 32?
  - b. Your knowledge of Act 32, changes to your current procedures that will be required as a result of Act 32, special challenges you foresee in collecting taxes under Act 32, and measures you are taking to address any special challenges.
  - c. Your use of technology in collecting taxes and interacting with taxing authorities, employers, taxpayers, and other tax collectors. Please describe in detail your current technological capacity and any proposed technological upgrades to be used in collecting the types of tax you propose to collect. Please specifically address the availability of online filing. Has your technology been modified to accommodate information and reports required under Act 32? Does your technology system comply with all Best Practices listed in the DCED document titled: "Act 32 Collection Project Document # 5: Final Report on EIT Collection Practices,"(Attachment B). Please identify any of the Best Practices with which your technology system does not comply.
  - d. Your procedures to ensure taxes are collected from all taxpayers owing tax, including your system that identifies employer and individual taxpayers who fail to file tax returns, and employers or individual taxpayers whose returns are audited. Please provide the following information:
    - Annual number of non-filers identified who failed to file required returns.
    - Annual number of employer and individual taxpayer audits conducted.
    - Annual number of criminal prosecutions.
    - Annual number of civil collection proceedings filed (with separate breakdown of district justice and county court filings).
    - Annual number of district justice judgments transferred to court to establish lien.
    - Annual number of judgments reduced to payment plans.

- Annual number of wage attachments filed.
- Your process for handling taxpayers in bankruptcy.
- Other data you deem helpful to show enforcement or delinquent collection steps.

Please also provide information on your rate of success under each category.

- e. Your procedures to ensure collection of all taxes paid by employers or TCC residents through other tax collectors, and to ensure payment of all taxes owed by other tax collectors. Specifically, please describe your procedures for reconciling payments to and from other tax collectors.
- f. Your procedures to ensure that employers and other tax collectors provide sufficient information when employee withholding amounts are remitted, in order to allow prompt distribution to taxing authorities of all funds collected from employers and other tax collectors.
- g. Your procedures to ensure that employers withhold tax at the correct rate.
- h. Your procedures to verify the accuracy of individual low income exemption claims.
- i. Your method of receiving and depositing tax funds remitted by taxpayers, including the length of time between receipt and deposit of a check. Does this time vary at different periods during the year? Does your firm accept credit card payments?
- j. Your procedures for processing employer and individual tax returns, including the average length of time after filing that is required for you to complete processing. Does this time vary at different periods during the year? Please also discuss procedures by which you reconcile filed individual tax returns with employer payments.
- k. Can taxes be paid at financial institutions where you deposit tax funds?
- l. Explain and provide copies of any documents relevant to your “customer services” for taxpayers. Telephone and in-person availability? Hardship and installment payment plan procedures? Other?
- m. Your legal staff or resources to address legal questions relating to tax collection (including identification of procedures and legal counsel used for filing and prosecuting criminal and civil litigation).
- n. Your requirements for your staff who are not attorneys to ensure adequate knowledge of and continuing education on tax law and tax collection processes.
- o. Your plans and arrangements for investment of tax funds. Have you historically segregated tax funds of different taxing authorities in different accounts?
- p. What financial institutions are used for deposit of tax funds? What due diligence steps are taken to ensure the safety of tax fund deposits and investments, including collateralization?

- q. Explain and provide a copy of procedures for complying with the Pennsylvania Taxpayer Bill of Rights.
  - r. Explain and provide samples of reports to taxing authorities and timing and distribution of tax funds, including any changes to your procedures that will be implemented as part of complying with Act 32 and requirements of the Tax Collection Agreement. Are you willing to provide distributions to taxing authorities more frequently than required by Act 32? Weekly distributions? What is the most frequent distribution system you could accommodate?
  - s. Provide a copy of any applicable ethics or other policy for protection of taxing authorities or taxpayers.
  - t. Provide samples of all other forms used in connection with tax collection procedures, including tax returns, tax regulations, delinquent tax collection letter forms, or other information disseminated to taxpayers.
  - u. Explain your procedures to ensure the security and confidentiality of information relating to and provided by taxpayers, including social security numbers and other confidential information. What safeguards and written policies do you have in place to avoid a data breach or other improper disclosure of confidential information? Has your firm ever experienced a data breach involving an unauthorized person obtaining access to confidential information in your possession? In responding to this question, please include any data breach that required notice of breach to affected taxpayers under the Pennsylvania Breach of Personal Information Notification Act, 73 P.S. § 2301 *et seq.*, and also any other breach that did not require such notice. Please provide an explanation of any such data breach.
  - v. Explain your procedures for back-up of records to avoid data loss. Do you have an emergency response continuity of operations plan? If so, please explain and provide a copy of any written policies.
12. Subcontractors and Outsourcing. Identify and explain your use of any subcontractors or outsourcing including any tax functions that are subcontracted or outsourced, in whole or in part, outside Pennsylvania or the United States.
  13. Reference Lists. Provide a list of all taxing authorities for which you collect each type of tax you propose to collect for us, including number of years served, a list of all taxing authorities that have discontinued use of your firm's services in the past 10 years, and contact information for each taxing authority listed.
  14. Litigation and Claims. List any legal proceeding (arbitration, complaint, court action, or investigation) or claim filed, commenced, or made by a school district, municipality, other government body, employer, or taxpayer against your firm within the last 10 years. Please also provide a brief summary of the status or final resolution of any proceeding or claim.
  15. Financial, Insurance, Bonding, and Other Information
    - a. Provide outside of the proposal packet, in a separate envelope, 3 copies of: (1) Your firm's most recent fiscal year end audited financial statements and management letters or other written comments provided by your CPA in connection with the financial

statements. (2) Independent Service Auditor's Report relating to internal controls prepared by your CPA in accordance with SAS No. 70, if any. (3) CPA Background Information per the TCC Tax Collection Agreement § 4(c)(iii). (Please stamp these items "Confidential." The TCC will share this information only as deemed necessary to the evaluation process, with due regard for the confidential nature of this information, or as the TCC solicitor determines is required under the Sunshine Law and Right-to-Know Law.)

- b. Provide information on insurance types and limits that you carry, including employee dishonesty, crime coverage, and cybertheft.
  - c. Identify the insurance company that provides your bonding and provide sample bond form. Please address specifically your bonding capacity limits available through the insurance company that provides your bonding, and also the amount of bonding required for your current clients and clients for which you are making proposals to provide tax collection services (including tax collection committees). What dollar bond amount do you estimate will be required from your firm during the next 2 calendar years for all clients? If applicable, please identify what steps your firm has taken or will take to increase bonding capacity. Has a bonding company ever revoked or reduced the amount of a bond carried by your firm?
  - d. Explain your internal controls to ensure the accuracy of distributions to taxing authorities, and to ensure against loss of funds or inaccurate accounting, and ability to transfer/complete ACH transactions.
  - e. Explain the process you undertake annually to provide taxing authorities an external audit of your finances and tax collection accounts. Please include a sample copy of annual financial/audit information provided to taxing authorities. Please explain changes you will make to this process to comply with Act 32 or the Tax Collection Agreement.
  - f. Has any firm officer, director, or key employee of your firm ever been arrested for, convicted of, or entered a plea of guilty or *nolo contendere* to a criminal charge other than a summary offense? Has any other employee been arrested for, convicted of, or entered a plea of guilty of *nolo contendere* to a criminal charge relating to theft or dishonesty?
  - g. Explain the background checks you perform when employees are hired, and whether background checks are periodically updated.
  - h. Other protections against loss of funds for taxing authorities?
16. Transition Plan. Explain the steps and timetable for transition of tax collection services from the current tax collector or collectors if you are not the current tax collector. Please provide a detailed monthly timeline of the various stages, including the work plan or task list for each stage, and specifically address steps you will take to ensure payment of amounts owed by out-of-jurisdiction tax collectors relating to time periods prior to the effective date of your contract, and also steps you will take to ensure you have sufficient information to collect delinquent taxes owed from time periods prior to the effective date of your contract. Please explain your plan for employer communication to ensure employer compliance with Act 32 requirements.

17. Fees and Charges. List any fees and charges for transition of tax collection services to your firm, for ongoing collection of the tax, or for any other matter.
- a. Transition fees. Explain any fees you will impose for transition, including transition of records from current tax collector, interaction with current tax collector, and any other transition services.
  - b. Non-delinquent tax collection only. Provide the information requested under this Paragraph 17 for non-delinquent tax collection services, provide the following information stated separately for each type of tax.
  - c. Delinquent tax collection only. Provide the information requested under this Paragraph 17 that will apply for delinquent tax collection services.
  - d. Basic collection commission. If the TCC prefers a straight across-the-board percent collection commission for all taxing authorities, what percent commission will apply? Are you willing to provide services for a lump sum annual fee deducted monthly from tax distributions, instead of a percent collection commission? If so, explain the lump sum amount that would be applicable for the first 3 calendar years.
  - e. SAS 70. What additional amount will you charge, if any, if the TCC requires an SAS 70 audit? If there is an extra charge, please specify the amount as a lump sum amount and alternatively as an additional percent collection commission amount.
  - f. Incentive proposal. Are you willing to offer any proposal that would provide an incentive to maximize tax collections? If so, explain.
  - g. Other charges Any other applicable charges? Are postage and mailing charges included in the basic collection commission?
  - h. Taxpayer fees. As to delinquent tax collection under any alternative, provide a list of all proposed fees and costs you would charge taxpayers for delinquent tax collection steps, and estimated annual revenues from such items. Provide progression of steps you propose to take with respect to the collection of delinquent EIT taxes as well as the associates fees you intend to charge TCC and taxpayer or employer as may be applicable. Estimate the annual revenues from fees charged to the taxpayers and whether you propose to retain these amounts or pay these amounts to the taxing authority?
  - i. All disbursements of monies sent either in or out of Mercer County will be charged the same fee.
  - j. Complete fee schedule for TCC and Taxpayers.

18. Other Information or Comments. Please provide any additional information you wish the TCC to consider.
19. Non-Collusion Affidavit. Your proposal must include, in fully completed, signed, and notarized form, the attached Non-Collusion Affidavit.
20. Best Practices Addendum -- Please indicate whether your system is able to meet the elements set forth in the attached "Best Practices" addendum ( Attachment B).

**TAX RATES/EXEMPTIONS.COLLECTIONS( Attachment A)**

Municipal Statistics from DCED "Statement of Revenues and Expenditures" as of 12/31/2008

Municipal Statistics from DCED "Statement of Revenues and Expenditures" as of 12/31/2007

School District Statistics from DOE 2007-2008 Annual Financial Report

<b><u>DISTRICT</u></b>	<b><u>TAX NAME</u></b>	<b><u>TAX RATE</u></b>	<b><u>LOW INCOME EXEMPTION</u></b>	<b><u>COLLECTIONS</u></b>
DEER CREEK TWP	Earned Income Tax	.5%		38,359
DEER CREEK TWP	Local Services Tax (LST)	\$10.00		1,300
OTTER CREEK TWP	Earned Income Tax	.5%		34,482
OTTER CREEK TWP	Local Services Tax (LST)			
PERRY TWP	Earned Income Tax	.5%		86,019
PERRY TWP	Local Services Tax (LST)			
SALEM TWP	Earned Income Tax	.5%		48,466
SALEM TWP	Local Services Tax (LST)			
SANDY CREEK TWP	Earned Income Tax	.5%		36,676
SANDY CREEK TWP	Local Services Tax (LST)			
SHEAKLEYVILLE BORO	Earned Income Tax	.5%		7,860
SHEAKLEYVILLE BORO	Local Services Tax (LST)			
FARRELL CITY	Earned Income Tax-Resident & Non-Resident			980,721
FARRELL CITY	Local Services Tax (LST)	\$47.00		86,760
WHEATLAND BORO	Earned Income Tax	.5%		110,395
WHEATLAND BORO	Local Services Tax (LST)	\$47.00		30,000
GREENVILLE BORO	Earned Income Tax-Resident & Non-Resident	1.15%	.92%	828,718
GREENVILLE BORO	Local Services Tax (LST)	\$52.00		96,932
HEMPFIELD TWP	Earned Income Tax	.5%		412,849
HEMPFIELD TWP	Local Services Tax	\$52.00		72,000
SUGAR GROVE TWP	Earned Income Tax	.5%		112,391
SUGAR GROVE TWP	Local Services Tax (LST)	\$10.00		10,000
GROVE CITY BORO	Earned Income Tax	.5%		581,575
GROVE CITY BORO	Local Services Tax (LST)	\$47.00		
LIBERTY TWP	Earned Income Tax	.5%		149,768
LIBERTY TWP	Local Services Tax(LST)	\$5.00		9,000
PINE TWP	Earned Income Tax	.5%		589,433
PINE TWP	Local Services Tax (LST)	\$5.00		9,000

SPRINGFIELD TWP	Earned Income Tax	.5%	248,639
SPRINGFIELD TWP	Local Services Tax (LST)	\$25.00	21,000
WOLF CREEK TWP	Earned Income Tax	.5%	66,122
WOLF CREEK TWP	Local Services Tax (LST)	\$5.00	400
HERMITAGE CITY	Earned Income Tax	1..75%	5,417,517
HERMITAGE CITY	Local Services Tax(LST)		
FAIRVIEW TWP	Earned Income Tax	.5%	1,169
FAIRVIEW TWP	Local Services Tax(LST)	\$5.00	1,540
JACKSON CENTER BORO	Earned Income Tax	.5%	15,104
JACKSON CENTER BORO	Local Services Tax (LST)	\$5.00	200
JACKSON TWP	Earned Income Tax	.5%	81,968
JACKSON TWP	Local Services Tax(LST)	\$5.00	3,989
LAKE TWP	Earned Income Tax	.5%	64,442
LAKE TWP	Local Services Tax(LST)		
MILL CREEK TWP	Earned Income Tax	.5%	41,104
MILL CREEK TWP	Local Services Tax (LST)	\$5.00	
NEW LEBANON BORO	Earned Income Tax	.5%	10,623
NEW LEBANON BORO	Local Services Tax (LST)		
NEW VERNON TWP	Earned Income Tax	.5%	21,860
NEW VERNON TWP	Local Services Tax(LST)	\$5.00	650
SANDY LAKE BORO	Earned Income Tax	.5%	76,055
SANDY LAKE BORO	Local Services Tax(LST)	\$47.00	13,093
SANDY LAKE TWP	Earned Income Tax	.5%	101,785
SANDY LAKE TWP	Local Services Tax (LST)	\$47.00	8,471
STONEBORO BORO	Earned Income Tax	.5%	77,153
STONEBORO BORO	Local Services Tax(LST)		
WORTH TWP	Earned Income Tax	.5%	71,369
WORTH TWP	Local Services Tax(LST)	\$5.00	600
COOL SPRING TWP	Earned Income Tax	.5%	195,733
COOLSPRING TWP	Local Services Tax (LST)	\$5.00	4,210
EAST LACKAWANNOCK TWP	Earned Income Tax	.5%	71,136
EAST LACKAWANNOCK TWP	Local Services Tax(LST)	\$5.00	4,124
FINDLEY TWP	Earned Income Tax	.5%	142,821
FINDLAY TWP	Local Services Tax(LST)	\$47.00	7,531
JEFFERSON TWP	Earned Income Tax	.5%	167,349
JEFFERSON TWP	Local Services Tax (LST)	\$5.00	970
MERCER BORO	Earned Income Tax	.5%	175,201
MERCER BORO	Local Services Tax(LST)	\$47.00	42,582
DELAWARE TWP	Earned Income Tax	.5%	163,547
DELAWARE TWP	Local Services Tax(LST)		
FREDONIA BORO	Earned Income Tax	.5%	29,128
FREDONIA BORO	Local Services Tax(LST)		
PYMATUNING TWP	Earned Income Tax	.5%	253,784
PYMATUNING TWP	Local Services Tax(LST)	\$35.00	31,187
WEST SALEM TWP	Earned Income Tax	.5%	199,838
WEST SALEM TWP	Local Services Tax(LST)	\$47.00	33,000

