



PROPERTY TAXES

Delinquent Tax Collection Analysis (July 2005 Report) Issues raised May 9, 2006

May 2006

Committee Members
Auditor's Office
Planning and Budget Office
Purchasing Office

Resources
Tax Assessor/Collector's Office
County Attorney's Office

Delinquent Property Taxes – Impact if outsourced

The data indicates that Travis County's estimated net losses would have been the following amounts in FY04 had the County outsourced delinquent tax collections:

Perdue Brandon (average collection rate excluding Burleson ISD)	\$ 6,029,252
Linebarger Goggins (average collection rate excluding Harris and Hidalgo counties)	\$ 7,116,639
Linebarger Goggins (using best county collection rate - Tarrant County)	\$ 5,347,405
Linebarger Goggins (Hybrid Proposal in original proposal)	\$ 7,858,828
Linebarger Goggins (Hybrid Proposal made on May 9, 2006)	\$ 7,790,195

Delinquent Property Taxes

The Net Revenue Analysis for Travis County was broken into two components:

1. **Delinquent Property Tax Revenue**
2. **Delinquent Tax Collection Process**

REVENUES (*Attorney fees, Parcel Rate fees, Court Costs*)

MINUS

EXPENDITURES (*Salaries and operating costs for County Attorney & Tax Offices, Litigation Costs for other County Offices*)

EQUALS

NET PROFIT/(LOSS)

Collection Rate Summary

Particulars	Perdue	Linebarger	Travis County
Average annual collection rate of 5 largest entities for Tax Year 2003	97.85%	97.70%	98.77%
Average annual collection rate of 5 largest entities for Tax Yrs 00-03	97.60%	97.58%	98.65%
Average collection rate of 5 largest entities for Tax Yr 2000 after 4 yrs	99.33%	99.31%	99.70%
Average collection rate of 5 largest entities for Tax Yr 2000 after 5 yrs	n/a	99.47%	99.75%
Average delinquent collection rate of 6 largest entities for Feb 1 to Jun 30 for Tax Yrs 99-03	n/a	79.66%	91.10%
Average delinquent collection rate of 6 largest entities for July 1, 2000 to Sept 30, 2004 for Tax Yrs 99-03	n/a	66.61%	68.36%

Public Policy Assumptions

- Taxes are levied and assessed by law and it is the legal responsibility of all property owners to comply with those laws.
- As a matter of public policy, compliance with the law is strictly enforced by aggressively pursuing all delinquent taxpayers.
- All of the jurisdictions for which Travis County collects taxes are treated in a fair and equitable manner.

Why and When Does Travis County File a Lawsuit?

The Tax Collector-Assessor performs many collection efforts starting on February 1 when property taxes become delinquent.

First, the Tax Office sends out a Section 33.04 delinquent notice that demands payment by February 28.

Second, if there is no response to the Section 33.04 letter, a demand letter is sent giving the taxpayer ten days to respond.

Why and When Does Travis County File a Lawsuit?

(cont'd)

Third, if there is no response to the demand letter, a litigation letter is sent demanding payment immediately and stating that Travis County is in the process of filing a lawsuit against them.

In short, **taxpayers can avoid legal action by responding to the Tax Office's collection letters and setting up alternative methods of payment if necessary.** The Tax Office will only pursue litigation on taxpayers that are unresponsive to their collection efforts.

Lawsuits are initiated based on the following criteria

- The taxpayer owes a large amount of tax (the larger the balance the higher the priority).
- The taxpayer already has a balance from a previous tax year.
- The taxpayer has a poor payment history, has written a check on insufficient funds, or has broken a payment plan.
- The taxpayer owes tax to a jurisdiction that has a low collection rate.

