

ORDINANCE NO. 15486

FILE OF CITY COUNCIL

BILL NO. 66 - 2018

OCTOBER 3, 2018

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AN ORDINANCE

Amending the Business Regulation and Taxation Code of the Codified Ordinances by adding Article 401.02, Processing Fees for Returned Checks; setting the fee at Forty (\$40) Dollars and Eighty (\$80) for each subsequent returned check during any eighteen (18) month period.

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

**SECTION ONE:** That the City Council amends the Business Regulation and Taxation Code of the Codified Ordinance by adding Article 401.02, Processing Fees for Returned Checks in the following manner:

**401 FINANCE DEPARTMENT OPERATIONS FEES (15335 § 1 12/7/16)**

**401.01 PURPOSE**

The purpose of this article is to establish unified ordinance for collection of fees for Finance Department operations.

**401.01 REAL PROPERTY TAX CERTIFICATION FEES** – The Finance Department is authorized to assess \$30 to process a tax certification request for a parcel of real property within the City of Allentown. Resulting proceeds are distributed into the General Fund.

**401.02 PROCESSING FEES FOR RETURNED CHECKS** – Whenever any association, corporation or natural person submits a check to the City for deposit for payment of any City tax, claim, fee, license or any other service or charge, whereby such check is returned to the City as unpaid for any reason, the Finance Department shall charge the maker of such check a returned check fee of Forty (\$40) Dollars. If the City receives notice that a subsequent check has been returned as unpaid by the same maker during any Eighteen (18) month period, the returned check fee for the subsequent check shall be Eighty (\$80) Dollars.

**SECTION TWO:** That this Ordinance will take 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**SECTION THREE:** That all Ordinances inconsistent with the above provisions are repealed to the extent of their inconsistency.

|                      | Yea | Nay |
|----------------------|-----|-----|
| Candida Affa, VP     | X   |     |
| Julio A. Guridy      | X   |     |
| Daryl Hendricks      | X   |     |
| Cynthia Y. Mota      | X   |     |
| Courtney Robinson    | X   |     |
| Ed Zucal             | X   |     |
| Roger MacLean, Pres. | X   |     |
| TOTAL                | 7   | 0   |

I hereby certify that the foregoing Ordinance was passed by City Council on October 17, 2018 and signed by the Mayor on October 23, 2018.



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CITY CLERK

certain that the actual cost is greater than \$40 considering the back-end processing time that cannot be measured on an individual check-by-check basis.

The increase in this fee will not be a substantial revenue producing measure. In 2016, we recovered \$1,160 in return check fees at the \$20 rate; in 2017, we recovered \$940 of the same. However, in 2017/2018, the City reversed \$102,000 in credits that were not honored. In most cases, a demand for recoupment of the reversed amounts was required in writing to ensure proper recovery.

A deterrence against customers making bad checks is another benefit.

- **Funding Sources – Please include the following in your explanation:**
  - If transferring funds, please make sure bill gives specific accounts; if appropriating funds from a grant list the agency awarding the grant.

Not applicable

- **Priority status/Deadlines, if any**

Council should pass promptly. We plan that an effective date of January 1, 2019, so that we can advertise the increase at the City Hall payment areas in advance

- **Why should Council unanimously support this bill?**

For all of the above reasons, the City should not realize a deficit in processing these undesirable events and notifying customers of the deficiencies. At a minimum, the processing fee should reimburse the City for the actual bank and labor costs incurred for a lack of due diligence on the customer's behalf. Furthermore, these deficiencies should be discouraged, so a punitive measure should exist for check makers who regularly exercise a lack of diligence when making payments to the City.