SHARON CITY	Earned Income Tax	.5%	1,359,973
SHARON CITY	Local Services Tax	\$47.00	170,000
CLARK BORO	Earned Income Tax	.5%	49,787
CLARK BORO	Local Services Tax(LST)	\$40.00	4,200
SHARPSVILLE BORO	Earned Income Tax	.5%	316,570
SHARPSVILLE BORO	Local Services Tax(LST)	\$10.00	11,000
SOUTH PYMATUNING TWP	Earned Income Tax	.5%	308,964
SOUTH PYMATUNING TWP	Local Services Tax(LST)	\$52.00	20,000
LACKAWANNOCK TWP	Earned Income Tax	.5%	153,080
LACKAWANNOCK TWP	Local Services Tax(LST)		
SHENANGO TWP	Earned Income Tax	.5%	365,118
SHENANGO TWP	Local Services Tax(LST)	\$15.00	10,000
WEST MIDDLESEX BORO	Earned Income Tax	.5%	90,927
WEST MIDDLE SEX BORO	Local Services Tax(LST)	\$20.00	13,000
COMMODORE PERRY SD	Earned Income Tax	.5%	278,479
FARRELL AREA SD	Earned Income Tax	.5%	175,525
GREENVILLE AREA SD	Earned Income Tax	.5%	721,672
GROVE CITY AREA SD	Earned Income Tax	.5%	1,534,787
HERMITAGE SD	Earned Income Tax	.5%	1,350,731
LAKEVIEW SD	Earned Income Tax	.5%	650,247
MERCER AREA SD	Earned Income Tax	.5%	789,951
REYNOLDS SD	Earned Income Tax	.5%	277,864
SHARON CITY SD	Earned Income Tax	.5%	720,300
SHARPSVILLE AREA SD	Earned Income Tax	.5%	486,664
WEST MIDDLESEX AREA SD	Earned Income Tax	.5%	457,087
REYNOLDS SD	LST/OP Tax	\$10.00	
COMMODORE PERRY SD	LST/OP Tax	\$10.00	
FARRELL AREA SD	LST/OP Tax	\$10.00	
GREENVILLE SD	LST/OP Tax		
GROVE CITY SD	LST/OP Tax	\$5.00	
HERMITAGE SD	OP Tax	\$5.00	71,500
LAKEVIEW SD	LST Tax	\$5.00	
MERCER AREA SD	LST Tax	\$5.00	

<b><u>NO</u></b>	<b><u>BEST PRACTICES (Attachment B)</u></b>
1	The system must use the PSD and TCD codes prescribed by the DCED (Act 32 Requirement #6).
2	The system must access the DCED Municipal Statistics database and extract tax information directly from it, or the system must maintain its own internal copy of the data from the DCED Municipal Statistics database.
3	The system must be able to identify employer's errors in employee withholding information, including wrong PSDs and tax rates. The system must be able to correct the error and inform the employer of the error.
4	The system must be able to upload and organize bulk lists of employers, employees or the self-employed, such as would be provided by a census by the local PSD or from the list of taxpayers in a PSD from the Department of Revenue. EIT and LST taxpayer lists should be cross-referenced.
5	The system must handle monthly electronic files from employers containing withholding and employee wage details (Act 32, Requirement #1).
6	The system must have the capacity to handle very large monthly electronic files from out-of-state employers containing withholding and employee wage details (Act 32, Requirement #2). Out-of-state businesses that do not have headquarters in Pennsylvania may remit their withholding and employee wage taxes detail electronically to any TCD in the state.
7	The system must accept taxpayer funds withheld by employers (Act 32, Requirement 3). Employers are required to withhold EIT for all non-residents and residents. They are also required to remit all withholdings to the Tax Collection District where they are located within thirty (30) days of the end of each quarter, unless they have multiple locations and elect to use the option outlined in Act 32 Requirement # 1
8	The system must be able to accept all forms of document submission from employers and taxpayers, ranging from paper documents to online filing.
9	The system must be able to accept electronic fund transfers via standard EFT methods.
10	The system must have full ACH (Automated Clearing House) and credit card capabilities.
11	The system must provide online filing for employers.
12	The system must provide online filing for taxpayers.
13	The system must allow married couples to file their EIT tax returns together. However, only the final refund or tax due for each individual can be combined together into one figure.
14	The system must, when calculating EIT, allow the net losses from one of a taxpayer's businesses to be used to offset net profits from another business owned by the same taxpayer. Net losses cannot be used to offset earned income. (Act 32, Requirement #10).
15	The system must be able to collect the LST (Local Services Tax) as a separate tax.
16	The system should have the capacity to collect other taxes aside from the EIT and LST.
17	The system must track EIT and LST exemptions.
18	The system must remit all withholdings to the taxing jurisdictions no later than sixty (60) days after receipt for all taxes received prior to April 1, 2013. Taxes received from employers after April 1, 2013 must be remitted to the taxing jurisdictions no later than thirty (30) days after receipt. The TCC can require more frequent distributions. (Act 32, Requirement #4).
19	The system must maintain a record of all income taxes distributed. This record must include all reporting information required by the DCED, the date of distribution and the PSD or TCD to which the income taxes are distributed. The record shall be provided to another TCD at the time of the distribution. (Act 32, Requirement #5).
20	The system must handle all fund transfers electronically.
21	The system must provide an audit trail of the transfer showing both the transfer out and the transfer in to the PSD.
22	The system must provide an acknowledgement from the receiving PSD to the originating TCD confirming the transfer.

23	Minimum configuration is Windows / UNIX / LINUX server with a minimum of four (4) Windows-based workstations (including PCs and laptops) to handle the workload of the TCD and to provide appropriate separation of duties. In a small TCD, it may be allowable to utilize less workstations since the job duties and separation of duties may not be as much of a concern.
24	Implement an imaging system to capture paper documents (manual returns, correspondence, checks, etc.) and link them to electronic files.
25	Printer minimum configuration must be Laser jet printers.
26	Broadband network connections to the Internet must have firewalls enabled on the Router. The minimum site security must be a lockable server room with fire and water protection. Site security must be compliant with the SAS 70 Type II audit.
27	Minimum software configuration for workstations is Windows environment (Any appropriate version of Windows).
28	Minimum server software configuration is Windows / UNIX / LINUX server.
29	Minimum software security: User ID must have password protection. The User ID limits the user to relevant work areas of the system. Other limitations should be based on standard accounting business rules.
30	Workstations (including PCs and laptops) must have their own firewalls and appropriate encryption.
31	Commercial grade anti-virus software must be placed on all servers and all workstations.
32	Commercial grade anti-spyware software must be placed on all servers and all workstations.
33	At a minimum, the system should provide backup and recovery for the databases and all related application components. Incremental backups must be done at least once daily, full backups at least once a week. A TCD must establish a backup and restore plan that includes all data, images, and application components.
34	Servers must have a redundant update process.
35	System must be well-integrated, with extensive drilldown capability and ease of navigation.
36	System must work with an integrated office productivity suite (MS Office, Open Office, etc.).
37	System must have a PDF viewer capability.
38	The system must, within twenty (20) days after the end of each month, provide a written report, on forms prescribed by the DCED, to the secretary of the TCC and to the secretary of each PSD within the TCD, that details the breakdown of all income taxes, income generated from investments, penalties, costs and other money received, collected, expended and distributed for each PSD served by the tax officer, and of all money distributed to other TCD's (Act 32 Requirement #7).
39	The system must keep records of every dollar received and distributed, and create monthly reports accounting for each dollar (Act 32 Requirement #8).
40	The system must have ad hoc report generation capability (ability to generate report formats easily by the user).
41	The system must generate forms for employer and taxpayer returns.
42	The system must provide any reports or records requested by auditors during the annual audit of the Tax Officer (Act 32, Requirement #9).
43	The system must provide an audit trail for every transaction.
44	The system must have ad hoc audit report generation capability (ability to generate report formats easily by the user).
45	The system must have a disaster recovery plan which is audited and tested annually.
46	Copies of full backups (databases and application libraries) must be sent to an off-site facility that is at least 30 miles away from the site.
47	The TCD must have a contract with a backup facility to run their operation if their facility is severely damaged or disastrously lost. As noted above, a test of the disaster recovery plan should include actually bringing up the system at the disaster recovery site using the current offsite backups.

**MERCER COUNTY TAX COLLECTION COMMITTEE**

**Tax Collection Agency Non-Collusion Affidavit**

Tax Collection Services Proposal dated \_\_\_\_\_, 2010.

I state that I am \_\_\_\_\_ of \_\_\_\_\_  
(title) (name of firm)

and that I am authorized to make this affidavit on behalf of my firm, and its owners, directors, officers, and employees.

I state that:

(1) The terms of this proposal have been arrived at independently and without consultation, communication or agreement with any other provider or potential provider of tax collection services.

(2) We have not discussed with other providers of tax collection services the tax collection committees to which we have submitted or will be submitting proposals for tax collection services, or the terms under which our firm is offering to provide tax collection services to taxing authorities or tax collection committees.

(3) None of the terms of this proposal have been disclosed, directly or indirectly, to any other provider or potential provider of tax collection services, and they will not be disclosed, directly or indirectly, to any other provider or potential provider of tax collection services until made public by the Tax Collection Committee.

(4) No attempt has been made or will be made to induce any other firm or person to refrain from submitting a proposal for tax collection services to the Tax Collection Committee or to submit any intentionally noncompetitive proposal or other form of complementary proposal to the Tax Collection Committee.

(5) The proposal of the firm is made in good faith and not pursuant to any agreement with, or inducement from, any other firm or person for our firm to submit a complementary or other noncompetitive proposal to the Tax Collection Committee.

(6) \_\_\_\_\_, its affiliates, subsidiaries, owners, officers, directors,  
(name of firm)

and employees are not currently under investigation or order by or from any court or governmental agency, and have not in the last 10 years been accused of, investigated for, or subject to any order relating to, any alleged act prohibited by state or federal law in any jurisdiction, involving conspiracy, collusion, or other violation of law with respect to bidding on any public contract.

(7) I and my firm acknowledge that the above representations are material and important, and will be relied on by the Tax Collection Committee in entering into a contract for the services for which this proposal is submitted. I understand and my firm understands that any misstatement in this affidavit is and shall be treated as fraudulent concealment from the Tax Collection Committee of the true facts relating to the submission of the proposal.



## **Instructions for Non-Collusion Affidavit**

1. This Non-Collusion Affidavit is material to any contract awarded pursuant to this proposal. According to the Pennsylvania Antbid-Rigging Act, 62 Pa.C.S.A. § 4501 *et seq.*, governmental agencies may require Non-Collusion Affidavits to be submitted together with proposals.
2. This Non-Collusion Affidavit must be executed by the member, officer, or employee of the firm who makes the final decision on the terms included in the proposal.
3. Bid rigging and other efforts to restrain competition, and the making of false sworn statements in connection with the submission of proposals are unlawful and may be subject to criminal prosecution. The person who signs the Affidavit should examine it carefully before signing and assure himself or herself that each statement is true and accurate, making diligent inquiry, as necessary, of all other persons employed by or associated with the firm.
4. The term “complementary proposal” as used in the Affidavit has the meaning commonly associated with that term in the bidding process, and includes the knowing submission of a proposal higher or less favorable than the proposal of another firm, an intentionally high or noncompetitive proposal, and any other form of proposal submitted for the purpose of giving a false appearance of competition.
5. Your statement under #6 that the firm, its affiliates, subsidiaries, owners, officers, directors, and employees are not currently under investigation or order by or from any court or governmental agency, and have not in the last 10 years been accused of, investigated for, or subject to any order relating to, certain matters does not prohibit the TCC from awarding a contract to the firm, but may be grounds for consideration of whether the TCC should decline to enter the contract on the basis of lack of responsibility.
6. Failure to file an Affidavit in compliance with these instructions will result in disqualification of the proposal.

Act 32 Tax Collection Agreement

MERCER COUNTY  
TAX COLLECTION COMMITTEE  
Tax Collection Agreement  
with

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Effective January 1, 2012

MERCER COUNTY TAX COLLECTION COMMITTEE

Tax Collection Agreement

Effective January 1, 2012

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**MERCER COUNTY TAX COLLECTION COMMITTEE**  
**Sample Tax Collection Agreement**

**This Agreement** is made January 1, 2012 (“**Effective Date**”) between the Mercer County Tax Collection Committee (“**TCC**”), and \_\_\_\_\_, a \_\_\_\_\_ organized under \_\_\_\_\_ law (“**Collector**”).

**Background.** The Local Tax Enabling Act (“**LTEA**”), 53 P.S. § 6924.101 *et seq.*, authorizes school districts and municipalities to levy income tax and other taxes on individuals and entities. The TCC is a government entity created and organized under Act 32 of 2008, which amended and restated the LTEA. Under Act 32, the TCC is required to appoint a tax collector to collect income tax and possibly other taxes throughout the Mercer County Tax Collection District (“**TCD**”), and to oversee the appointed tax collector’s collection within the TCD.

The school districts and municipalities included in the TCD are listed in **Exhibit A**. These school districts and municipalities are referred to in this Agreement as “**Taxing Authorities**.” The Taxing Authorities that levy taxes as of the Effective Date that will be collected by Collector and the specific taxes Collector will collect for each Taxing Authority are noted in **Exhibit A**. The ordinances or resolutions of the Taxing Authorities that levy or otherwise related to the taxes to be collected by Collector are referred to in this Agreement and the “**Enactments**.”

**Intending to be legally bound**, and in consideration of the mutual covenants contained in this Agreement and other valuable consideration, the parties agree as follows:

1. **Designation as Tax Collector.**

a. **Exclusive Tax Collector.** Except as otherwise expressly stated in this Agreement, the TCC designates Collector as the exclusive collector of tax throughout the TCD from individuals, entities, and employers required to pay or withhold tax (“**Taxpayers**”).

b. **Commencement Date.** Collector will commence tax collection under this Agreement on January 1, 2012.

2. **Tax.** The tax for which Collector is appointed as the exclusive collector is:

a. **Income Tax.** All income tax imposed by Taxing Authorities or other political subdivision on TCD residents or on nonresidents working within the TCD.

b. **Fines, Penalties, and Interest.** Collector will also collect all fines, penalties, and interest paid by a Taxpayer related to any of the taxes specified in this Section 2.

c. **Tax Definition.** The taxes, fines, penalties, and interest specified in this Section 2 are collectively referred to in this Agreement as the “**Tax**.”

d. **Delinquent Tax.** The tax for which Collector is appointed collector includes tax currently owed and delinquent Tax, except as otherwise expressly stated in this Agreement.

e. **Related Amounts.** Collection costs, investment earnings, and other miscellaneous amounts related to or derived from Tax and owed by Taxpayers or other Tax collectors to Taxing Authorities or Collector are referred to in this Agreement as “**Related Amounts**.”

f. **Updated Tax List.** The TCC will update **Exhibit A** to reflect any changes in the specific taxes Collector will collect for each Taxing Authority under this Agreement. Collector will throughout the term of this Agreement collect the tax as reflected in the tax list in the latest version of Exhibit A of which the TCC has notified Collector.