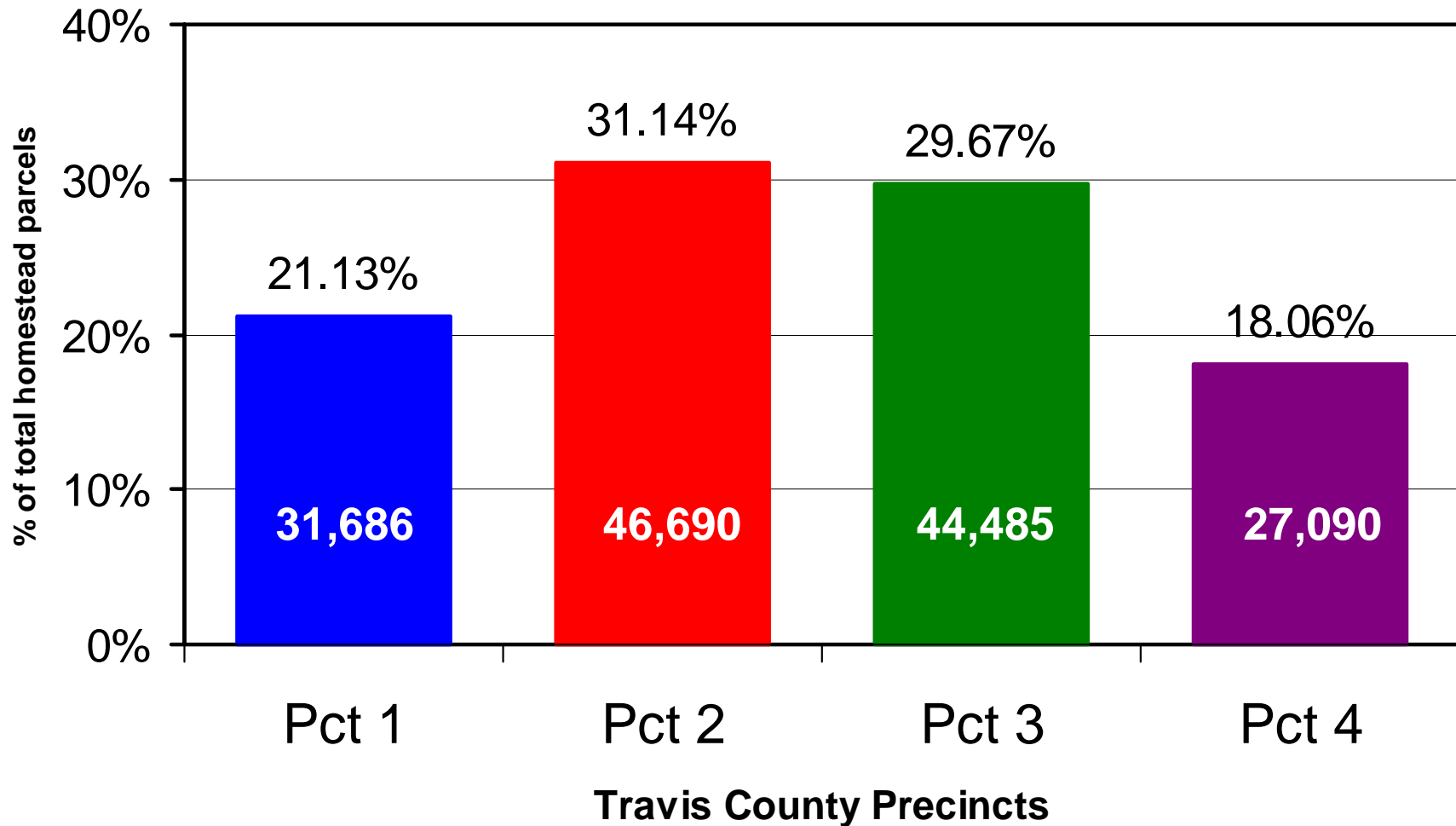
Delinquent Property Taxes

Tax Year 2003 Delinquent Homestead Parcels Sued in FY04 by Precinct

Precinct	Delinquent Homestead Parcels on 7/1/04 for Tax Year 2003 (FY04)	Lawsuits Filed on Tax Year 2003 Delinquent Homestead Parcels in FY04	% of Tax Year 2003 Delinquent Homestead Parcels Sued in FY04
Pct 1	1,444	141	9.76%
Pct 2	862	120	13.92%
Pct 3	749	114	15.22%
Pct 4	1,275	153	12.00%
Total	4,330	528	12.19%

Homestead Parcels by Precinct for Tax Year 2003 (FY04)

