



Presentation to the City of Houston Budget and Fiscal Affairs Committee

Delinquent Tax Collections

March 31, 2020

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Delinquent tax collections - background

Delinquent property taxes are collected by two vendors:



- Joint venture of :



&



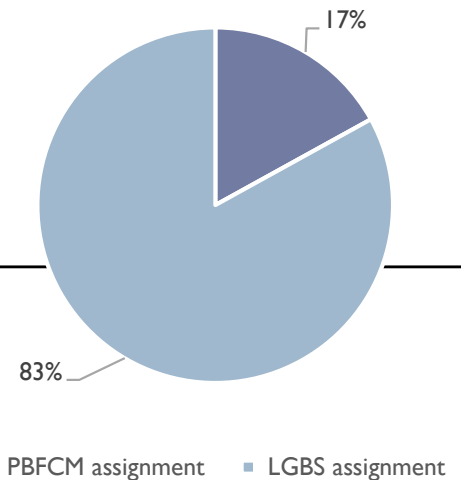


Delinquent tax collections - background

- ▶ Accounts are divided between the firms based on the overlapping school district. The contracts contain the assignment described below – subject to annual reassignment

Perdue Main Accounts (ISDs over .5% of delinquent roll)	LGBS Main Accounts (ISDs over .5% of delinquent roll)
Spring Branch Alief Pasadena Fort Bend Galena Park Humble Clear Creek	Houston Aldine Cypress Fairbanks Katy

FY 2020 Assignment





2019 changes to the contracts

- ▶ Created a direct comparison of the firms using line items from Harris County reports to determine which firm is eligible for additional accounts
 - ▶ Once eligibility is determined, the City Attorney or his designee reassigns accounts subject to Council approval
- ▶ Vendor checks for delinquent tax balances are now performed only by Linebarger – previously this responsibility alternated each year
- ▶ Removed refunds from the goal calculation and eligibility determination



Eligibility calculation

“Levy Paid” on Assigned Accounts during the Agreement Year
Delinquent Levy Balance on Assigned Accounts
as of the July Turnover Date

Perdue outperformed Linebarger 20.5% to 18.4% and is therefore eligible for additional accounts.

The City Attorney’s Office recommends assigning additional accounts to Perdue.



Total collections down slightly

- ▶ **\$11,340,049.62** levy collected July 1, 2019 – January 31, 2020
 - ▶ Prior year - \$12,163,006 over the same seven-month period
- ▶ **\$3,340,579.21** penalties and interest collected July 1, 2019 – January 31, 2020
 - ▶ Prior year - \$4,335,693.33 over the same seven-month period
- ▶ Smaller delinquent tax roll
- ▶ Slower processing by tax masters



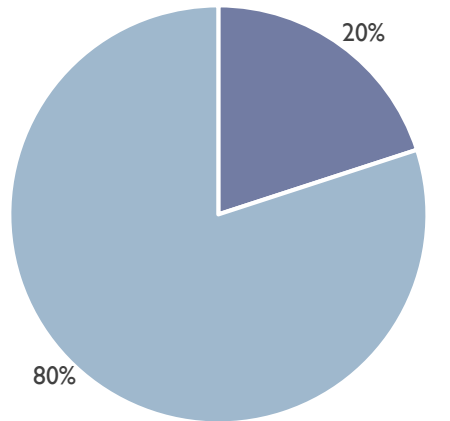
Recommended 2020 Reassignment

LGBS

80% of delinquent roll

PBFCM

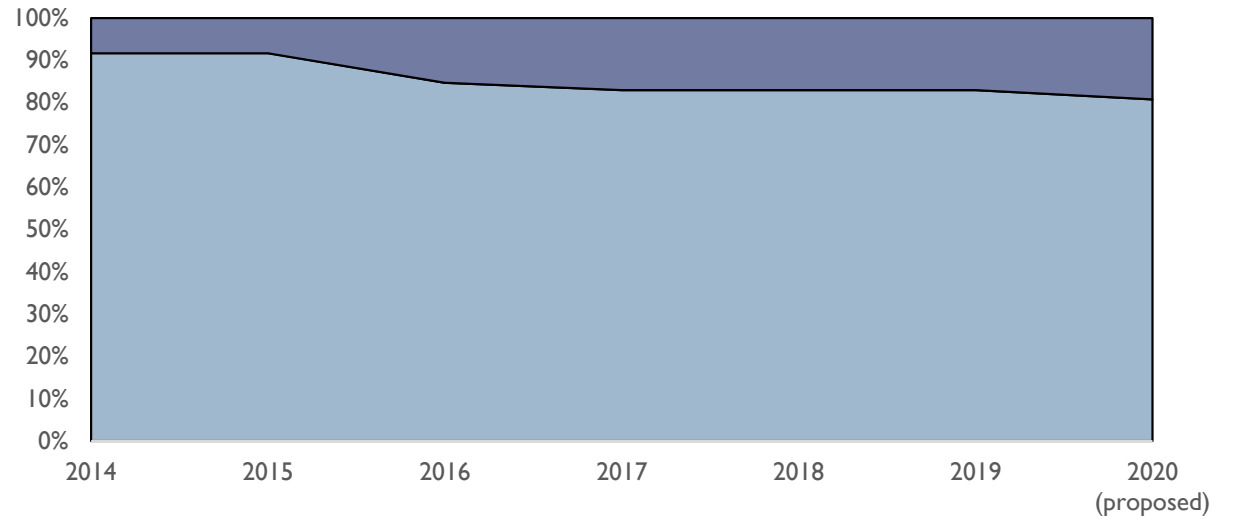
20% of delinquent roll



■ PBFCM assignment ■ LGBS assignment

Apportionment of Accounts

based on July 2019 turnover



■ LGBS ■ PBFCM



QUESTIONS