3. **Term of Agreement.**

a. **Term.** The term of this Agreement will begin on the Effective Date and will be for \_\_\_ years. Unless earlier terminated under Section 9 (Early Termination) below, the term will end at midnight \_\_\_ years from the date on which Collector will commence tax collection under this Agreement throughout the entire TCD, with the result that the term will end at midnight on December 31, 2013, alternate terms for contracts of 3, 4, and five years provide???

b. **Extension of Term.** If the term of this Agreement is extended, the provisions of this Agreement will govern the extended term, except for any written modification executed by the TCC and Collector (whether in the document memorializing the extension or otherwise).

4. **Ongoing Duties and Covenants of Collector.** Collector agrees to the following:

a. **General Duties.** Collector will collect, reconcile, administer, enforce, and receive the Tax and Related Amounts, including performance of all tax officer duties specified in the LTEA, 53 P.S. § 6924.509. Collector will perform all duties and have all powers granted for this purpose by the Pennsylvania Department of Community and Economic Development (“DCED”), other applicable law, the Enactments, TCC policies, and this Agreement.

b. **Best Interests/Legal Compliance.** Collector will at all times act in the best interests of the TCC and the Taxing Authorities. Collector will comply with all applicable federal, state, and local laws, rules, and regulations, including the Local Taxpayer Bill of Rights, 53 Pa.C.S.A. § 8421 *et seq.*, the LTEA, DCED rules and regulations, other applicable law, and TCC policies.

c. **Tax Collector Financial Statements.**

(1) ***Required Annual Financial Statements and Reports.*** As soon as available, but in any event by April 30 of each year, Collector will deliver to the TCC and each Taxing Authority that levies Tax: (i) Collector’s annual certified public accountant audit report with financial statements, including consolidated balance sheet reflecting Collector assets, liabilities, and equity as of the end of the prior calendar year, related consolidated statements of income, and cash flow for such calendar year. In each case, the financial statements will set forth in comparative form the corresponding figures for the prior calendar year, and will be in reasonable detail, including footnotes, prepared in accordance with generally accepted accounting principles applied on a consistent basis and certified without exception or qualification by the independent certified public accounting firm selected by Collector and approved by the TCC (the “CPA”). (ii) The CPA letter to management with respect to the audit.

In addition to the foregoing, by April 30 of each year during which Collector collects Tax under this Agreement, Collector will deliver to the TCC and each Taxing Authority that levies Tax an Independent Service Auditor’s Report relating to internal controls prepared by the CPA in accordance with SAS No. 70 covering the prior calendar year, with scope and in form satisfactory to the TCC based on consultation with the TCC auditor. The report shall be a Type II report testing Collector’s controls during the calendar year. Among other things, the report shall address the 5 key components on internal control as defined in SAS No. 55, including: control environment; risk assessment; control activities; information and communication; and monitoring. The report must include an unqualified opinion from the CPA.

(2) ***Separate Information Related to Collector Business, Aggregate Trust Funds, and TCC Trust Funds.*** The annual financial statements will separately state:

(i) Collector business assets, liabilities, equity, income, and cash flows.

(ii) Aggregate trust fund assets, liabilities, and cash flows relating to all customers for which Collector collects funds.

(iii) Aggregate trust fund assets, liabilities, trust funds, and cash flows relating to funds collected or held by Collector under this Agreement.

(iv) In addition, Collector will provide a supplemental schedule showing trust fund assets, liabilities, and cash flows separately stated for each Taxing Authority for which Tax is collected.

If collector wishes, Collector may provide the financial statements relating to Collector business assets and revenues in a separate packet.

(3) ***Additional Annual Audit and Financial Statement Content Requirements.*** In addition to the items set forth above, the annual audit and financial statements will comply with all requirements of LTEA, 53 P.S. § 6924.505(h), the American Institute of Certified Public Accountants, and DCED, and the annual audit and audit report will include and address: (i) The CPA's examination of Collector records relating to receipt, deposit, investment, and disbursement of funds received or held under an agreement with any customer for which collector collects funds. (ii) The CPA's reconciliation of Collector monthly and annual reports to the TCC with funds received and payable to others. (iii) The CPA's conclusion concerning Collector compliance with the provisions of this Agreement relating to bonding, deposits, investments, collateral for investments, monthly and annual reports, distributions, tax records, unidentified funds, and calculation and deduction of Collector's compensation. (iv) The CPA's conclusion concerning Collector compliance with all LTEA requirements, and any CPA findings of noncompliance with the LTEA.

(4) ***Annual Filing with DCED.*** Collector will file with DCED by September 1 of each year a copy of Collector's annual audit report and letter to management.

(5) ***Selection and Approval of Collector CPA.*** LTEA, 53 P.S. § 6924.505(h)(1), requires that the TCC approve the CPA.

(i) ***Initial Approval Prior to 2012.*** On or before January 1, 2011, Collector will notify the TCC in writing as part of its proposal submission of its proposed CPA for the 2012 calendar year, including background information satisfactory to the TCC. On or before May 1, 2011, the TCC will notify Collector in writing if the TCC disapproves if the proposed CPA. If the TCC gives Collector a disapproval notice that complies with this Agreement, Collector will propose a new CPA and provide background information on the new CPA satisfactory to the TCC, and the TCC and Collector will endeavor to reach an agreement on TCC approval of a new CPA by September 30, 2011. If agreement is not reached on or before September 30, 2011, the TCC may terminate this Agreement by written notice given to Collector on or before October 31, 2011. If the TCC does not give such termination notice, the Collector-proposed new CPA will be used as the CPA for the 2012 calendar year.

(ii) ***Future Year CPA Approval.*** On or before May 1 of each year, Collector will notify the TCC in writing of any intended change in the CPA for the following calendar year, including background information on the proposed new CPA satisfactory to the TCC. On or before September 1 of each year, the TCC will notify Collector in writing if the TCC disapproves of Collector's use of the prior calendar year CPA or any proposed new CPA. If the TCC gives Collector a disapproval notice that complies with this Agreement, Collector will propose a new CPA and provide background information on the new CPA satisfactory to the TCC, and the TCC and Collector will endeavor to reach an agreement on TCC approval of a new CPA by September 30. If agreement is not reached on or before September 30, the TCC may terminate this Agreement by written notice given to Collector on or before October 31. If the TCC does not give such termination notice, the Collector-proposed new CPA will be used as the CPA for the next calendar year.

(iii) **CPA Background Information.** Collector and any current or proposed CPA will promptly provide any information concerning the CPA at any time reasonably requested by the TCC. In any event, the CPA background information provided by Collector to the TCC will include: (a) General information concerning the CPA firm, including office locations, number of employees in various described positions, number of years in business, geographic area served, and other clients that are tax collectors or that demonstrate experience relevant to tax collector audits. (b) Information on all professional licenses, certifications, or peer review reports received by the CPA firm or its accounting staff. (c) Information concerning professional liability insurance carried by the CPA, including name of company, coverage limits, deductibles, and any material exclusions. (d) Any legal proceeding (other than a summary offense or driving under the influence), including any arbitration or court action, involving a claim in excess of \$10,000, criminal prosecution, or government investigation filed or commenced against or relating to the CPA or any of its owners within the last ten (10) years. (e) Other information that demonstrates proficiency in conducting audits of tax collection operations or similar audits. (f) Information concerning any relationship between Collector and the CPA firm, including without limitation: any family or personal relationship between any officer, director, employee, or owner of Collector and any officer, director, employee, or owner of Collector and any officer, director, employee, or owner of the CPA firm; any client of the CPA firm that is an officer, director, or owner of Collector; and any client of the CPA firm of which any officer, director, or owner of Collector is an officer, director, employee, or owner. The CPA is required to comply with PICPA and AICPA independence rules. In addition, this subsection on CPA Background Information requires that the CPA provide information on relationships that goes beyond the independence rules. The purpose of providing this information is to allow the TCC to determine whether there is any concern arising from relationships that do not lead to disqualification under the independence rules. For the purposes of this Agreement, “family” means: a parent, foster parent, parent-in-law, step-parent, spouse, child, foster child, son- or daughter-in-law, step-child, sibling, foster sibling, sibling-in-law, step-sibling, grandparent, grandchild, nephew, niece, first cousin, uncle, or aunt. For purposes of this Agreement, “personal relationship” means: engagement, dating, engaging in intimate relations, living together, business partnership, ongoing social relationship, and other relationships with a reasonable person in the community might consider to be a personal relationship. Collector and the CPA will annually on request sign a form disclosing any relationship between Collector and the CPA firm. (g) Other information deemed relevant by Collector, the CPA, or the TCC. (h) Experience in performing SAS No. 70 audits.

(iv) **Collector Periodic Change of CPA.** The TCC urges Collector to consider periodic change of the CPA firm subject to TCC approval and under the above stated conditions as an extra precaution to ensure independence and a fresh view of procedures.

(v) **TCC Review of Collector Financial Records.** The TCC may at any time engage an accounting firm to examine Collector’s financial records relating to collection of funds received or held by Collector under this Agreement or received or held on behalf of or under an agreement with any customer for which Collector collects funds, reconciliation of Collector monthly and annual reports, or any other matter the accounting firm deems relevant to verifying compliance with this Agreement. If the TCC exercises this right, Collector will make requested records available for examination, arrange for review of Collector CPA audit work papers, and provide other cooperation as reasonably requested by the TCC accounting firm.

d. **Tax Collector Bond.** Collector will provide a bond or bonds complying with the requirements of LTEA, 53 P.S. § 6924.509(d), and this Agreement.

(1) **Bond Amount.**

(i) **Initial Bond Amount.** The initial bond amount will be the amount estimated by the TCC and Collector as the highest amount of Tax and Related Amounts Collector will hold at any one time during the first calendar year during which Collector collects Tax under this Agreement, including Tax and Related Amounts payable to the Taxing Authorities or Taxpayers within the TCD, and also Tax and Related Amounts payable to political subdivisions other than the Taxing Authorities, to Taxpayers outside the TCD, and to other tax collectors.

(ii) **Tax Collector Monthly Reports/Midyear Bond Account**

**Modification.** Collector's monthly reports to the TCC and each Taxing Authority that levies Tax will report the highest amount of Tax and Related Amounts held during the month, and also the amount of Tax and Related Amounts held at the end of the month, by Collector under this TCD and payable to the Taxing Authorities or Taxpayers within the TCD, and also Tax and Related Amounts received from sources within the TCD and payable to political subdivisions other than the Taxing Authorities, to Taxpayers outside the TCD, and to other tax collectors. If greater than the amount of the bond then in effect, Collector within 30 days after the date of the monthly report will increase the bond amount to the highest amount held during such month. The monthly report will include an attached statement signed by the CPA attesting that the CPA has reviewed Collector bank and other financial institution monthly statements and confirmed the accuracy of the Collector report concerning the highest amount held at the end of the month.

(iii) **Annual Bond Review.** No later than April 1 of each year, the bond amount will be increased or may be decreased to the highest amount held by Collector on any day during the preceding calendar year.

(2) **Possible Reduction in Bond Amount.** The TCC may in its discretion authorize reduction in the bond amount to an amount less than the amount calculated under Section 4(d)(1) above. Any such determination to allow reduction of the bond amount will be based on Collector internal controls, insurance or other risk management and loss prevention measures the TCC deems sufficient to justify reduction of the bond amount. Factors that might be considered in connection with a requested reduction in bond amount include: (i) Collector capitalization and financial strength. (ii) Collector internal crime insurance or other insurance protection. (iii) Strong Collector internal controls verified by the CPA. Any reduction in the bond amount must comply with any applicable DCED guidelines.

(3) **Permissible Bonding Companies.** Collector's bond must be issued by an insurance company that is licensed in Pennsylvania, listed as a certified company acceptable for federal bonds as determined and published by Financial Management Service, a bureau of this Section 4(d), Collector will pay to the TCC a penalty in the amount of \$1,000 for each day Collector is not in compliance, subject to a maximum payment of \$50,000.

(8) **Letter of Credit.** In lieu of a bond, Collector may provide a letter of credit or other third party guaranty in form satisfactory to the TCC provided such substitution complies with any applicable DCED guidelines.

e. **Collector Office, Staff, Technology, Resources, and Safeguards.**

(1) **Office and Staff.** Collector's principal office is at the location set forth at the end of this Agreement after Collector's signature. Collector will at all times maintain at least one (1) office with the TCD that is open to Taxpayers and the public and has sufficient staff, technology, and resources to allow Collector to interact in person or by telephone with Taxpayers, to receive returns and payments in person and by other means, and to fulfill its obligations under this Agreement. Option I: Firm will have an office within the TCD; Option II: No office within TCD.

(2) **Technology and Resources.** Subject to the tax collector compensation provisions set forth below, Collector will perform all necessary work and supply all forms, postage, equipment, computer hardware and software, facilities, and other materials necessary to efficiently fulfill its obligations under this Agreement.

(3) **Taxpayer Assistance and Filing Options.** Collector will provide assistance to Taxpayers through operation of a toll-free phone number during normal business hours, counter/walk-in assistance at Collector's principal

office and a website to provide information to Taxpayers and that Taxpayers may use to make credit card payments. Collector's website will include the Taxpayer Bill of Rights; tax regulations, policies, and procedures; and copies of tax returns and all other forms applicable to Taxpayers. Collector will also maintain the infrastructure and provide information necessary to receive tax returns and payments electronically.

(4) ***Collector Warranties and Safeguards.*** Collector warrants to the TCC that: (i) Collector will at all times have adequate technology and other resources to comply and will comply with all Best Practices listed in the "Information Technology Report" within the DCED document titled: "Earned Income Tax Consolidation System Best Practices Report – December 31, 2009." (ii) Collector will at all times have technology, policies, and procedures in place for the purpose of ensuring the security and confidentiality of information relating to and provided by Taxpayers, including social security numbers and other information, and avoiding a data breach or other improper disclosure of confidential information.

(5) ***Subcontractors.*** Collector may not assign or delegate duties to a subcontractor unless the TCC gives advance written consent.

f. ***Tax Revenue Deposit and Investment.***

(1) ***Deposit and Investment Policy.*** Collector has received a copy of the **TCC Deposit and Investment Policy** (Exhibit C) now in effect. In accordance with the **TCC Deposit and Investment Policy** as now in effect or of which the TCC in the future notifies Collector, Collector will promptly deposit and invest all Tax and Related Amounts collected or held by Collector under this Agreement. Such Tax and Related Amounts belong to, are the property of, and will be held as a trust fund for the Taxing Authorities and other political subdivisions entitled to receive funds. Such Tax and Related Amounts will remain deposited and invested in accordance with the **TCC Deposit and Investment Policy** until distributed in accordance with this Agreement.