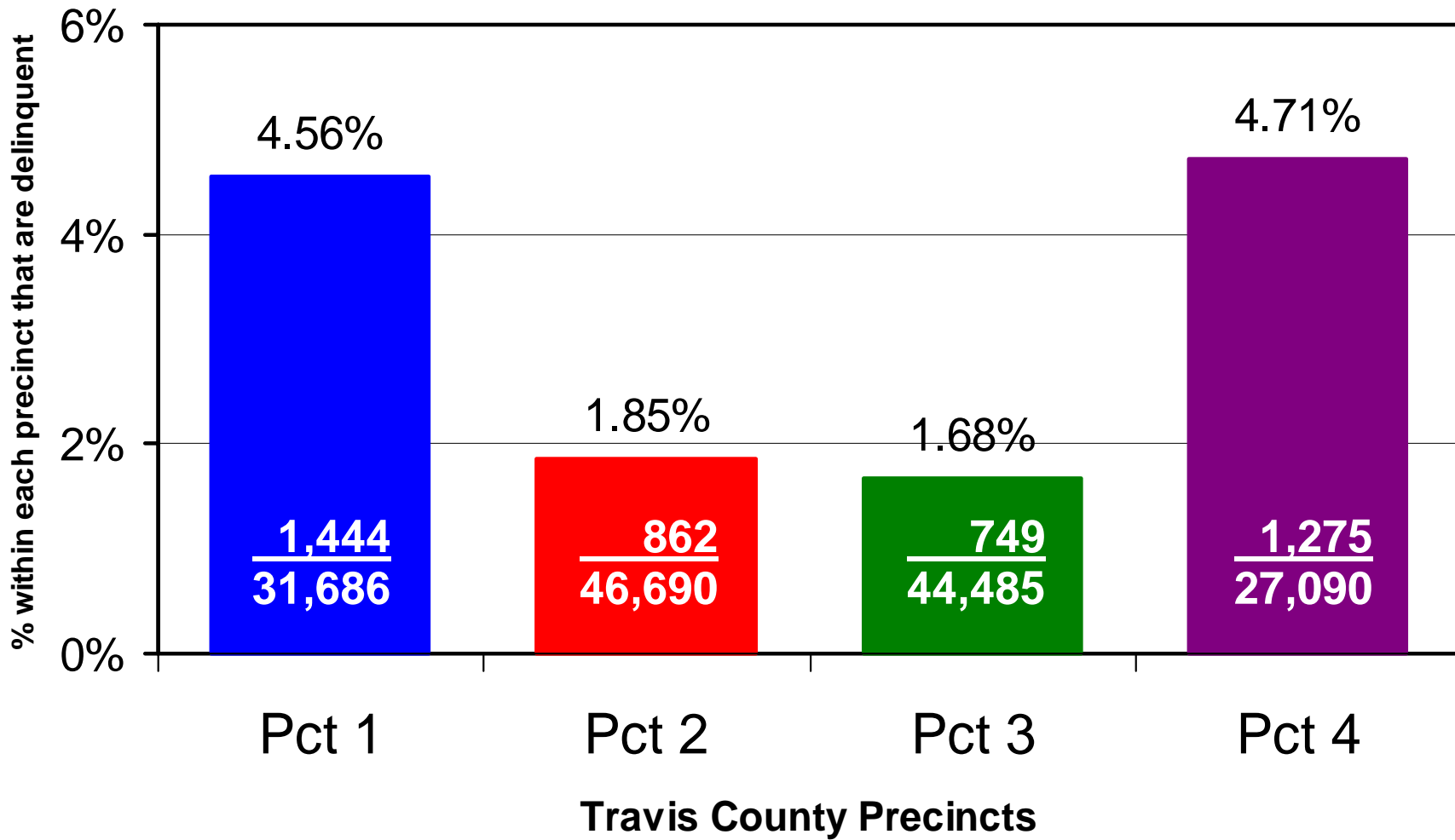
Total # of homestead parcels = 149,951



Homestead Parcels Delinquent on 7/1/04 - Tax Yr 2003 (FY04)

Delinquent parcels to total parcels by precinct

Total # of delinquent parcels = 4,330
Total # of homestead parcels = 149,951

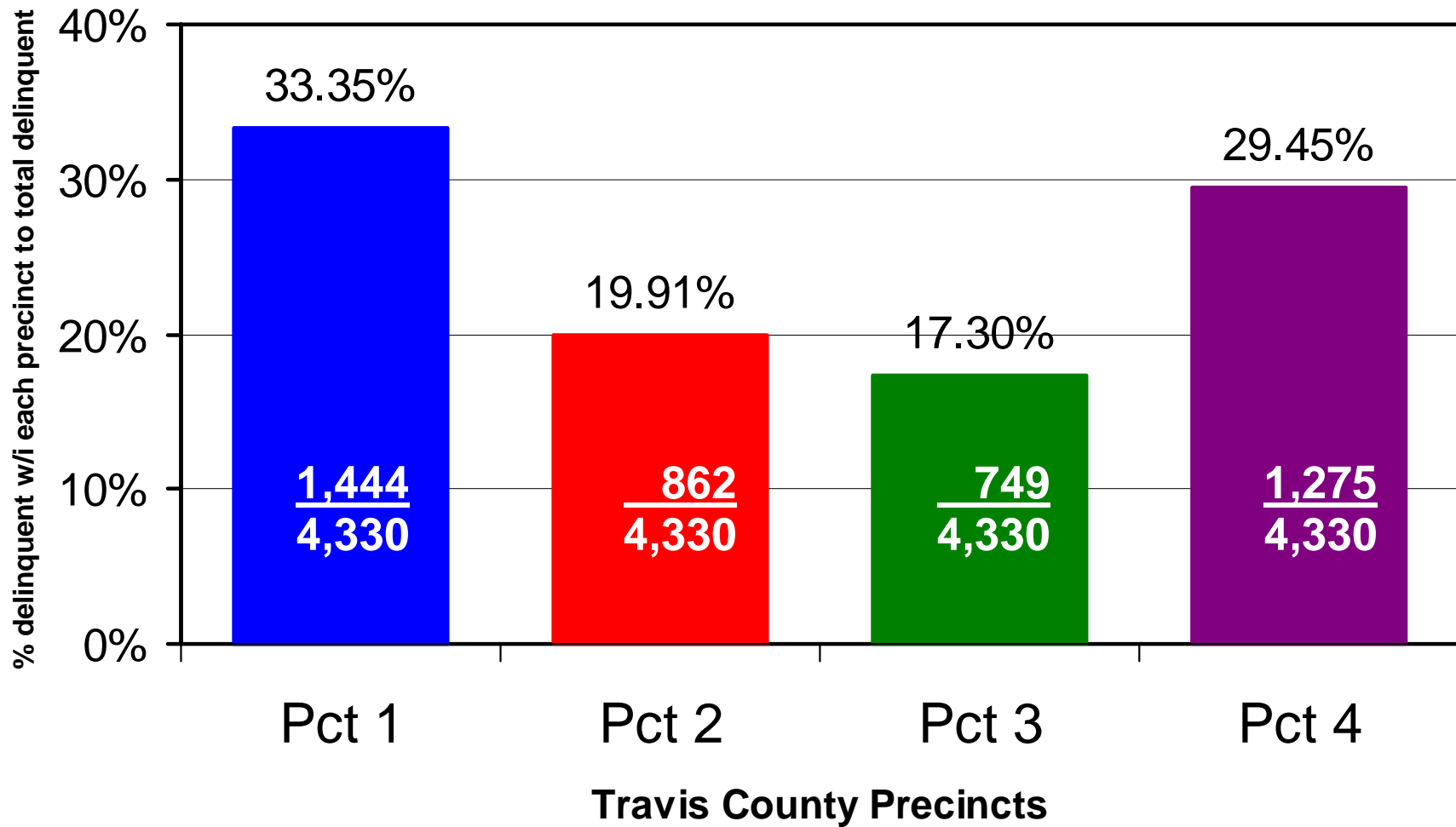


Homestead Parcels Delinquent on 7/1/04 - Tax Yr 2003 (FY04)

