

ADMINISTRATION

ORDINANCE NO.

BILL NO. 24 - 2020

APRIL 27, 2020

AN ORDINANCE

Amending Part III, Annual Taxes, Title Five – Annual Taxes, Article 353, Property Tax by revising Section 353.01 Collection Dates and Payments to extend the discount rate from April 5 to August 31, 2020 and to extend the deadline for collecting the full property tax without any late fee or penalty until December 31, 2020.

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

SECTION ONE: That Article 353.01 be amended to include the following addition and read as follows:

**ARTICLE 353
PROPERTY TAX**

353.01 Collection Dates and Payments

353.01 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: (15263 § 1 12/16/2015)
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 two (2%) percent discount of the total tax. (12165 §1 12/22/75; 13686 §1 7/16/98)
 3. The gross tax period of payment shall begin on April 6, and shall continue through July 15. (12172 §1 2/4/76; 13686 §1 7/16/98; 15263 § 1 12/16/2015)
 4. A penalty of ten (10%) percent shall be assessed on all unpaid taxes as of July 16 of the fiscal year. (12229 §1 12/15/76; 13686 §1 7/16/98; 15263 § 1 12/16/2015)
 5. For the calendar year 2020 only, the prescribed discount rate shall be extended from April 5, 2020 to August 31, 2020 and the deadline to file and pay 2020 Property Tax in full thereof without interest and penalty shall be extended to December 31, 2020. This section relating to the calendar year 2020 and

the 2020 Real Estate Tax shall sunset at the end of 2020 and the Clerk shall be authorized to remove this section from the codified ordinances of the City of Allentown.

SECTION TWO: That all Ordinances inconsistent with the above provisions are repealed to the extent of their inconsistency.

SECTION THREE: That pursuant to SECTION 218 of the City's Home Rule Charter and upon the affirmative vote of six of its seven members to reduce or eliminate the fourteen-day period between introduction and passage of any ordinance, this ordinance shall be effective immediately upon enactment.

- **What Department or bureau is Bill originating from? Where did the initiative for the bill originate?**

Office of the Mayor

- **Summary and Facts of the Bill**

Whereas on April 20, 2020, Governor Wolf signed into law Senate Bill 841 of 2020, adding Chapter 57 to Title 35 of the Pennsylvania Consolidated Statutes, and whereas Chapter 57, Subsection 13, provides that:

(a) General rule.--Notwithstanding any other law and subject to subsection (b), a taxing district may, by majority vote of the taxing district's governing body, do any of the following for the collection of a tax imposed on the assessed value of real property that would otherwise be due by December 31, 2020:

(1) Collect the tax at the taxing district's prescribed discount rate, if any, no later than August 31, 2020.

(2) Waive any fee or penalty otherwise associated with the late payment of the tax if paid in full by December 31, 2020.

(b) Resolution required.--Any taxing district electing to exercise a power under subsection (a) shall do so by delivering a resolution of the governing body to the tax collector for the taxing district within 30 days of the effective date of this subsection.

Now, therefore, be it resolved that the governing body of the City of Allentown hereby exercises its grant of authority under 35 P.S. §5713(b) to adopt the property tax relief enumerated under subsection (a)(1) & (a)(2) above.

- **Purpose – Please include the following in your explanation:**
 - **What does the Bill do – what are the specific goals/tasks the bill seek to accomplish**
 - **What are the Benefits of doing this/Down-side of doing this**
 - **How does this Bill related to the City's Vision/Mission/Priorities**

The purpose of this bill is to relieve financial hardship on City of Allentown taxpayers for payment of real estate taxes in a manner consistent with the Act of the General Assembly cited above.

- **Financial Impact – Please include the following in your explanation:**
 - **Cost (Initial and ongoing)**
 - **Benefits (initial and ongoing)**

The Revenue and Audit Bureau estimates that the cost of the extended discount period from April 5, 2020 to August 31, 2020 is \$135,000 in real estate tax revenue which would not have been discounted otherwise and is non-recoverable, unless by virtue of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act").

The Revenue and Audit Bureau estimates that the cost of the relief of all penalty for taxes paid through December 31, 2020 is \$257,000 in real estate tax penalty which would have otherwise been assessed as a result of late payment and is non-recoverable, unless by virtue of the CARES Act.

The benefit is significant economic relief for financially distressed Allentown taxpayers.

- **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.**

Funding sources are not identified nor guaranteed by the CARES Act.

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

The bill should be passed as soon as possible to create maximum public awareness of the new deadlines and to allow the Finance Department to create a notification procedure for approximately 10,000 real estate taxpayers with other-than paid in full balances.

The deadline is May 20, 2020.

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

For all of the reasons listed above.

- **Committee Action**
- **Public Comments**
- **Body/Text of the Bill**
- **Exhibits**
- **Vote**