(2) ***Tax Collector Funds Not to Be Commingled.*** Collector will deposit all Tax and Related Amounts for the TCC in an account exclusively created for that sole purpose. Such Tax and Related Amounts shall thereafter be invested and distributed in accordance with the **TCC Deposit and Investment Policy** (Exhibit C) and any other requirements reasonably imposed by the TCC. This dedicated account may be held with a financial institution or local government investment trust, holding in the account only funds held by Collector in its capacity as tax collector under the Tax Collection Agreement between the TCC and Collector. Collector may not commingle such funds by placing in the same account together with funds that belong to Collector or that are collected or held by Collector for any other tax collection committee, entity, or person.

(3) ***Accounting and Allocation of Funds.*** Collector will maintain an accounting system that accounts for all Tax and Related Amounts by allocating such amounts as promptly as possible to: (i) each Taxing Authority entitled to receive Tax and Related Amounts; (ii) political subdivisions in other tax collection districts entitled to receive Tax and Related Amounts; or (iii) funds that have not been sufficiently identified by Taxpayers to allow Collector determination of the Taxing Authority or other political subdivision to which the funds belong ("**Unidentified Funds**"). If Collector is collecting more than one type of tax for a Taxing Authority, the accounting system will further provide subaccounts for each different type of tax collected for each such Taxing Authority.

(4) ***Investment Earnings Allocation.*** Collector each month will allocate investment earnings derived from all Tax and Related Amounts collected or held by Collector under this Agreement. Collector will allocate investment earnings in accordance with this Section 4(f)(4) until directed otherwise by the TCC, at which time Collector will follow such future direction. In the absence of other TCC direction, Collector will allocate such amounts pro rata

based on undistributed invested daily balances allocated during the month to: (i) each Taxing Authority entitled to receive Tax and Related Amounts; (ii) political subdivisions in other tax collection districts entitled to receive Tax and Related Amounts; or (iii) Unidentified Funds. As to investment earnings allocated to Unidentified Funds, Collector will further allocate such earnings each month to Taxing Authorities pro rata based on the Tax and Related Amounts Collector distributed during the month to such Taxing Authorities.

(5) ***Investment Earnings Payment and Reporting.*** Collector will pay and report investment earning allocations for each month in the subsequent month. All investment income shall be paid to the Taxing Authorities as directed by the TCC in accordance with this Agreement and is required by law.

g. ***Distributions.*** Collector will distribute Tax and Related Amounts in compliance with LTEA, 53 P.S. § 6924.513, and as follows:

(1) ***Distributions to Taxing Authorities Within TCD.*** Collector will distribute by the end of the last business day of each week all Tax and Related Amounts held at the end of the prior week and identified as legally due, to each Taxing Authority. In addition, at any time when the aggregate of Tax and Related Amounts held by Collector and identified as legally due to Taxing Authorities exceeds \$2,000.00. Collector will on the next business day distribute the amount identified as legally due to each taxing authority.

(2) ***Distributions to Tax and Collectors for Other TCDs.*** At the time of distribution to tax collectors for other tax collection districts, Collector will provide to such other tax collectors all information required in employer monthly and annual returns filed under LTEA, 53 P.S. §§ 6924.512(4), (5), and any other distribution information required by DCED.

Collector will distribute to the appropriate tax collector by the 20<sup>th</sup> day of each month all Tax held during the prior month and identified as legally due to specific political subdivisions outside the TCD, together with any investment earnings payable under this Agreement to such political subdivisions.

(i) ***Special Rule for Certain Multi-Site Employers.*** Notwithstanding the foregoing, Collector will distribute to the appropriate tax collector no later than thirty (30) days after the last day of the month following receipt all Tax identified as legally due to specific political subdivisions outside the TCD and received electronically from employers that operate in more than one tax collection district and have filed a notice pursuant to LTEA, 53 P.S. § 6924.512(5), of intention to file combined returns and make combined payments with Collector. This amount will be distributed, together with any investment earnings payable under this Agreement and to such political subdivisions.

(3) ***Manner of Making Distributions.*** If a Taxing Authority requests in writing and provides Collector with wire transfer instructions, Collector will make distributions by wire transfer immediately available funds according to the instructions provided. In default of such request and instructions, Collector will distribute funds by check mailed to the Taxing Authority or by other means agreed between Collector and the Taxing Authority.

(4) ***Statutory Interest Owed to Tax Collectors for Other TCDs.*** If Collector pays interest at the statutorily prescribed rate to a tax collector for another TCD as a result of a claim of the other tax collector pursuant to LTEA, 53 P.S. § 6924.513(b)(2) or § 6924.510(a), the interest paid will not be charged to the TCC or any Taxing Authority. However, Collector may deduct any such interest paid to other tax collectors from interest earned on Unidentified Funds.

(5) ***Unidentified Funds and Receipts.*** If Collector receives Tax and is unable to identify the Taxing Authority or other political subdivision entitled to the Tax within two (2) years of receipt, and if Collector has taken steps

mandated by the **TCC Unidentified Tax Funds Policy**, as now in effect or of which the TCC in the future notifies Collector, Collector promptly thereafter will distribute the Tax to the municipality in which the Tax was collected.

(6) ***Corrections to Distributions.*** If Collector at any time, based on annual reconciliation of returns or otherwise, determines that a distribution was incorrect, Collector will make adjustments to future distributions as required to make corrections.

h. ***Deductions for Amounts Owed TCC.*** Collector will comply with the TCC notice to deduct from any distribution otherwise due a Taxing Authority any amount the Taxing Authority owed the TCC, and will pay the amount deducted directly to the TCC.

i. ***Reports to TCC and Taxing Authorities.***

(1) ***Monthly Reports.*** Within twenty (20) days after the end of each calendar month, Collector will provide a written report, in accordance with LTEA, 53 P.S. § 6924.509(b), in form prescribed by DCED, with additional information provided to the TCC Secretary and to the secretary of each Taxing Authority for which Tax was collected during the prior month. The report will include the information set forth in Section 4(i)(1) and (2) until otherwise directed by the TCC, at which time Collector will follow such future direction. In the absence of other TCC direction, the report will set forth:

- (i) Aggregate information applicable to the entire TCD, including:
  - (a) The aggregate amount of funds held at the beginning of the month under this Agreement.
  - (b) ***Plus*** the amount of Tax received during the month under this Agreement.
  - (c) ***Plus*** the amount of investment earnings received during the month based on funds held under this Agreement.
  - (d) ***Plus*** the amount of collection expense recovered from Taxpayers that was previously charged to Taxing Authorities.
  - (e) ***Plus*** the amount of collection expense paid by Taxpayers and which Collector is entitled to retain under this Agreement.
  - (f) ***Plus*** all Related Amounts received during the month under this Agreement.
  - (g) ***Minus*** the amount of Taxpayer refunds paid during the month.
  - (h) ***Minus*** the amount of collection expense spent on behalf of and chargeable to Taxing Authorities under this Agreement.
  - (i) ***Minus*** the amount of collection expense paid by Taxpayers and which Collector is entitled to retain under this agreement.
  - (j) ***Minus*** the amount distributed to Taxing Authorities under this Agreement.

- (k) **Minus** the amount of Collector compensation commissions withheld from distributions during the month.
- (l) **Minus** the amount distributed to other tax collectors under this Agreement.
- (m) **Equals** the amount of funds held at the end of the month under this Agreement.

(ii) The same information as under subsections (a)-(m) above broken down as to each Taxing Authority, each other tax collector, and unallocated amounts, including investment earnings allocated under Section 4(f)(4) (Investment Earning Allocation) above.

(iii) The same information as under (ii) broken down as to each type of Tax that Collector collects under this Agreement.

(iv) The same information as under subsections (a)-(m) above broken down for each Taxing Authority as to the amount attributable to the increased Earned Income Tax rate, if any, levied by a municipality for open space lands.

(v) All other information required in monthly reports by this Agreement or DCED.

(vi) Investment information in accordance with Section 11 of the **TCC Deposit and Investment Policy** (Exhibit C).

(vii) All other information reasonably requested by the TCC in order to understand receipts and distributions of Tax and Related Amounts, to assess Collector performance, and for other appropriate purposes.

(2) **Information Concerning Returns and Enforcement, and for the Protection of the TCC and Taxing Authorities.** In addition to the foregoing, Collector's monthly report to the TCC Secretary and each Taxing Authority for which Tax was collected during the prior month will also specify:

- (i) Taxpayer information, including:
  - (a) Number of individual tax returns filed during the month and year to date.
  - (b) Number of individual non-filers identified during the month and year to date.
  - (c) Number of individual tax returns processed during the month and year to date.
  - (d) Number of individual tax returns remaining unprocessed, broken down by tax year.
  - (e) Number of employer tax returns filed during the month and year to date.
  - (f) Number of employer non-filers identified during the month and year to date.
  - (g) Number of employer tax returns processed during the month and year to date.

(h) Employer tax returns remaining unprocessed, broken down by tax year.

(ii) Tax collection legal proceedings information required under Section 4(m)(8) (Enforcement Steps) below.

(iii) Tax collector bond information required under Section 4(d)(1)(ii) (Tax Collector Bond) above.

(iv) Any criminal charges (other than a summary offense or driving under the influence) filed against Collector or any owner, officer, director, or key employee of Collector; and any criminal charges filed against any employee relating to theft or dishonesty.

(v) Any legal proceeding (arbitration, court action, or complaint filed with or investigation by a government body) filed, commenced, or made by a school district, municipality, other government body, employer, or Taxpayer against Collector. (This does not include Taxpayer refund requests unless the Taxpayer claims wrongful action by Collector and liability of Collector other than the refund claim amount).

(vi) Any judgment for payment of money in excess of \$10,000 rendered in any legal proceeding against Collector or any of its subsidiaries or affiliated companies. (This does not include a judgment for a refund claim amount owed to a Taxpayer.)

(vii) Any legal proceeding (arbitration, court action, or complaint filed with or investigation by a government body) or claim filed, commenced, or made by any person, or any event that has occurred, in either case that could have a material adverse effect on Collector's financial strength.

(viii) Any change of control of Collector, which shall mean: (a) any sale, lease, exchange, or other transfer (in one transaction or series of related transactions) of all or substantially all of the assets of Collector; or (b) the acquisition by any person or persons other than current owners of Collector of the power, directly or indirectly, to vote securities or other ownership interests having more than twenty percent (20%) of the ordinary voting power to elect directors of Collector, or to direct the management of the affairs of Collector.

(ix) Failure by Collector to make any payment more than ten (10) days after when due to any financial institution or any other party with respect to borrowed money.

(x) Any material adverse change in the financial or business condition of Collector.

(xi) The occurrence of any of the events or omissions specified in Section 9(a) (Termination) below.

(3) **Annual Report.** By February 1 of each year, Collector will provide a written report, in form satisfactory to the TCC. The report will be provided to the TCC Secretary, and to the secretary of each Taxing Authority for which Tax was collected during the prior year. The report will provide aggregate annual information. In accordance with Section 4(m)(7)(vi) below, the annual report will include a listing of all costs collected during the year from Taxpayers in connection with collection of delinquent Tax. The annual report may omit legal proceedings commenced by Collector and reported under Section 4(m)(8) ( Monthly Reports on Legal Proceedings) below.

(4) ***Certification of Reports.*** Collector’s monthly and annual reports will include Collector’s certification that the reports are accurate and that Collector is in compliance with this Agreement, and explanation of any noncompliance.

(5) ***Revenue Projection Assistance.*** On request from Taxing Authority or the TCC, Collector will provide revenue projection estimates for future budget planning.

(6) ***Sterling Act Tax Credit Information for School Districts.*** By November 1 of each year, Collector will provide, in form satisfactory to school districts and the TCC, Sterling Act tax credit information that school districts are required to provide to the Pennsylvania Department of Education pursuant to the Taxpayer Relief Act, 53 P.S. § 6926.503(b)(2). The report will be provided to the TCC Secretary, and to the Secretary of each school district for which Tax was collected during the prior year.

(7) ***Data Breach Report.*** If at any time Collector experiences a “breach of the security of the system” requiring notice of breach to affected Taxpayers under the Pennsylvania Breach of Personal Information Notification Act, 73 P.S. § 2301 et seq., Collector will provide notice of the breach to the TCC Secretary . The notice shall be provided as promptly as possible and no later than the date when notice is given to affected Taxpayers. Collector will be responsible for all costs incurred as a result of a breach, including the cost of notifying affected Taxpayers.

j. ***Tax Records.*** Collector has received a copy of the **TCC Tax Records Policy for Tax Collector** (Exhibit D) now in effect. Collector will maintain at all times an updated Individual Taxpayer List and an Employer List and other Tax Records in accordance with LTEA, 53 P.S. §§ 6924.509(e) and 6924.513(a)(3), and the **TCC Tax Records Policy for Tax Collector** (Exhibit D), as now in effect, or of which the TCC in the future notifies Collector. Per LTEA, 53 P.S. § 6924.509(e), all Tax Records are the property of the TCC and the Taxing Authority in which the Tax was collected.

k. ***Refund Processing.*** Collector will refund under LTEA, 53 P.S. § 6924.509(c), and the Local Taxpayer Bill of Rights, 53 Pa. C.S.A. §§ 8425 and 8426, on petition and proof by a Taxpayer, Tax paid and received by Collector or a Taxing Authority in excess of what is owed. Collector will consult with the TCC and receive TCC approval before issuing any refund in excess of \$25,000. Subject to foregoing, Collector will process promptly all refund requests. Each Taxing Authority will at all times be responsible for the amount of any refund the Taxing Authority owes to any Taxpayer, whether such refunds relate to amounts collected during the term of this Agreement or prior to the term of this Agreement. Collector will deduct the refund amount from a distribution otherwise due the Taxing Authority responsible for the refund.

l. ***Ongoing Duty to Maximize Collections.*** Collector will endeavor to maximize Tax collections by ensuring that all Tax owed is paid, including the following steps:

(1) ***Taxpayer Identification.*** Collector will take steps to identify Taxpayers required to pay or withhold Tax or file returns. These steps will include the following:

(i) ***Pennsylvania Department of Revenue Agreement.*** Collector will use the information from state income tax returns provided by the state as a result of the information exchange agreement the TCC enters into with the Pennsylvania Department of Revenue pursuant to LTEA, 53 P.S. § 6924.509(g). The TCC will provide Collector with a copy of the information exchange agreement. If the TCC fails to provide a copy by the date upon which Collector commences Tax collection under this Agreement, Collector will provide a written reminder to the TCC to provide a copy. Collector will compare Collector’s Individual Taxpayer List against the Pennsylvania Department of Revenue list at least Bi-Annually.

(ii) **Dialogue with Taxing Authorities.** Collector will engage in ongoing dialogue with Taxing Authority concerning Taxpayer identification, and will Bi-Annually ask each Taxing Authority that levies Tax whether it wishes to receive, review, and comment on Collector's list of employees operating within the Taxing Authority and Collector's list of individual Taxpayers residing within the Taxing Authority. Collector will promptly provide copies of such lists if requested by the TCC or a Taxing Authority that levies Tax, and will promptly review and adjust its lists based on information provided by Taxing Authorities. Collector will annually ask each Taxing Authority that levies Tax to provide a list of new employers known to the Taxing Authority to be operating within the Taxing Authority's boundaries.