Delinquent parcels by precinct to total delinquent

Total # of delinquent parcels = 4,330

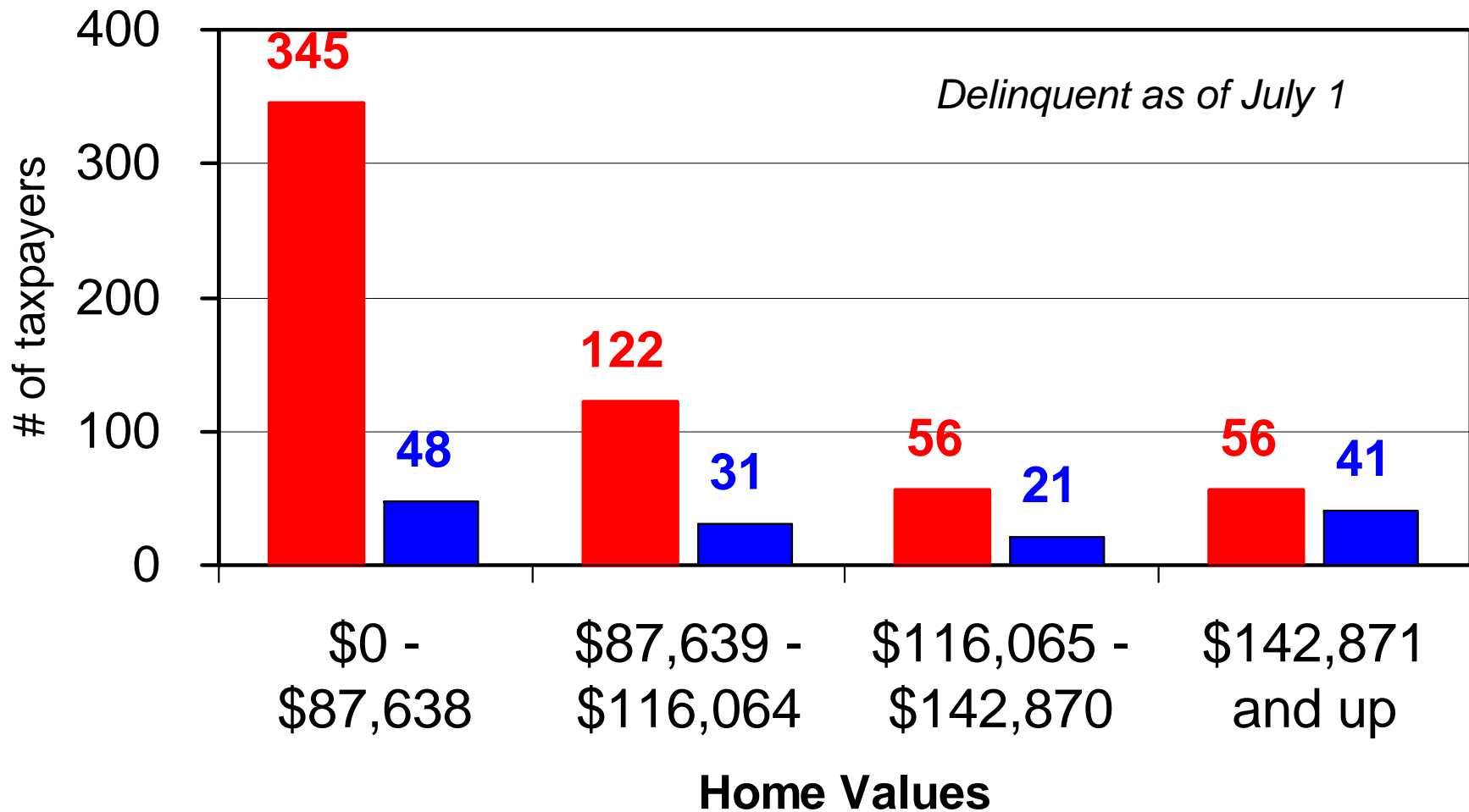
Total # of homestead parcels = 149,951



Precinct 1 – Taxpayers charged Attorney Fees in FY04 (TY03)

