

ORDINANCE NO.

FILE OF CITY COUNCIL

BILL NO. 3 - 2023

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JANUARY 4, 2023

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AN ORDINANCE

Amending Part II General Legislation, Taxation, Article IV Payment of Property Taxes by updating the language in accordance with the Commonwealth of Pennsylvania Act 57.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF ALLENTOWN:

SECTION ONE: That Section 4 be amended as follows:

**Article IV**

**Payment of Property Taxes; Discounts and Penalties**

§ 570-30 Collection dates and payments.

A. The Director of Finance is authorized and empowered to collect the annual real estate taxes according to the following schedule:

- (1) Real estate taxes shall be billed each year on or before February 1.
- (2) There shall be a discount period according to state law of two months commencing February 5, during which payment received of the current outstanding real estate taxes shall result in a 2% discount of the total tax.
- (3) The gross tax period of payment shall begin on April 6 and shall continue through July 15.
- (4) A penalty of 10% shall be assessed on all unpaid taxes as of July 16 of the fiscal year.
  - a. Failure to receive notice shall not relieve any taxpayer from the payment of any taxes imposed by any taxing district, and such taxpayer shall be charged with his taxes as though he had received notice.
  - b. The City shall waive the 10% penalty assessed in this subsection only for a taxpayer assessed such penalty within 12 months of a qualifying event, if:
    - i. The Tax is paid in full;
    - ii. The Director of Finance or his designee is in possession of a claim for a waiver of penalty;
    - iii. The taxpayer has met all the requirements of the conditions for a waiver in accordance with the Act of July 11, 2022, P.L. 701, No. 57, on a form provided for in that enactment.

- c. A taxpayer granted a waiver and paying real estate tax as provided in this subsection shall not be subject to an action at law or in equity for an additional charge, and any claim existing or lien filed for an additional charge shall be deemed satisfied.
- d. For the purposes of this subsection, the term "taxes" shall mean taxes assessed on real property within the City, including penalties and interest imposed thereupon. The term "qualifying event" shall mean the date of transfer of ownership of real property.

B. The Director of Finance is further empowered and authorized to collect the aforesaid taxes by means of installment payments. The following dates are the installment due dates within the year at which time 1/4 of the total real estate tax shall be due and owing: April 15, May 15, June 15 and July 15. A property owner electing to use the installment option shall make the first payment no later than April 15.

SECTION TWO: That this Ordinance takes effect ten (10) days after final passage.

SECTION THREE: That all Ordinances inconsistent with the above provisions are repealed to the extent of their inconsistency.

- What department or bureau is this bill originating from? Where did the initiative for the bill originate?  
The Revenue & Audit Bureau routinely follows the Commonwealth of Pennsylvania for legislation updates. Act 57 amends the Local Tax Collection Law requiring the City of Allentown to adopt this ordinance, by January 9, 2023, to remain in compliance with state law.
  
- Summary and facts of the bill.  
The City is to waive Real Estate tax penalty for a homeowner who did not receive their first tax bill, provided the taxpayer initiates the following:
  1. Provides a waiver request within 12 months of qualifying event
  2. Says a notice was not received
  3. Gives the tax collector a copy of the deed showing the date of the real property transfer
  4. Pays the tax
  
- Purpose – Please include the following in your explanation:
  - a. What does the bill do? What are the specific goals or tasks the bill seeks to accomplish?  
The bill holds the City accountable for ensuring that new homeowners receive their tax notices in a timely manner. If not, they are eligible to apply for this penalty waiver.
  
  - b. What are the benefits of doing this? What are the drawbacks?  
Currently, the City has a procedure to send new homeowners corrected bills at the time of their new purchase, we will now be held to this standard because if we do not we risk losing the penalty portion of the bill.  
  
I do not see any drawbacks.
  
  - c. How does this bill relate to the City’s vision/mission/priorities?  
If passed, this bill holds the City accountable for continually providing quality customer service to our stakeholders – we need to deliver timely real estate tax invoices when we receive notice by Lehigh County, and it holds the City to a standard that if we don’t meet this standard we are at risk of losing real estate tax penalty for qualified individuals. Also, this bill keeps the City in compliance with State regulations and law
  
- Financial Impact – Please include the following in your explanation:
  - a. Cost (initial and ongoing)  
No initial cost, very minimal ongoing cost if new homeowners take advantage of this waiver and qualify. We are unable to predict the number of homeowners who will qualify for this event, and what their penalty balance is; however, if we needed to put a number on this, we expect the penalty waivers to be less than \$3,000.00 each year.

b. Benefits (initial and ongoing)

In addition to adhering to state regulations, this ordinance shows good faith on the City's behalf that we are willing to work with qualified individuals on their waiver of penalty. Especially for new homeowners who are uncertain of the requirements of being a homeowner within the City.

- Funding Sources – Please include the following in your explanation:
  - a. If transferring funds, please make sure to give specific account names and numbers. If appropriating funds from a grant, please list the agency awarding the grant.

N/A

- Priority status – Are there any deadlines to be aware of?

Adoption by January 9, 2023 according to The Commonwealth of Pennsylvania.

- Why should Council unanimously support this bill?

It is a mandatory Act enacted by the State that requires all taxing municipalities to follow.