(iii) **Other Lists.** Collector will annually compare Collector's individual Taxpayer list against the county real estate tax duplicate. Collector will also endeavor to obtain other lists of employers and individual Taxpayers for comparison to Collector's Individual Taxpayer List and Employer List.

(iv) **Commercial Census.** During the initial two years after Collector commences tax collection throughout the entire TCD, and at least every two (2) years thereafter, Collector will conduct a survey by traveling every road within the TCC to ensure that all employers are included on Collector's Employer List. The TCC may waive this requirement based on information provided by Collector concerning list comparisons and technology that provide comparable benefits.

(2) **Taxpayer Mailings.** Collector will annually mail tax return forms to all known employers and individual Taxpayers. Collector also during the year mail tax returns and related information to any employer or individual Taxpayers identified through Taxpayer identification steps and not included in the most recent annual mailing.

(3) **Mass Mailing and Amnesty Programs.** Collector will consider and when appropriate implement amnesty programs and mass mailings to identify Taxpayers and collect Tax owed. Any amnesty program will comply with the TCC policy on abatement of interest or penalties adopted under Section 4(p) below.

(4) **Examination and Reconciliation of Tax Returns.** Collector will by August 1 of each calendar year examine all individual tax returns for the prior calendar year or years received by May 1. Collector will as part of this process: (i) Determine if the correct amount of taxable income and Tax owed has been reported. (ii) Determine if the correct amount of Tax and any Related Amount has been paid, either directly by the individual Taxpayer or by an employer. (iii) Compare taxable income and Tax owed as reported with Tax payments received from individuals and employers. (iv) Compare taxable income and Tax owed as reported with income information from state income tax returns provided by the state. (v) Take other steps as appropriate to verify the correct amount of taxable income and Tax owed has been reported and paid. (vi) Determine if payments received during the year have been distributed to the correct Taxing Authority or other tax collector, and make adjustments to future distributions as required to make corrections.

(5) **Taxpayer Audits.** If Collector knows or suspects, based on information available to it, that the correct amount of taxable income has been reported or that an employer had not correctly withheld or reported withholdings, Collector will, in accordance with LTEA, 53 P.S. § 6924.509(f), conduct audits if the records of Taxpayers to determine Tax or Related Amounts owed and other violations.

(6) **Claims Against Other Tax Collectors.** Based on examination and reconciliation of tax returns and other available information, Collector will, in accordance with LTEA, 53 P.S. § 6924.513(b), initiate claims against tax collectors for other tax collection districts for Tax or Related Amounts owed. In addition to other steps, such claims may include appeals in accordance with LTEA, 53 P.S. § 6924.505(j), to the tax appeal board of another tax collection committee, and requests for DCED mediation pursuant to LTEA, 53 P.S. § 6924.505(k). If Collector collects statutory

interest from another tax collector on Tax owed, Collector will credit and distribute this interest to the Taxing Authority entitled to the Tax.

(7) ***Delinquent Tax.*** Except for Taxpayers subject to enforcement steps at the time Collector commences collecting Tax within a Taxing Authority, Collector will be responsible, at its expense except as otherwise expressly stated in this Agreement, for collection of all delinquent Tax, including Tax owed for tax years preceding the year during which Taxing Authority later agree that Collector will assume responsibility for collection, per LTEA, 53 P.S. § 6924.505(b)(4), Collector will not be responsible to collect delinquent Tax owed for 2011 or prior tax years if Collector receives written notice from Taxing Authority that the Taxing Authority has made prior arrangements for collection of such delinquent Tax. As to Taxpayers subject to enforcement steps, any taxpayer account subject to legal proceedings, wage attachment, or payment plan commenced by the prior tax collector shall remain with the prior tax collector until such collection action is completed. Collector will aggressively pursue collection of delinquent Tax. Section 4(m)(6) below includes provisions relating to delinquent collection expenses.

m. ***Enforcement Steps.*** Collector will take all necessary and appropriate actions to collect Tax not paid when due and to ensure employer compliance, including without limitation when appropriate the following steps:

(1) ***Pursuit of Taxpayers.*** In addition to annual mailings to individuals and employers included on the Collector's Individual Taxpayer List and Employer List and mailings during the year to employers and individuals believed to be required to pay or withhold Tax or file returns, Collector will use follow-up mailings and telephone calls to obtain individual Taxpayer and employer compliance or to correct erroneous information.

(2) ***Authorization to File and Prosecute Legal Proceedings.*** Subject to the terms of this Agreement, the TCC authorizes Collector to appear before any court, district justice, arbitration panel, tax appeal board, or DCED mediator or mediation panel in which legal proceedings may be brought to enforce obligations related to the Tax.

The TCC further authorizes Collector to compromise any Tax liability or otherwise settle legal proceedings brought by Collector to enforce obligations related to the Tax involving an amount in controversy of \$25,000 or less without prior TCC approval. Collector must obtain the TCC's prior written approval before compromising or settling any Tax liability when the amount in controversy exceeds \$25,000.

(3) ***Criminal Prosecutions.*** Collector will initiate criminal prosecutions against Taxpayers to enforce obligations related to the Tax. In addition to various provisions of the Crimes Code, 18 Pa.C.S.A. § 101 *et seq.*, criminal prosecution is available under LTEA, 53 P.S. § 6924.509(j), with respect to certain types of tax, for: (i) Taxpayer failure to file a required return; (ii) employer failure to register, keep records, deduct Tax from employees, or pay Tax deducted from employees; (iii) refusal to permit a Collector agent to examine records; (iv) knowingly making any incomplete, false, or fraudulent return; and (v) attempting to avoid full disclosure of income in order to avoid payment of Tax. In order to allow Collector's legal counsel to assume charge of criminal prosecutions, in accordance with the Pennsylvania Rule of Criminal Procedure 454(C), Collector will take steps with the County District Attorney to obtain consent for this procedure. The TCC will cooperate with Collector by joining in such request or providing other information as appropriate.

(4) ***Wage Attachments.*** Collector will, in accordance with LTEA, 53 P.S. § 6924.702, attach wages to enforce individual Taxpayer Obligations.

(5) ***Liens.*** Collector will, in accordance with the Municipal Tax Claim Law, 53 P.S. § 7101 *et seq.*, file liens against Taxpayer real estate to enforce obligations related to the Tax.

(6) **Civil Proceedings.** Collector will, in accordance with LTEA, 53 P.S. §§6924.509(h), 6924.510(e), 6924.513(b)(2), and 6924.705, initiate civil proceedings to enforce obligations to Taxpayers, bonding companies, other tax collectors, or other persons or entities, related to the Tax. Any such legal proceedings will be initiated in the name of Collector as agent for Taxing Authority of the TCC under this Agreement. Such proceedings include district justice actions and county court actions. Proceedings against employers may include not just actions to collect Tax, but also actions to enforce employer obligations to provide information required under the LTEA in order to identify the Taxing Authority or other political subdivision to which funds belong. Taxing Authorities shall have the right to intervene in any civil proceeding, and to revoke the authorization of Collector to prosecute a civil proceeding and thereafter prosecute the civil proceeding directly in its own name. In the event of revocation, Collector will reasonably cooperate with the Taxing Authority in transitioning responsibility for the proceeding to the Taxing Authority or its designees.

(7) **Enforcement Steps Expenses.**

(i) **Filing Fees.** Collector will advance filing fees required and costs imposed by any court for any legal proceeding to enforce Tax obligation. Unless and until paid by a Taxpayer, the Taxing Authority to which the Tax amount is owed is responsible for the filing fee. Collector will deduct the filing fee or cost amount from a subsequent distribution to such Taxing Authority, and thereafter will credit the amount to the Taxing Authority if and when paid by a Taxpayer.

(ii) **District Justice Action Attorney Fees.** Collector will pay all attorney fees related to district justice actions. Such attorney fees will not be charged to the TCC or any Taxing Authority.

(iii) **Attorney Fees for Other Legal Proceedings.** Collector will initiate or be involved to other legal proceedings, such as county court actions, bankruptcies, taxpayer refund requests, taxpayer or other appeals to the TCC Tax Appeal Board, and DCED mediation. For such proceedings, Collector will pay all attorney fees.

However, collector will be responsible for attorney fees only up to \$1,000 in connection with any one matter. Unless and until paid by a Taxpayer, the Taxing Authority affected by the claim will be responsible for attorney fees in excess of \$1,000 for any one matter payable to a lawyer who is not an employee of Collector. As to such fees, Collector will advance the amount and deduct the amount from a subsequent distribution to such Taxing Authority, and thereafter will credit the amount to the Taxing Authority and request guidance when such legal expense will exceed \$1,000. In such cases, the TCC will generally consult with the TCC solicitor for advice, and will consult with the affected Taxing Authority as deemed appropriate. The TCC may at any time instruct Collector to cease proceeding with any legal claim or legal proceeding.

(iv) **Cases of General Interest to Multiple Taxing Authorities.** If the TCC decides that a legal proceeding involves a matter of general interest to multiple Taxing Authorities, the TCC may instruct Collector to charge any attorney fees in excess of \$1000 to the interested Taxing Authorities pro rata in direct proportion to Tax collected for each Taxing Authority during the prior calendar year, or in another manner the TCC deems equitable.

(v) **Claims Against Collector.** Collector will be responsible for and pay all attorney fees or other expenses of any type related to claims by Taxing Authorities against Collector, claims by other tax collectors or political subdivisions outside the TCD for payment of Tax and Related Amounts believed owed to the other tax collector or political subdivision, and claims by Taxpayer against Collector.

(vi) **Taxpayer Payment of Delinquent Collection Expenses.** Collector may, in accordance with LTEA, 53 P.S. § 6924.707, impose and collect from Taxpayers the reasonable costs (including attorney fees) incurred to provide notices of delinquency or to implement similar procedures to collect

delinquent Tax. Collector will submit to the TCC a proposed schedule of collection costs to be imposed on Taxpayers, and will collect such amounts from Taxpayers after TCC approval of the schedule. Collector's annual report under Section 4(i)(3) above to the TCC and certain Taxing Authorities will include a listing of all costs collected during the year from Taxpayers in connection with collection of delinquent Tax. Collector may retain costs collected from Taxpayers pursuant to the approved schedule, except when the amounts represent filing or attorney fees previously charged to a Taxing Authority.

(8) ***Monthly Reporting on Legal Proceedings.*** In addition to the other monthly reporting requirements in this Agreement, Collector's monthly reports to the TCC and certain Taxing Authorities will include: (i) An explanation of steps taken to identify Taxpayers required to pay or withhold Tax of file returns, including comparison of Collector Taxpayer lists against Pennsylvania Department of Revenue Taxpayer lists, the County real estate tax duplicate, and other lists of employers and individual Taxpayers; dialogue with Taxing Authorities; survey conducted by traveling TCC roads; Taxpayer mailings; and mass mailings and amnesty programs. (ii) An explanation of the results of all such steps. (iii) a listing of all legal proceedings commenced by Collector under this Agreement during the prior month. (iv) All such legal proceedings commenced during prior months and remaining open. (v) All such legal proceedings commenced during prior months and closed during the month (including explanation of the result of such proceedings). (vi) Any expenses incurred in connection with any such legal proceedings that will be assessed against any Taxing Authority. (vii) The amount of costs collected from Taxpayers in connection with collection of delinquent Taxes. For purposes of monthly reports, legal proceedings will include Taxpayer audits, claims against other tax collectors, criminal prosecutions, wage attachment, liens, and civil proceedings. The report will identify the Taxpayer against whom or which the legal proceeding was commenced, except that names of Taxpayers will be omitted in listing audits.

(9) ***TCC and Taxing Authority Rights Preserved.*** The TCC and Taxing Authorities reserve the right to initiate, or to intervene in as permitted by applicable law, legal proceedings in its or their names for enforcement of obligations related to the Tax. At the TCC's request, Collector will consult with the TCC on any pending legal proceeding.

(10) ***Enactment Validity.*** If an Enactment is challenged in court, Collector will continue to collect the otherwise enjoined by court order or otherwise directed by the TCC.

(11) ***Defense of Enactments.*** Collector is not responsible to defend the validity, legality, or constitutionality of Enactments except to the extent that the legality of same is challenged in response to a legal proceeding filed by Collector. If the legality of an Enactment is challenged in response to a legal proceeding filed by Collector, Collector will defend the legality of the Enactment, subject to consultation with the TCC and the Taxing Authority that passed the Enactment, and the other conditions set forth in this Agreement.

n. ***TCC Tax Appeal Board.*** Collector will participate in, and as appropriate defend against, appeals filed with the TCC Tax Appeal Board.

o. ***DCED Mediation.*** Collector will participate in DCED mediation when a dispute is properly submitted to DCED mediation.

p. ***Abatement of Interest or Penalties/Amnesty Programs.*** Collector will recommend to the TCC a policy on abatement of interest or penalties that would otherwise be imposed for the non-reporting or under-reporting of Tax liability or for the non-payment of Tax, which policy shall apply if the Taxpayer voluntarily files delinquent returns and pays the Tax in full. The TCC will adopt a policy on abatement of interest or penalties subject to any rules or regulations promulgated by DCED pursuant to LTEA, 53 P.S. § 6924.509(i)(2). The policy may incorporate provisions allowing an amnesty program for a limited period of time.

q. ***Amounts Collected.*** Collector will at all times act in the best interests of the TCC and the Taxing Authorities, will aggressively pursue collection of Tax, and will use all reasonable efforts to collect all Tax and Related Amounts owed to the Taxing Authorities. However, Collector does not guarantee that it will collect any particular amount for an Taxing authority in any given tax year and does not guarantee collection of all Tax and Related Amounts owed. Collector is not required to collect any Tax or Related Amounts that Collector with the exercise of reasonable judgment determines uncollectable.

r. **Meetings with TCC.** At least annually, and more frequently if requested by the TCC, Collector will meet with TCC representatives to report on and discuss Tax collection activities, issues, and performances.

5. **Ongoing Duties and Covenants of the TCC.** The TCC agrees to the following:

a. **Authorized Representatives.** The TCC will notify Collector in writing of a specific individual or individuals who will act as authorized representatives of the TCC to make requests of, consult with, and receive information from Collector.

b. **Enactments.** The TCC has provided or promptly hereafter will provide or cause the Taxing Authorities to provide to Collector a copy of each Enactment and any amendments thereto currently in effect, and will provide or cause the Taxing Authority to provide a copy of any future Enactment or amendment promptly after adoption.