Law Firm (incl. 15% atty fee) - 579 taxpayers charged

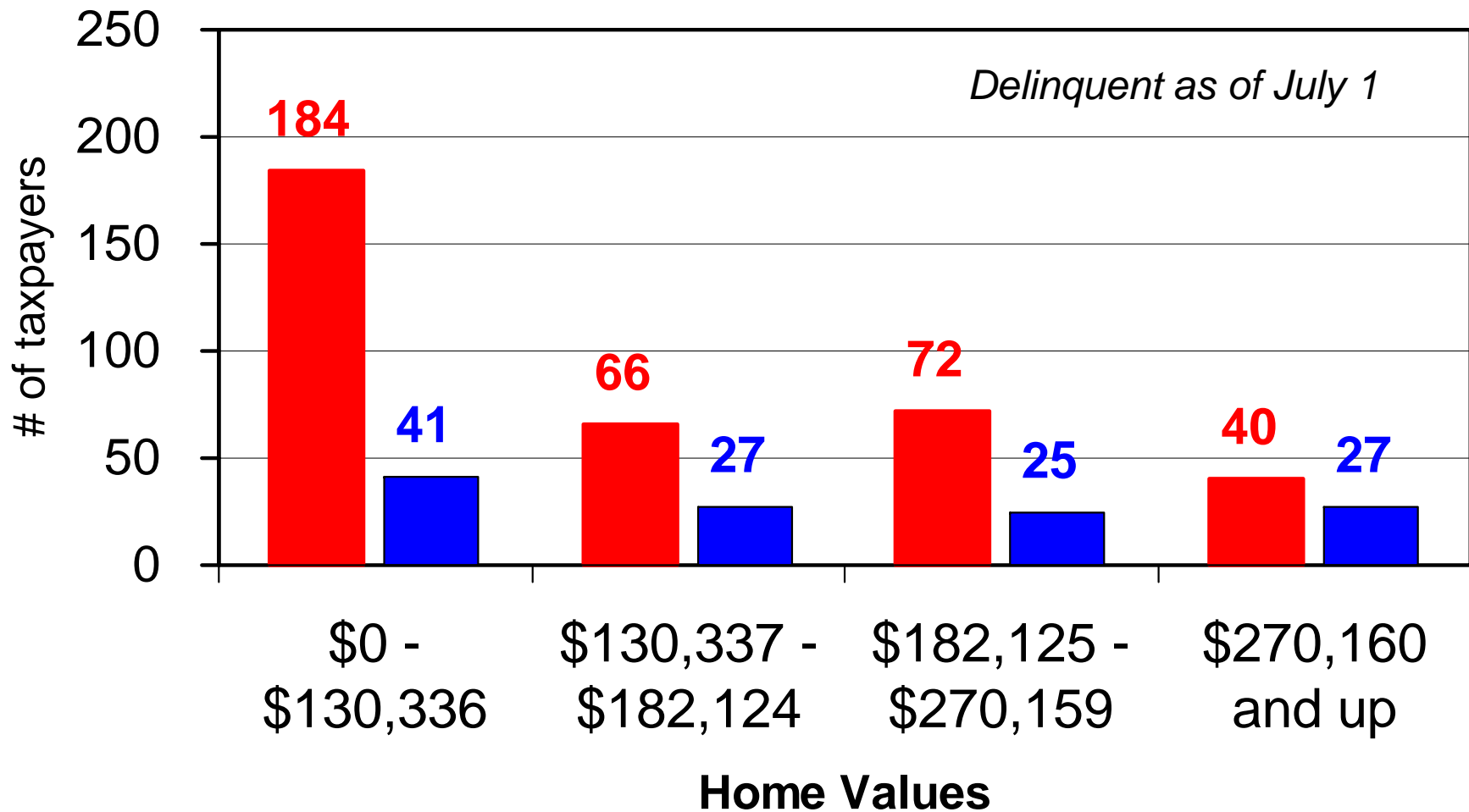
Travis County (incl. 15% atty fee & court costs) - 141 taxpayers charged



Precinct 2 – Taxpayers charged Attorney Fees in FY04 (TY03)

