



Presentation to the City of Houston Budget and Fiscal Affairs Committee

Delinquent Tax Collections

April 2, 2019

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Delinquent tax collections - background

Delinquent property taxes are collected by two vendors:



- Joint venture of :



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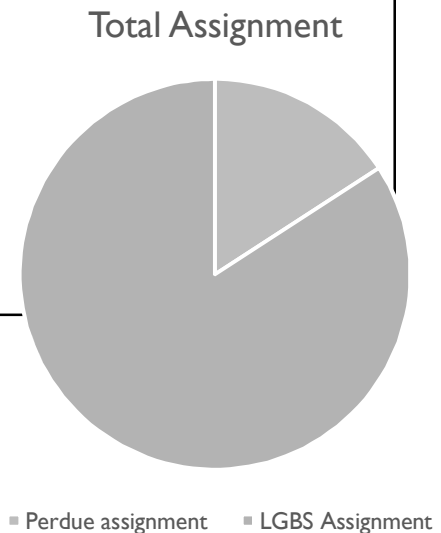




Delinquent tax collections - background

- ▶ Accounts are divided between the firms based on the overlapping school district. The amendments contain the current assignment, described below.

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





Tax collection results since implementation

Ad Valorem Taxes - City's Delinquent Balance Change, from July 1 to December 31

	<i>2013 (FY14)</i> <i>6 Months</i>	<i>2014 (FY15)</i> <i>6 Months</i>	<i>2015 (FY16)</i> <i>6 Months</i>	<i>2016 (FY17)</i> <i>6 Months</i>	<i>2017 (FY18)</i> <i>6 Months</i>	<i>2018 (FY19)</i> <i>6 months</i>
07/01 Turnover Balance	\$77,866,798	\$73,723,787	\$70,001,928	\$70,234,066	\$65,266,055	\$64,269,606
Balance as of 12/31	<u>\$63,648,972</u>	<u>\$57,274,423</u>	<u>\$53,776,394</u>	<u>\$51,277,835</u>	<u>\$49,795,606</u>	<u>\$47,487,058</u>
Change in Delinquent Balances	\$14,217,826	\$16,449,364	\$16,225,534	\$18,956,231	\$15,470,449	\$16,782,548
Collection effectiveness	18.26%	22.31%	23.18%	26.99%	23.70%	26.1%



Proposed changes to the contracts

- ▶ Creating 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 would be given sole discretion to determine which accounts are reassigned
- ▶ Vendor checks for delinquent tax balances will be performed only by Linebarger
- ▶ Removing refunds from the goal calculation and eligibility determination, and giving the firms a slightly more difficult goal to reach



Performance Evaluation Amended Contracts

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

Firm with the higher number is eligible for additional accounts.
After eligibility is determined, the City Attorney has sole
discretion to reassign accounts.



QUESTIONS