6. **Tax Collector Compensation.**

a. **Commission.** Collector will receive a commission as compensation for its services under this Agreement. Collector will bill each Taxing Authority monthly for its commission. If delinquent Tax collection or enforcement responsibilities are assigned or delegated to a subcontractor with TCC advance written consent under Section 4(e) (Collector Office, Staff, Technology, and Resources) above, Collector will be entitled to the commission on the net amount of delinquent Tax collected after the subcontractor's fee.

b. **Commission Amount.** Collector will receive a commission equal to \_\_\_\_percent (\_\_\_\_.0%) of the Tax distributed by Collector to the Taxing Authorities (without subtracting amounts paid to the TCC under Section 4(h) above). The commission applies solely to distributions of Tax, and not to distributions of Related Amounts. The commission applies solely to distributions to the Taxing Authorities, and not to distributions to tax collectors for other tax collection districts. The commission represents payment for all Collector's services and materials including, but not limited to, expenses for equipment, supplies, postage, and personnel, but excluding items, if any, for which Collector is to be reimbursed as expressly state elsewhere in the Agreement. The commission percent applicable to each Taxing Authority for each tax collected is set forth in Exhibit A.

c. **Expense Reimbursement.** Except for delinquent tax collection costs Collector is authorized to retain under Section 4(m)(6)(vi) above, if any, and enforcement step expense under Section 4(m)(7) above, Collector will be reimbursed for expenses incurred in connection with Tax collection only if the TCC gives advance written approval for the expense.

d. **Tax Rate Increases.** If any Taxing Authority increases the rate of any Tax with the result that the annual Tax revenue collected for the Taxing Authority will increase by more than \$500,000, the TCC and Collector will agree on an equitable reduction in the applicable Tax collection commission.

e. **Delinquent Tax Collection Commission.** Collector will be compensated for the delinquent Tax distributed by Collector at a higher rate than that provided above. The TCC will compensate Collector in an amount equal to \_\_\_\_\_ percent (\_\_\_\_.0%) of all such delinquent Tax distributed by Collector to the Taxing Authorities. The term "delinquent Tax" for purposes of this Section includes any Tax received more than 180 days after the final due date. However, any Tax received during a payment extension period or pursuant to a payment plan will not be considered delinquent.

7. **Confidentiality.** All information obtained by Collector as a result of Taxpayer declarations, returns, investigations, hearings, or verifications related to Tax collection is confidential. Collector will not divulge to any third party any confidential information. This prohibition does not include disclosure of otherwise confidential information for official purposes as authorized by any law, including without disclosure to a lawyer or accountant retained by Collector or disclosure in a legal proceeding.

8. **Liability and Indemnification.**

a. **Enactment Compliance.** Collector will not be liable or responsible for failure of an Enactment to comply with applicable legal requirements.

b. **Collector Indemnification.** Collector will hold harmless and indemnify the TCC, the Taxing Authorities, their delegates, directors, elected officials, officers, employees, agents, and consultants, and any insurance company providing insurance to any of them, from and against any claim, loss, damage, liability, or expense (including reasonable attorney fees) arising from or relating to: (1) Collector loss of or failure to pay when owed to the Taxing Authority, person, or entity to whom or which owed, any amount collected, earned, or otherwise held by Collector. (3) Collector breach of this agreement. (4) Collector failure to take any action when the failure constitutes breach of a legal duty. (5) Collector acts or omissions of any nature, except for any action the TCC by written communication expressly and specifically directs Collector to take under circumstances when Collector does not have an obligation under this Agreement or applicable law or regulation to take such action in the absence of the TCC direction. For this purpose, a TCC written communication approving or consenting to an action taken or to be taken by Collector does not constitute a TCC direction to take such action. (6) Any investigation, legal proceeding, administrative action, or other action by any person, entity, or government body relating to or alleging any of the matters referred to in item (1) to (5) set forth in this Section. Collector will have no obligation to indemnify for loss, damage, liability, or expense relating to any investigation, legal proceeding, administrative action, or other action by any person, entity, or government body that is primarily a dispute between the TCC and one or more Taxing Authorities or to the extent the loss, damage, liability, or expense arises or results from Taxing Authority or TCC action or omission.

c. **TCC Indemnification.** To the extent permitted by the Pennsylvania Political Subdivision Tort Claims Act and other applicable law, the TCC will hold harmless and indemnify Collector, its directors, officers, employees, agents, and consultants, and any insurance company providing insurance to any of them, from and against any claim, loss, damage, liability, or expense (including reasonable attorney fees) arising from or relating to: (1) TCC failure to comply with any applicable law or regulation. (2) TCC breach of this Agreement. (3) TCC failure to take action when the failure constitutes a breach of legal duty. (4) Collector's compliance with a TCC notice to withhold and pay to the TCC amounts that would otherwise be distributed to the Taxing Authority. (5) Any investigation, legal proceeding, administrative action, or other action relating to or alleging any of the matters referred to in items (1) to (4) set forth in this Section. The TCC will have no obligation to indemnify for loss, damage, liability, or expense relating to any investigation, legal proceeding, administrative action, or other action by any person, entity, or government body to the extent the loss, damage, liability, or expense is attributable to a Taxing Authority or Collector action or omission.

d. **Collector Insurance.** In addition to Tax Collector Bond requirements in Section 4(d), Collector shall purchase from and maintain with a company lawfully authorized to do business in Pennsylvania insurance of the types and amounts listed in Exhibit B. Collector shall file with the TCC prior to commencement of collection under this Agreement certifies of insurance acceptable to the TCC. These certificates shall contain a provision that coverages afforded under the policies will not be cancelled or allowed to expire until at least 30 days prior written notice has been given to the TCC.

9. **Early Termination.**

a. **TCC Termination for Cause.** The TCC may end the term of this Agreement prior to the end of the term set forth in Section 3 (Term of Agreement) above by giving written termination notice to Collector if: (1) Collector or any owner, officer, or key employee of Collector is charged with a crime involving fraud, extortion, or dishonest, or that reflects adversely on the credibility or integrity of Collector or the owner, officer, or key employee. (2) Collector engages or has engaged before or after the Effective Date in conduct that reflects adversely on Collector's credibility or integrity. (3) Collector fails to meet any annual mandatory education requirements prescribed by DCED under LTEA, 53 P.S. § 6924.508(e). (4) Collector fails to satisfy the requirements for appointment prescribed by DCED under LTEA, 53 P.S. § 6924.508(f). (5) Collector has misrepresented any material fact in Collector's response to the TCC RFP for Tax

Collection Services. (6) The TCC does not approve of Collector's auditor in accordance with Section 4(c)(5) (Financial Statements) above. (7) Any Tax Collector bond expires or is terminated, and a new bond has not been delivered to the TCC in accordance with Section 4(d) (Tax Collector Bond) above. (8) The occurrence of any of the events or omissions specified in Section 4(i)(2) (vii), (viii), (ix), or (x) (Reports to TCC and Taxing Authorities) above. (9) Collector is in material breach of any provision of this Agreement. (10) Collector's insolvency, bankruptcy, or cessation of business operations. (11) Any legislative or regulatory action or enactment or court decision occurs, which has the effect of prohibiting, preventing, inhibiting, or materially restricting Collector's ability, power, or authority to collect Tax.

b. **Collector Notice to TCC.** Collector will give prompt written notice, in any event no later than the next monthly report, to the TCC if Collector becomes aware of any event or omission which could provide grounds for TCC termination under Section 9(a) above. After giving notice, Collector will comply with all TCC requests to provide further information regarding the event or omission specified in the notice.

c. **TCC Notice to Collector.** A TCC termination notice under Section 9(a) above shall specify the reason for the termination and the termination effective date. If the sole cause for termination is material breach of this Agreement, and none of the other causes for early termination set forth in Section 9(a) applies, the termination effective date shall be at least thirty (30) days after the date of the termination notice, and Collector shall have thirty (30) days after the date of the termination notice within which to cure the breach or to take substantial steps to cure the breach to the satisfaction of the TCC. If Collector does not cure the breach or take substantial steps to cure the breach to the satisfaction of the TCC within thirty (30) days after the date of the termination notice, the termination will be effective on the termination effective date specified in the termination notice.

10. **Effect of Termination.** When the term of this Agreement ends, except as otherwise agreed in writing between the TCC and Collector, the following provisions will apply:

a. **Tax Collector Status Ends.** Collector will cease to be the exclusive collector of Tax throughout the TCD, and the exclusive collector of Tax throughout the TCD after the termination effective date will be the new tax collector designated by the TCC.

b. **Collector Announcement.** Collector will promptly post an announcement on its website that Collector is no longer designated as tax collector for the TCC, which announcement will include the name of the new tax collector as specified in written notice from the TCC to Collector.

c. **Collector Communications.** When Collector is contacted in its capacity as tax collector for the TCC, Collector will advise that Collector is no longer designated as tax collector for the TCC and will advise of the name of the new tax collector as specified in written notice from the TCC to Collector.

d. **TCC Notice to Taxpayers.** The TCC will notify, or cause the new tax collector for the TCC to notify, in writing, Taxpayers and other tax collectors that after the termination effective date all Tax and communications concerning Tax should be directed to the new tax collector, including Tax attributable to time periods before termination effective date. This includes processing tax returns related to activities, earnings, or withholdings prior to the termination effective date.

e. **Funds and Communications Received After Termination Effective Date.** Collector will promptly after receipt transfer to the new tax collector any checks, electronic fund transfers, tax returns, or other communications received by Collector in its capacity as tax collector or former tax collector for the TCC.

- f. **Unidentified Funds.** Collector will promptly transfer to the new tax collector any Unidentified Funds collected or held by Collector in its capacity as tax collector for the TCC, together with all information in Collector's possession relating to the Unidentified Funds.
- g. **Collector Summary Report.** Collector will promptly provide the TCC with a report summarizing the status of: (1) Open Taxpayers audit. (2) Open claims against other tax collectors. (3) Taxpayers then identified as delinquent. (4) Open legal proceedings, wage attachments, payment plans, and lien filed and not yet satisfied. (5) All other information reasonably requested by the TCC or the new tax collector.
- h. **Tax Records Transfer.** Collector will promptly transfer all Tax Records to the new tax collector as directed by the TCC and in accordance with the **TCC Tax Records Policy for Tax Collector** (Exhibit D). Collector may keep a copy of Tax Records for Collector reference as needed for delinquent Tax matters Collector will continue to handle or in case of any dispute that continues or arises after the end of the term..
- i. **Taxpayers Subject to Enforcement Steps.** Unless directed otherwise by the TCC, any taxpayer account subject to legal proceedings, wage attachment, or payment plan commenced by Collector shall remain with Collector until such collection action is completed, and Collector will be compensated for such collections as provided under this Agreement. Collector will take all steps necessary or appropriate as reasonably directed by the TCC for smooth transition of responsibility for collection of Tax subject to legal proceedings, wage attachment, and payment plan.
- j. **Collector Cooperation.** Collector will cooperate and take all other steps necessary or appropriate for smooth transition of Tax collection service from Collector to the new tax collector.
- k. **Collector Financial Statements.** Collector will deliver required financial statements and reports, in accordance with Section 4(c) (Tax Collector Financial Statements) above, for the calendar year in which the termination does occur.
- l. **Collector Bond.** Collector will provide a bond for a period of six (6) months in accordance with the requirements of Section 4(d) (Tax Collector Bond) above, and in the amount required under Section 4(d)(6).
- m. **Collector Investment of Funds.** Collector will invest and make payments of any funds held by Collector in its capacity as tax collector for the TCC in accordance with Section 4(f) (Tax Revenue Deposit and Investment) above.
- n. **Collector Distributions.** As to funds received prior to the termination effective date, Collector will make distributions in accordance with Section 4(g) (Distributions) above.
- o. **Collector Monthly Reports.** Collector will file monthly reports, in accordance with sections 4(i)(1), (2) (Reports to TCC and Taxing Authorities) above, until Collector has filed a final monthly report accounting for all funds held by Collector in its capacity as tax collector for the TCC.
- p. **Collector Annual Report.** Collector will provide a written annual report in accordance with Section 4(i)(3) (Reports to TCC and Taxing Authorities) above, and for the final year during which monthly reports have been filed.
- q. **Surviving Provisions of Tax Collection Agreement.** In addition to all provisions in this Section 10, the provisions of Section 4(b) (Best Interests/Legal Compliance), 4(h) (Deduction for Amounts owed TCC), 4(j) (Tax Records), 7 (Confidentiality), 8 (Liability and Indemnification) above, and Section 11 (Dispute Resolution), 12 (Notices),

14 (Miscellaneous) below, and any other provisions relating to obligations of the parties after the end of the term, will survive the end of the term of this Agreement.

r. **Release.** In the event the TCC ends the term of this Agreement under Section 9(a) (Early Termination) above with the reasonable belief that grounds exist for such action, Collector releases the TCC from all liability to Collector arising from or related to the termination. Notwithstanding the foregoing, Collector will be entitled to all compensation for Tax collected before or for which Collector is authorized to collect after the termination effective date.

11. **Dispute Resolution.**

a. **Choice of Law.** This Agreement shall be governed by Pennsylvania law.

b. **DCED Mediation.** Any dispute arising from or related to this Agreement subject to mandatory DCED mediation will first be submitted to DCED in accordance with LTEA, 53 P.S. § 6924.505(k). Other disputes may be submitted for DCED mediation if all parties agree.

c. **Jurisdiction.** Any dispute between the TCC and Collector arising from or related to this Agreement that is not resolved by discussion or mediation will be submitted to the jurisdiction of the Mercer County Court of Common Pleas in Mercer, Pennsylvania.

12. **Notices Under this Agreement.** All communications and notices under this Agreement will be in writing and will be deemed given at the earlier of the time when actually delivered, when mailed by first class or express mail, postage prepaid, or other courier service with charges prepaid, or when sent by facsimile or email transmission (with confirmation from the recipient)-addressed as set forth after each party's signature at the end of this Agreement (or to such other address as a party has substituted or added by notice pursuant to this Section).

13. **Transition to Collection under this Agreement.** Collector agrees to take the following steps as part of the transition to tax collection under this Agreement:

a. **Tax Records Procurement or Creation.** Promptly after the Effective Date, Collector will use best efforts to obtain from the current tax collector for each Taxing Authority copies of all Tax Records (other than bank account statements) required under Section 3 of the **TCC Tax Records Policy for Tax Collector** (Exhibit D). To the extent such information cannot be obtained from the then-current tax collector, Collector will use best efforts to obtain such information from the Taxing Authority. If Collector is the then-current tax collector, Collector will create or maintain such information. Collector will also use best efforts to obtain or maintain copies of such information updated to the date Collector will commence tax collection under this Agreement, so that Collector will have all information needed to begin collecting Tax on the date specified in Section 1(b) (Commencement Date) above.

b. **Advertisement.** On or before November 1 prior to the date Collector commences tax collection under this Agreement, Collector will advertise in a newspaper of general circulation within the TCD. The advertisement will include Collector's contact information, website address, and other information to help ensure Taxpayer communications and payments are directed to the correct tax collector.

c. **Notice to Employers.** On or before November 1 prior to the date Collector commences tax collection under this Agreement, Collector will notify in writing all employers within the TCD. The notice will include Collector's contact information, website address, and other information to help ensure employer communications and payments are directed to the correct tax collector. The notice will also include tax returns and any other required forms.