Law Firm (incl. 15% atty fee) - 362 taxpayers charged

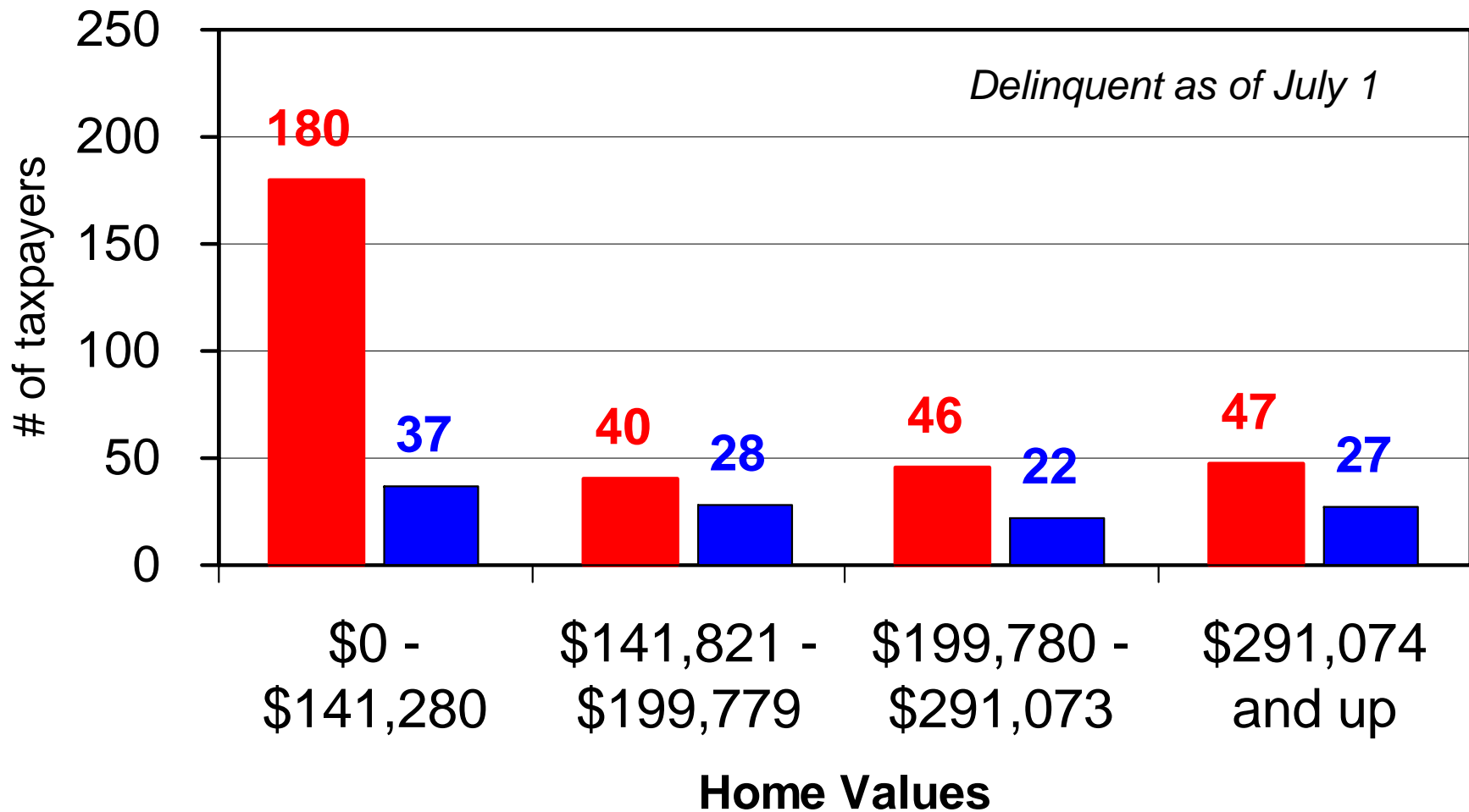
Travis County (incl. 15% atty fee & court costs) - 120 taxpayers charged



Precinct 3 – Taxpayers charged Attorney Fees in FY04 (TY03)

Law Firm (incl. 15% atty fee) - **313 taxpayers charged**

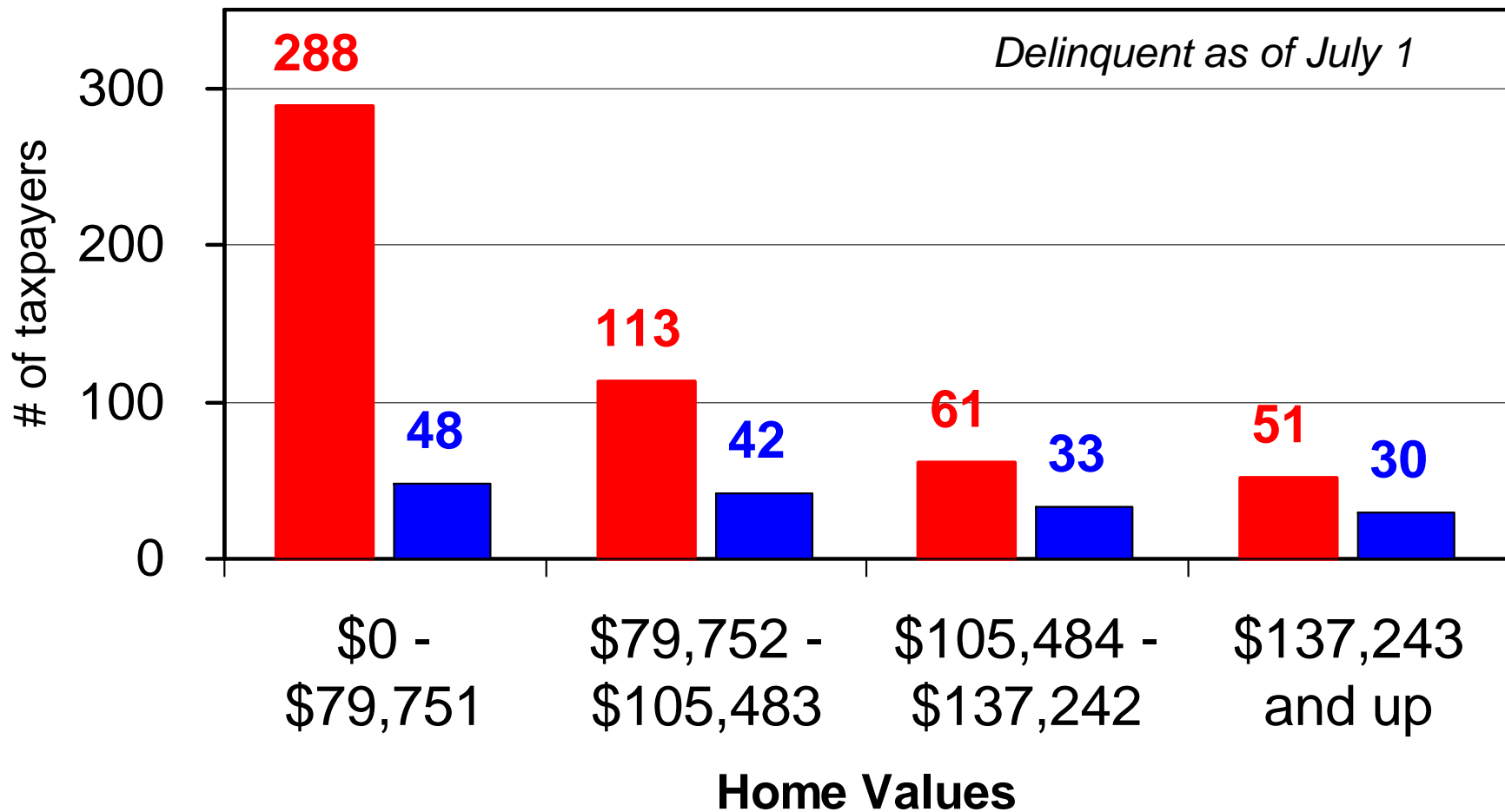
Travis County (incl. 15% atty fee & court costs) - **114 taxpayers charged**