- d. **Notice to Individuals.** On or before December 1 prior to the date Collector commences tax collection under this Agreement, Collector will notify in writing all individuals residing in the TCD who pay or are believed to owe Tax. The notice will include Collector's contact information, website address, and other information, website address, and other information to help ensure Taxpayer communications and payments are directed to the correct tax collector. The notice will also include tax returns and any other required forms.
- e. **Fund Transfers from Prior Tax Collector.** Collector will arrange with the prior tax collector for transfer to Collector of any checks, electronic fund transfers, tax returns, or other communications received by the prior tax collector after the date when Collector commences collecting Tax within a Taxing Authority served by the prior tax collector.
- f. **Transfer of Unidentified Funds from Prior Tax Collector.** Collector will arrange with the prior tax collector form transfer to Collector of any Unidentified Funds collected or held by the prior tax collector in its capacity as tax collector for a Taxing Authority prior to the date Collector commences collecting Tax within the Taxing Authority.
- g. **Tax Return Processing.** After the date when Collector commences collecting Tax within a Taxing Authority, except as otherwise provided for Taxpayers subject to enforcement steps: (1) All Tax and Related Amounts owed by Taxpayers residing or located within the Taxing Authority or owed to the Taxing Authority will be paid to Collector, including Tax and Related Amounts owed for time periods before the date Collector commences collecting Tax. (2) All tax returns will be filed with Collector, including tax returns relating to time periods before the date Collector commences collecting Tax.
- h. **Delinquent Tax.** Collector will collect delinquent Tax as specified in Section 4(l)(7) (Delinquent Tax) above.
- i. **Other Measures.** Collector will take all other reasonable measures deemed necessary or appropriate by Collector or the TCC to educate Taxpayers about Collector's appointment, and about Act 32, LTEA, and Collector requirements, or to ensure smooth transition of tax collection services from the prior tax collector.
- j. **TCC Tax Collection Transition Plan.** Collector will assist the TCC in developing, and will comply with other steps required by, the **TCC Tax Collection Transition Plan.**

14. **Miscellaneous.**

- a. **Payment of TCC Costs to Enforce Agreement.** Collector will pay all costs, including attorney fees and other expenses, incurred by the TCC in enforcing this Agreement irrespective of whether legal proceedings are filed.
- b. **Entire Agreement.** This Agreement represents the entire Agreement between the TCC and Collector, supersedes any prior agreements between the TCC and Collector, and supersedes any prior agreements between any Taxing Authority and Collector related to collection of the Tax.
- c. **Modification.** Any modification if this Agreement must be in writing and signed by the TCC and Collector to be valid.

- d. **Independent Contractor.** Collector is providing tax collection services under this Agreement as an independent contractor. Collector has no authority to create obligations for or legally bind the TCC or any Taxing Authority except as expressly authorized in this Agreement or applicable law.
- e. **Assignment or Subcontracting.** Collector will not assign, transfer, subcontract, or delegate any of its rights or responsibilities under this Agreement without prior written approval from the TCC.
- f. **Successors.** This Agreement is binding upon parties' successors and assigns.
- g. **Severability.** If any portion of this Agreement is invalid or unenforceable, the validity and enforceability of the remaining provisions shall not be affected or impaired thereby.
- h. **Section Headings.** The headings contained in this Agreement are for convenience of reference only and are not to be used in interpreting the Agreement.
- i. **Interpretation.** The parties are equally responsible for the consummation of this Agreement. Alleged ambiguity in this Agreement shall not be constructed against either party.

15. **Definitions.**

- a. **Collector**-as defined in the preface to this Agreement on Page 1.
- b. **CPA**-as defined in Section 4(c)(1).
- c. **DCED**-as defined in Section 4(a).
- d. **Effective Date**-as defined in the preface to this Agreement on Page 1.
- e. **Enactments**-as defined in the Background Section on Page 1.
- f. **LTEA**-as defined in the Background Section on Page 1.
- g. **Person**-any individual, entity, corporation (including any non-profit corporation), general or limited partnership, limited liability, company, joint venture, estate, trust, association, organization, labor union, or any other governmental body.
- h. **Political Subdivision**-a city of the second class, city of the second class A, city of the third class, borough, town, township of the first class, township of the second class, school district of the first class A, school district of the second class, school district of the third class, school district of the fourth class, or municipal authority, located in the Commonwealth of Pennsylvania.
- i. **Related Amounts**-as defined in Section 2(e).
- j. **Tax**-as defined in Section 2(c).
- k. **Taxing Authorities**-as defined in the Background Section on Page 1.

- l. **Taxpayers**-as defined in Section 1(a).
- m. **Tax Records**-as defined in the **Tax Records Policy for Tax Collector** (Exhibit D), as now or in the future in effect. The policy as now in effect is attached to this Agreement.
- n. **TCC**-as defined in the preface to this Agreement on Page 1.
- o. **TCD**-as defined in the Background section on Page 1.
- p. **Unidentified Funds**-as defined in Section 4(f)(3).

**IN WITNESS WHEREOF**, the parties have executed this Agreement as of the Effective Date.

**COLLECTOR:**

Attest:

\_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Street Address:  
(principal office and mailing address)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Facsimile Number: \_\_\_\_\_

Email Address: \_\_\_\_\_

**MERCER COUNTY TAX  
COLLECTION COMMITTEE**

Attest:

\_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Street Address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Facsimile Number: \_\_\_\_\_

Email Address: \_\_\_\_\_

**Exhibit B**

**Collector Minimum Insurance Requirements**  
**(in addition to tax collector bond)**

<b>Insurance Type</b>	<b>Minimum Limits</b>
Commercial general liability, including contractual liability (with TCC and taxing authorities named additional insureds; coverage primary to other coverage TCC may have)	\$1,000,000 per occurrence \$2,000,000 aggregate
Vehicle liability (including owned, rented, non-owned, and uninsured and underinsured motorist coverage)	\$1,000,000 per occurrence \$2,000,000 aggregate
Excess/umbrella liability	\$1,000,000 per occurrence \$2,000,000 aggregate
Workers' compensation	Per Pennsylvania statutory limits \$1,000,000 employer liability per accident \$1,000,000 employer liability disease per employee
Employee dishonesty, including third party funds and computer fraud (applicable to all employees and independent contractors)	\$1,000,000
Professional liability	\$1,000,000 per occurrence \$1,000,000 aggregate

- 1. The deductible under any insurance policy required hereunder shall not exceed \$25,000.***
  
- 2. Insurance must be issued by an insurance company that is licensed in Pennsylvania and has a minimum A.M. Best rating of "A-", class VII. If insurance is provided through a trust, risk retention group, pool, or similar entity, re-insurers must satisfy these qualifications, and additional requirements might apply.***
  
- 3. The Certificate of Insurance filed by Collector must be signed by a licensed insurance representative and contain a provision that coverages afforded under the policies will not be cancelled or allowed to expire until at least 30 days prior written notice has been given to the TCC.***
  
- 4. The above limits may be achieved either on a stand-alone basis or in combination with Excess or Umbrella Liability policy.***

**Notice to Collector of TCC Representatives**

Until further notice from the TCC, the following are the individuals who will act as authorized representatives of the TCC to make requests of, consult with, and receive information from Collector.

**1. TCC Primary Contact Person**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Street Address: \_\_\_\_\_

\_\_\_\_\_

Email Address: \_\_\_\_\_

**2. TCC First Alternate Contact Person**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Street Address: \_\_\_\_\_

\_\_\_\_\_

Email Address: \_\_\_\_\_

**3. TCC Second Alternate Contact Person**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Street Address: \_\_\_\_\_

\_\_\_\_\_

Email Address: \_\_\_\_\_

Date: \_\_\_\_\_ Mercer County Tax Collection Committee

By: \_\_\_\_\_

**Exhibit C**  
**TCC Deposit and Investment Policy Form**  
**MERCER COUNTY TAX COLLECTION COMMITTEE**

**Deposit and Investment Policy**

1. **Policy Scope and Legal Authority.** The Local Tax Enabling Act (LTEA), 53 P.S. § 6924.505(1), requires the Mercer County Tax Collection Committee (TCC) to adopt an annual budget and pay TCC operating expenses. LTEA, 53 P.S. §6924.509(a)(6), requires the TCC to adopt an investment policy governing investments of the tax funds held by a TCC appointed tax collector. The purpose of this policy is to provide for deposit and investment of all funds held by the TCC, and of all funds collected or held by a TCC appointed tax collector under a tax collection agreement between the TCC and the tax collector. All such funds shall be deposited and include: LTEA, 53 P.S. §§ 6924.505(1), 6924.509(a)(6); Pennsylvania law applicable to pooled collateral, 72 P.S. §3836-1 *et seq*; and the Pennsylvania Intergovernmental Cooperation Act, 53Pa. C.S.A. § 2301 *et seq*.
  
2. **Investment Objectives.** The primary objectives of deposit and investment shall be, in priority order:
  - a. **Legality.** Deposits and investments shall be made in accordance with all applicable laws.
  
  - b. **Safety.** Safety of principal shall never be compromised. Preservation of principal shall be ensured through minimizing credit risk and interest rate risk, and by thorough investigation and knowledge of all investment providers and professional advisors.
  
  - c. **Liquidity.** Investments shall remain liquid at all times.
  
  - d. **Yield.** Investments shall be made with the objective of attaining a market-average rate of return.
  
  - e. **Minimize Uninvested Balances.** Investments shall be made to minimize uninvested balances.
  
3. **Deposit and Investment Account Ownership.**
  - a. **TCC Funds.** All deposits and investments made by the TCC will be made in the name of TCC.
  
  - b. **Tax Collector Funds.** All deposits and investments made by the tax collector of funds subject to this policy will be made in the name of the tax collector in one or more accounts designated as “Tax fund Held for Mercer County Tax Collection Committee.” Such amounts belong to, are the property of, and shall be held by the tax collector as a trust fund for taxing authorities located within the jurisdiction of the TCC and within the jurisdiction of other tax collection committees. Such amounts will remain deposited and invested in accordance with this policy until distributed in accordance with the tax collection agreement between the TCC and the tax collector.
  
4. **Tax Collector Funds Not to Be Commingled.** All deposits and investments made by the tax collector of funds subject to this policy will be deposited, invested, and held in one dedicated account with a financial institution or local government investment trust, holding in the account only funds held by the tax collector in its capacity as tax collector under the tax collection agreement between the TCC and the tax collector. The tax collector may not

commingle such funds by placing such funds in the same account together with funds that belong to the tax collector or that are collected or held by the tax collector for any other tax collection committee, entity or person.

5. **General Standard of Care.** In making deposits and investments, the TCC and tax collector shall observe the standard of care that would be observed by a prudent person dealing with property of another.
6. **Permitted Deposits and Investments.** Funds may be deposited and invested only in the following types of authorized accounts or investments.
  - a. **Deposits.** Deposits in financial institutions insured by FDIC or another U.S. government instrumentality (amounts above insurance limit must be collateralized).
  - b. **Local Government Investment Trust.** Deposits in investment pools established by the State Treasurer or established by local governments under the Intergovernmental Cooperation Act and related statutes, provided that the investment pools are rated in the highest category by a nationally recognized rating organization.
  - c. **U.S. Government Obligations.** Short-term U.S. government obligations, and short-term obligations of U.S. government agencies or instrumentalities which are backed by the full faith and credit of the U.S. government or are rated in the highest category by a nationally recognized rating organization. For this purpose, short-term means having a maturity of 397 days or less from the time the investment is made.
  - d. **Repurchase Agreements.** Repurchase agreements which are fully collateralized by obligations of the U.S. government or its agencies or instrumentalities, which obligations are free from other liens and backed by the full faith and credit of the U.S. government or rated in the highest category by a nationally recognized rating organization.

The Tax Collector may make deposits only in financial institutions or local government investment trusts approved in writing by the TCC. The Tax Collector may make deposits only in financial institutions and local government investment trusts selected by the TCC.

7. **Due Diligence Qualification and Annual Review of Investment Providers and Professional Advisors.**

#### **Due Diligence – General**

- a. It is of utmost importance that when making a deposit or investment the TCC or tax collector have thorough knowledge of investment providers or professional advisors the TCC or tax collector engages to deal with funds subject to this policy. Selection of depository institutions, custodians, repurchase agreement providers, brokers, investment advisors or managers, and local government investment pools must be based on legality, quality of service, experience, reputation, integrity, creditworthiness, capitalization, and other relevant factors. The TCC and tax collector should deal only with those having substantial experience and a high level of capitalization.
- b. The TCC or tax collector making a deposit or investment should carefully investigate all investment providers and professional advisors before starting a business relationship or engaging in an initial transaction, and should further review and investigate all providers and professionals at least annually. The TCC or tax collector should require submission of qualification information as part of the initial investigation, and updated information as part of the annual review.

- c. The tax collector may not deposit or invest funds with or through a financial institution if the TCC has advised the tax collector that the financial institution is not acceptable to the TCC.

### **Due Diligence – Required Information**

- d. All depository institutions (*except for full insured deposits and except as stated in the last sentence of this paragraph*), custodians and local government investment pools, shall be required to submit as part of the TCC or tax collector due diligence investigation: (1) Their rating, if any, from a nationally recognized rating agency. (2) Their most recent audited annual financial statements. (3) Information concerning any fidelity or other surety bonds, errors and omissions insurance, and any other insurance available to protect against possible loss, including names of insurance companies, coverage limits, and scope of coverage. (4) Information concerning the internal and external audit procedures applicable to investments, collateral, or investment services. (5) If a depository institution or custodian, a written statement that the institution is “well capitalized” as defined in applicable federal regulations. (6) Other information the TCC or tax collector deems relevant. *For depository institutions or custodians with a high rating from a nationally recognized rating agency, the information submissions under this paragraph may be waived.*
- e. Local government investment pools shall be required to submit copies of the trust or other documents establishing the pool and defining the structure and management of the pool, and a comprehensive information statement describing the pool.

### **Due Diligence – Minimum Requirements**

- f. Depository institutions are limited to financial institutions insured by FDIC or another U.S. government instrumentality. For deposits not fully insured by federal insurance, minimum requirements are that depository institutions shall have equity (capital and surplus) of more than \$50,000,000; and shall be “well capitalized” as defined in applicable federal regulations. In addition, the TCC or tax collector making the investment of deposit shall determine, based on review of the information provided by the depository institution and other appropriate investigation, that the depository institution is financially strong.
- g. Investments may be made in a local government investment pool only if either the pool is rated in the highest category by a nationally recognized rating agency. The TCC and the tax collector may not invest in a local government investment pool until the legality of investment in the fund or pool has been approved by TCC legal counsel.
- h. As to custodians for deposit collateral, Pennsylvania law limits such custodians to banks or trust companies. Custodians for collateral, or for any investment, shall be limited to banks or trust companies. Custodians shall be “well capitalized” as defined in applicable federal regulations. A custodian shall either have equity of more than \$50,000,000; or alternatively shall provide, from a holding company that has equity of not less than \$50,000,000, that is “well capitalized,” and that owns the custodian, written assurance that if the custodian should have insufficient assets at any time to meet any obligation to the TCC or tax collector, the holding company will provide adequate capital to the custodian to enable it to meet all obligations to the TCC or tax collector. If a custodian is qualified based on a holding company assurance letter, the holding company shall provide all information required under this policy to be provided by the custodian and other appropriate investigation, that the custodian is financially strong.

8. **Deposit Collateral.**

- a. Except for deposits fully insured by federal insurance, the TCC or tax collector making a deposit shall require that depository institutions provide collateral to secure repayment of the deposit.
- b. Pooled collateral is permitted in accordance with the requirements of 72 P.S. § 3836-1 *et seq.*, and the following additional requirements.
  - (1) Prior to the TCC or tax collector making a deposit secured by pooled collateral, the TCC or tax collector shall require the depository institution to provide a written commitment documenting the collateral pledge. The commitment should include the following and other normal appropriate terms: (a) A statement of the TCC or tax collector funds secured by the pool. (b) Identification of the custodian holding the pooled collateral, and prohibition against change of the custodian unless advance written notice is given to the TCC or tax collector making the deposit including the identity of the new custodian. (c) A copy of the current custodian and pledge agreement between the depository institution and the custodian holding the pooled collateral. (d) A statement of the minimum requirements for assets in the security pool. (e) A statement that the pool is pledged solely for the benefit of public bodies or entities holding public funds and maintaining with the depository institution deposit accounts secured by the pool of pledged assets. (f) A statement of the minimum excess collateral coverage, measured by market value, maintained by the depository institution over the amount of all public funds secured by the pool. (g) Authorization of immediate withdrawal of all TCC or tax collector funds together with accrued interest, without any penalty for early withdrawal, if the excess collateral coverage falls below the specified minimum excess collateral coverage. (h) A requirement that the depository institution maintain daily records of secured public funds and collateral maintained in the pool for public funds. (i) A requirement that the depository institution make reports on deposits and collateral to the TCC or tax collector making the deposit on request by the TCC or tax collector, including in the report the total amount of public funds on deposit and the total amount and market value of collateral in the pool to secure such public funds. (j) A requirement that the pooled collateral arrangements comply in all respects with applicable law.
  - (2) The TCC or tax collector making the deposit shall make periodic requests for collateral reports from all depository institutions holding funds that are subject to this policy. Reports should be requested at the inception of any deposit arrangement and at predetermined intervals thereafter.
- c. If specific collateral is provided rather than pooled collateral, the collateral pledge agreement shall be in form satisfactory to TCC or tax collector legal counsel.

9. **Security Purchases, Securities Custody, and Monthly Reports.**

- a. All security purchases will be made through a “delivery versus payment” transaction in which the TCC or tax collector pays for the securities after the securities are delivered to the custodian.
- b. Securities purchased by the TCC or tax collector will be held by a custodian. There shall be written custodian agreement. The agreement should generally include the following and other normal and

appropriate terms: (1) The custodian shall send written confirmations to the TCC or tax collector listing securities held for the TCC or tax collector and other appropriate information. (2) Securities may be held in book entry form, or registered in a name other than the TCC or tax collector to the extent required by the custodian's regular system for holding customer securities. However, the records of the custodian shall in all events designate that the custodian is holding the securities as custodian for the TCC or tax collector. (3) The custodian is prohibited from granting a security interest or other lien in or on the securities. (4) The custodian shall remain fully responsible to the TCC or tax collector for delivery or transfer of the securities proceeds of the securities upon sale or transfer by the TCC or tax collector, without limitation because of the manner in which ownership of the securities is registered or for any other reason. (5) The TCC or tax collector at any time may withdraw the property held by the custodian. In such event, any securities will be registered, as directed by the TCC or tax collector, in the name of, and all funds shall be transferred to, the TCC or tax collector or another custodian designated by the TCC or tax collector. (6) The custodian's internal and external auditors shall audit the custodian's custodial accounts as part of a regular audit process. (7) If the custodian agreement is a blanket custodian agreement (set up for application to multiple investors), there should be a clause indicating the right of the TCC or tax collector to make direct requests to and claims against the custodian, and the custodian should acknowledge in writing the custodian's direct obligations to the TCC or tax collector.

- c. The custodian will provide the TCC or tax collector with monthly reports of securities held for the TCC or tax collector.

10. **TCC Investment Officer or Treasurer Responsibilities.**

- a. The TCC will each year designate an Investment Officer. If the TCC fails to designate an Investment Officer, the TCC Treasurer shall serve as Investment Officer.
- b. The Investment Officer shall investigate and qualify investment providers and professional advisors for the TCC in accordance with this policy; select TCC deposits and investments; ensure TCC investments comply with this policy; and prepare periodic reports of deposits and investments for TCC review and approval.

11. **Tax Collector Monthly Reports.** The tax collector shall include in monthly reports to the TCC and taxing authorities a report on deposits and investments, including: (a) Type of permitted deposits or investments used during the month. (b) Amount invested in each type of permitted deposit or investment at the end of the month, specifying the amount held by each depository institution or local government investment trust. (c) Any investment vehicle or account used during the month and not in existence at the end of the month, explaining such investment. (d) Name of custodian holding collateral for uninsured deposits. (e) Assurance that the tax collector is currently complying with all provisions of this policy, including monitoring collateral for deposits. (f) Information and details about any non-compliance with this policy.

12. **Ethics/Disclosures/Fees.** All depository institutions, custodians, brokers, investment advisors or managers, and other investment providers shall disclose in writing to the TCC or tax collector: (1) any fees or other compensation paid to or received from a third party with respect to any TCC or tax collector investment; and (2) any ownership of or by a parent corporation which owns, any other depository institution, broker, investment advisor or manager, or other investment provider or professional advisor which does business with the TCC or tax collector.

13. **Legal Counsel.** The TCC or tax collector legal counsel shall be requested to review investment agreements; documents establishing relationships with depository institutions, custodians repurchase agreement providers, brokers, investment advisors or managers, and local government investment pools; and other documents as appropriate to ensure compliance with this policy and applicable law. Legal counsel need not review documents relating to opening standard bank accounts, specific certificates of deposit, or specific security transactions. However, legal counsel should be requested to review any unusual documents or circumstances. The rules set forth in this investment policy may be modified or waived with written approval by TCC legal counsel.
14. **Independent CPA Audit.** All deposit and investment transactions shall be subject to annual audit by the TCC and tax collector independent auditors. The audit shall include but not be limited to, as deemed necessary by the auditors: verification of amounts and records of all transactions; verification with depository institutions, issuers, local government investment pools, custodians or others as to investment amounts and terms; and verification that values are properly reported at year end and on monthly investment reports that report values. The audit shall also include a verification that the TCC or tax collector making the deposit or investment has ensured that collateral is provided for deposits in accordance with this policy; review of TCC or tax collector internal controls, including separation of transaction authority from accounting and record keeping; review of custodian arrangements and agreements; review of securities transaction confirmations; review of record keeping relating to investments; and other issues deemed appropriate by the auditors. The auditors shall be required as part of the annual engagement to express an opinion concerning whether the TCC or tax collector complied with all provisions of this policy during the fiscal year and at fiscal year end.

## **Tax Records Policy for Tax Collector**

### **MERCER COUNTY TAX COLLECTION COMMITTEE**

#### **Tax Records Policy for Tax Collector**

1. **Policy Scope and Legal Authority.** The local Tax Enabling Act (LTEA), 53 P.S. § 6924.509(e), requires the Mercer County Tax Collection Committee (TCC) to adopt a tax records policy. The purpose of this policy is to provide for creation and maintenance of Tax Records by the Tax Collector. Legal authority and rules pertaining to this policy include: LTEA, 53 P.S. §§ 6924.501, 6924.509(e), and 6924.513(a)(3); the Municipal Records Act, 53 PaC.S.A. § 1381 *et seq.*; and the Pennsylvania Local Government Records Committee Statements of Policy-Local Government Records, 46 Pa. Code §15.1, *et seq.*

2. **Definitions.** For purposes of this policy, the terms set forth below have the following meanings:

“**DCED**” means the Pennsylvania Department of Community and Economic Development.

“**Enactment**” means any ordinance, resolution, or regulation of a Taxing Authority that levies or otherwise relates to any Tax.

“**Related Amounts**” means collections costs, investment earnings, and other miscellaneous amounts related to or derived from collection or investment of Tax revenue by Tax Collector.

“**Tax**” means any tax collected by the Tax Collector, and also all fines, penalties, and interest paid by a Taxpayer related to any such taxes.

“**Tax Collector**” means a TCC appointed tax collector in its capacity as tax collector under the Tax Collection Agreement with the TCC.

“**Tax Record**” is defined in LTEA, 53 P.S. § 6924.501, and for purposes of this policy includes tax returns and supporting schedules; correspondence with a Taxpayer, Taxpayer accountant, or other Taxpayer representative; and account books and other documents, obtained or created by the Tax Collector as part of administration or collection of Tax. The term includes Tax Receipt Information and Distribution Information required by LTEA, 53 P.S. §§ 6924.509(e) and 6924.513(a)(3), and includes paper records and electronic records. The term “electronic records” includes data and information inscribed on a tangible medium or stored in an electronic or other medium and which is retrievable in perceivable form.

“**Taxing Authority**” means any school district or municipality encompassed within the TCC.

“**Taxpayer**” means any individual, entity, or employer required to pay or remit Tax.

“**TCC**” means Mercer County Tax Collection Committee.

“**TCD**” means Mercer County Tax Collection District.

3. **Tax Records to be Created or Maintained.** All Tax Collectors will maintain a computer Tax Record database, containing at least the following Tax Records:
- a. **Tax Receipt Information.** Per LTEA, 53 P.S. § 6924.509(e) and the Enactments for each type of Tax, a separate record showing: all Tax and Related Amounts received from or refunded to each Taxpayer, other tax collectors, and all other sources within or outside the TCD; dates of receipt; and any other Tax receipt information required by DCED. Per 32 P.S. § 5007.1, for earned income tax, the amount of Tax received from each Taxpayer or other tax collector and attributable to the increased earned income tax rate, if any, levied by a municipality for open space lands.
  - b. **Distribution Information.** Per LTEA, 53 P.S. § 6924.513(a)(3) and the Enactment, for each type of Tax, a separate record showing: all Tax and Related Amounts distributed by Tax Collector, including all information required in employer quarterly, monthly, and annual returns filed under LTEA 53 P.S. §§ 6924.512(4) and (5) and the Enactments; distribution dates; the Taxing Authority or tax collector to which Tax or Related Amounts are distributed; and any other distribution information required by DCED. Per 32. P.S. § 5007.1, for earned income tax, the amount of tax distributed to each Taxing Authority or tax collector and attributable to the increased earned income tax rate, if any, levied by a municipality for open space lands.
  - c. **Reports to TCC.** Copies of all monthly and annual reports to the TCC and Taxing Authorities under Section 4(i) of the Tax Collection Agreement between the TCC and the Tax Collector.
  - d. **Enactments.** Copies of all Enactments.
  - e. **Tax List.** For each type of Tax collected, a separate list of the tax rate and any applicable exemption in each geographic jurisdiction.
  - f. **Delinquent Tax Collection Costs.** A list showing delinquent tax collection costs authorized by the TCC to be assessed against Taxpayers pursuant to LTEA, 53 P.S. § 6924.707(a).
  - g. **Tax Returns.** Copies of tax returns and supporting schedules, and correspondence with a Taxpayer, Taxpayer accountant, or other Taxpayer representative, filed with or received by Tax Collector.
  - h. **LST Exemption Certificates.** For Local Services Tax, copies of all exemption certificates filed with Tax Collector.
  - i. **Other TCD Claims.** Copies of claims filed by Tax Collector against tax collectors for other tax collection districts, claims filed by tax collectors for other tax collection districts against Tax Collector, and correspondence with tax collectors for other tax collection districts related to such claims.
  - j. **Bank Account Statements.** Copies of bank account statements relating to accounts in which Tax or Related Amounts are deposited.
  - k. **State Lists.** All lists of Taxpayers obtained from the Pennsylvania Department of Revenue.

- l. **Individual Taxpayer List.** For each type of Tax collected, a separate alphabetical list of all individuals or entities that paid or were required to pay Tax in the prior calendar year, and all individuals or entities that are currently required to pay Tax.
  - m. **Employer List.** For each type of Tax, an alphabetical list of all employees that remitted or were required to withhold and remit Tax in the prior calendar year, and all employers that are currently required to withhold and remit Tax.
  - n. **Multi-Site Employer List.** For income tax, an alphabetical list of all employers that have filed a notice of intention to file combined returns and payments with the Tax Collector pursuant to LTEA, 53 P.S. § 6924.512(5).
  - o. **Delinquent Payment Taxpayer List.** For each type of Tax, a separate alphabetical list of all individuals or entities required to pay tax that have failed to pay tax when due.
  - p. **Delinquent Payment Employer List.** For each type of Tax, a separate alphabetical list of all employers required to withhold and remit tax that have failed to withhold and remit tax when required.
  - q. **Delinquent Tax Return Individual List.** For income, mercantile, and business privilege tax, a separate alphabetical list for each tax of all Taxpayers who have failed to file required returns.
  - r. **Delinquent Tax Return Employer List.** For each type of Tax, a separate alphabetical list of employers who have failed to file required returns.
  - s. **Enforcement Proceeding List.** For each type of Tax, a separate alphabetical list of all individuals, entities, or employers currently subject to criminal or civil litigation, wage attachment, lien, payment plan, or other collection efforts, including notations as to the status of each such account.
  - t. **Other Legal Requirements.** All other records a tax collector is required to create or maintain pursuant to LTEA, 53 P.S. § 6924.101 *et seq.*; DCED rules, regulations, or guidelines; or other applicable law.
4. **Retention, Deletion, and Updating of Tax Records.** Tax collector shall retain all Tax Records as electronic records for a period of at least 8 years after receipt or creation. Tax Records may be destroyed or deleted after this record retention period. Items 3(k) through 3(s) above shall be continually updated as necessary to reflect the addition or elimination of individuals, entities, or employers, or the resolution of delinquencies or enforcement proceedings.
5. **Database Requirements.**
- a. Each different individual, entity, or employer listed in the database shall be assigned a single account number.
  - b. The database shall be searchable by name and taxpayer identification number,
6. **Tax Records Satisfactory to TCC.** Tax Collector shall at all times maintain the database and all Tax Records in form reasonably determined by the TCC to be satisfactory.

7. **Electronic Tax Records.** If not received or initially created as electronic records, Tax Collector shall electronically image all Tax Records as soon as possible after receipt or creation and will store all electronically imaged Tax Records in the database.
8. **Tax Record Backup.** At least weekly, Tax Collector shall backup the database of electronic Tax Records on tape. Tax Collector shall store backup tapes in an offsite fireproof location. Paper records may be destroyed after conversion to electronic records and backup in accordance with this Section.
9. **Tax Record Ownership.** Per LTEA, 53 P.S. § 6924.509(e), the database and all Tax Records are the property of the TCC and the Taxing Authority in which the Tax was collected. Tax Collector shall provide a copy of any Tax Record at any time on request by the Taxing Authority or TCC.
10. **Tax Record Copies.** If copies of any Tax Records or the database are requested by the TCC, Tax Collector will deliver the Tax Record or database as directed by the TCC in a format specified by the TCC. If a Taxing Authority requests copies of any Tax Record relating to Tax collected by Tax Collector on behalf of the taxing Authority, Tax Collector will deliver the Tax Record as directed by the Taxing Authority in the format specified by the Taxing Authority. Any time the TCC or a Taxing Authority specifies a digital format for delivery under this Section: (a) Data must be provided electronically in ASCII tab delimited format (.txt) or comma-separated values (.csv). Each file must contain a field name header record. (b) A file format must be provided for each file which cross references each field name in the data file. (c) The file format must contain field names, field descriptions, field lengths and field type (Text, Decimal, Integer, or Date). (d) Table definitions must be provided for each table used in the data file.
11. **Tax Record Transfer.** When the term of Tax Collector's appointment ends, Tax Collector will promptly transfer all Tax Records to the new tax collector as directed by the TCC. Tax Collector may keep a copy of Tax Records for reference as needed for delinquent Tax matter Collector will continue to handle or in case of any dispute that continues or arises after the end of the term.
12. **Independent CPA Audit.** The database and all Tax Records shall be subject to review at any time by the TCC or Tax Collector independent auditors.