Precinct 4 – Taxpayers charged Attorney Fees in FY04 (TY03)

Law Firm (incl. 15% atty fee) - **513** taxpayers charged

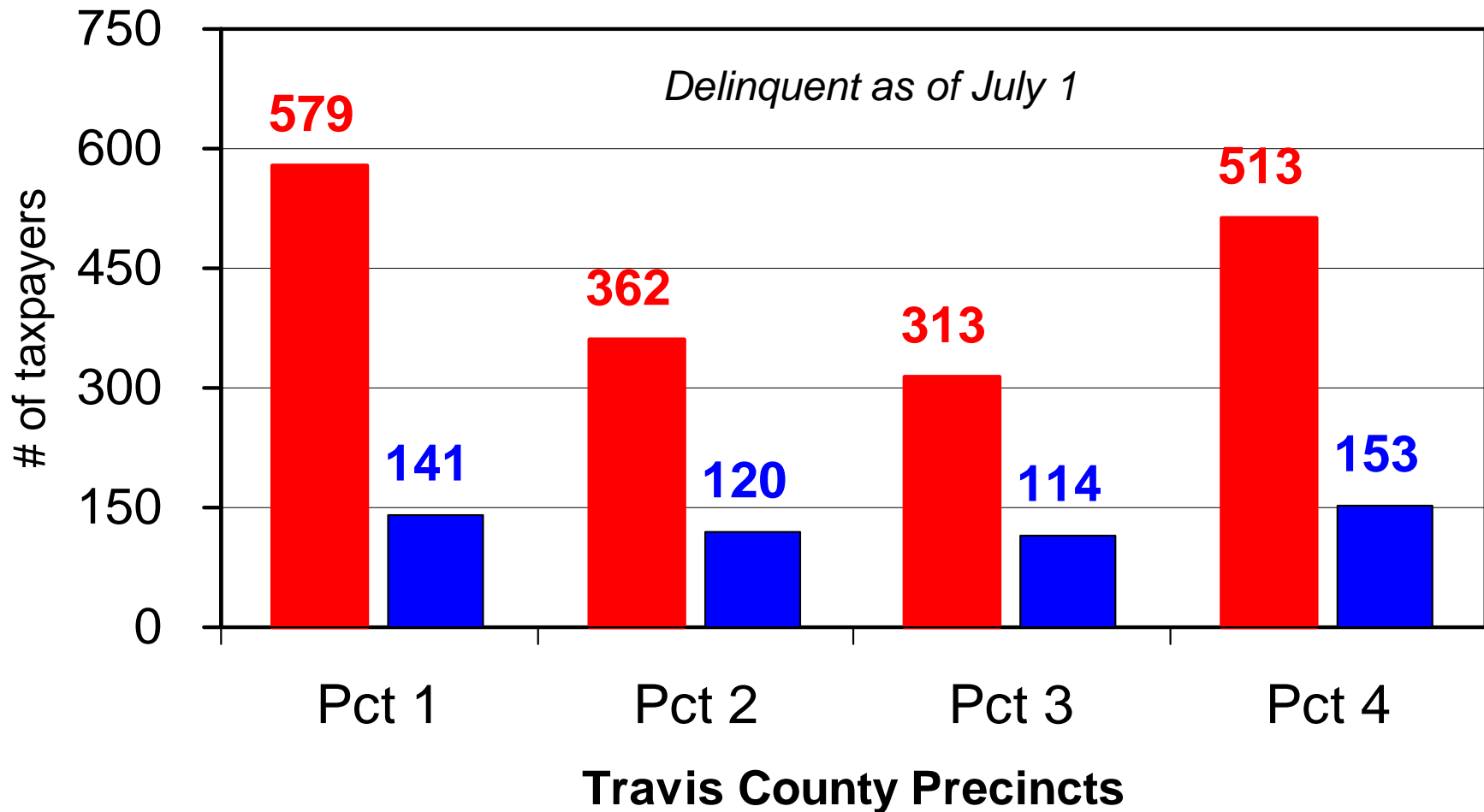
Travis County (incl. 15% atty fee & court costs) - **153** taxpayers charged



Taxpayers charged Attorney Fees in FY04 (TY03)

Law Firm (incl. 15% atty fee) – 1,767 taxpayers charged

Travis County (incl. 15% atty fee & court costs) - 528 taxpayers charged



Delinquent Property Taxes

Tax Year 2003 Delinquent Homestead Parcels Sued in FY04 by Homestead Value Quartile – All Precincts

Homestead Value Quartiles	Delinquent Homestead Parcels on 7/1/04 for Tax Year 2003 (FY04)	Lawsuits Filed on Tax Year 2003 Delinquent Homestead Parcels in FY04	% of Tax Year 2003 Delinquent Homestead Parcels Sued in FY04
1 (<i>lowest</i>)	2,097	174	8.30%
2	959	128	13.35%
3	702	101	14.39%
4 (<i>highest</i>)	572	125	21.85%
Total	4,330	528	12.19%

Delinquent Property Taxes

Tax Year 2003 Delinquent Homestead Parcels Sued in FY04 by Homestead Value Quartile – Precinct 1

Homestead Value Quartiles	Delinquent Homestead Parcels on 7/1/04 for Tax Year 2003 (FY04)	Lawsuits Filed on Tax Year 2003 Delinquent Homestead Parcels in FY04	% of Tax Year 2003 Delinquent Homestead Parcels Sued in FY04
1 (<i>lowest</i>)	723	48	6.64%
2	314	31	9.87%
3	201	21	10.45%
4 (<i>highest</i>)	206	41	19.90%
Total	1,444	141	9.76%

Delinquent Property Taxes

Tax Year 2003 Delinquent Homestead Parcels Sued in FY04 by Homestead Value Quartile – Precinct 2

Homestead Value Quartiles	Delinquent Homestead Parcels on 7/1/04 for Tax Year 2003 (FY04)	Lawsuits Filed on Tax Year 2003 Delinquent Homestead Parcels in FY04	% of Tax Year 2003 Delinquent Homestead Parcels Sued in FY04
1 (<i>lowest</i>)	418	41	9.81%
2	187	27	14.44%
3	147	25	17.01%
4 (<i>highest</i>)	110	27	24.55%
Total	862	120	13.92%

Delinquent Property Taxes

Tax Year 2003 Delinquent Homestead Parcels Sued in FY04 by Homestead Value Quartile – Precinct 3

Homestead Value Quartiles	Delinquent Homestead Parcels on 7/1/04 for Tax Year 2003 (FY04)	Lawsuits Filed on Tax Year 2003 Delinquent Homestead Parcels in FY04	% of Tax Year 2003 Delinquent Homestead Parcels Sued in FY04
1 (<i>lowest</i>)	359	37	10.31%
2	144	28	19.44%
3	136	22	16.18%
4 (<i>highest</i>)	110	27	24.55%
Total	749	114	15.22%

Delinquent Property Taxes

Tax Year 2003 Delinquent Homestead Parcels Sued in FY04 by Homestead Value Quartile – Precinct 4

Homestead Value Quartiles	Delinquent Homestead Parcels on 7/1/04 for Tax Year 2003 (FY04)	Lawsuits Filed on Tax Year 2003 Delinquent Homestead Parcels in FY04	% of Tax Year 2003 Delinquent Homestead Parcels Sued in FY04
1 (<i>lowest</i>)	597	48	8.04%
2	314	42	13.38%
3	218	33	15.14%
4 (<i>highest</i>)	146	30	20.55%
Total	1,275	153	12.00%

Delinquent Property Taxes

PRECINCTS 1 & 4 STATISTICS

39.2% of all homestead parcels are in Pcts 1 & 4

62.8% of all delinquent homestead parcels are in Pcts 1 & 4

55.7% of all lawsuits are in Pcts 1 & 4

10.8% of delinquent homestead parcels in **Pcts 1 & 4** were sued

14.5% of delinquent homestead parcels in **Pcts 2 & 3** were sued

Homesteads per Linebarger were sold between 2003 & Aug 2, 2005

Central East Austin Homesteads Sold (2003 - Aug, 2005)

Address	Tax Sale Date	# of Tax Years Due	
82 Anthony St	6/7/2005	7	
6907 Bennett Av	5/4/2004	5	No contact since Feb 2003
1175 Springdale Rd	2/1/2005	7	
2901 East 3rd St	5/6/2003	9	Residents had moved out
2312 East 9th St	3/4/2005	10	
3206 Goodwin Av	12/3/2002	5	

Other Homesteads Sold (2003 - Aug, 2005)

Address	Tax Sale Date	# of Tax Years Due	
1302 Remmington Rd	12/7/2004	4	
2304 Whitebead Tr	5/6/2003	6	
3246 Brass Buttons Tr	8/2/2005	8	Property Owner Deceased
6111 Melody Ln	2/1/2005	5	Vacant Property per visit
11013 Maha Loop Rd	7/5/2005	2	

Property was taken off sale role prior to Sale

14103 Lazyridge Dr
1801 Westward Ho Tr

Property Redeemed by Owner

3106 Fallwell Ln
3113 River Rd



END OF PRESENTATION