



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.

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.

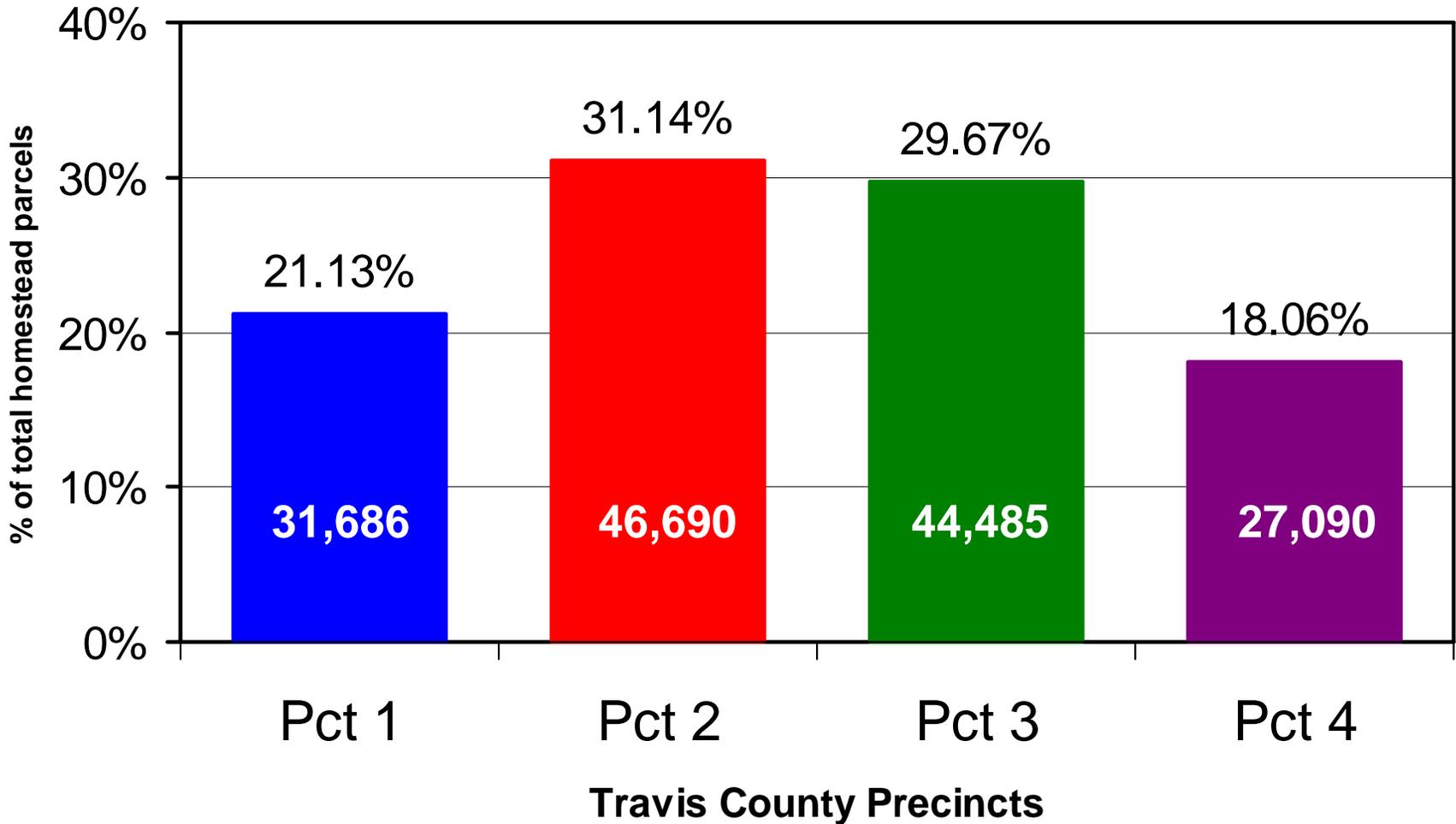
Delinquent Property Taxes

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

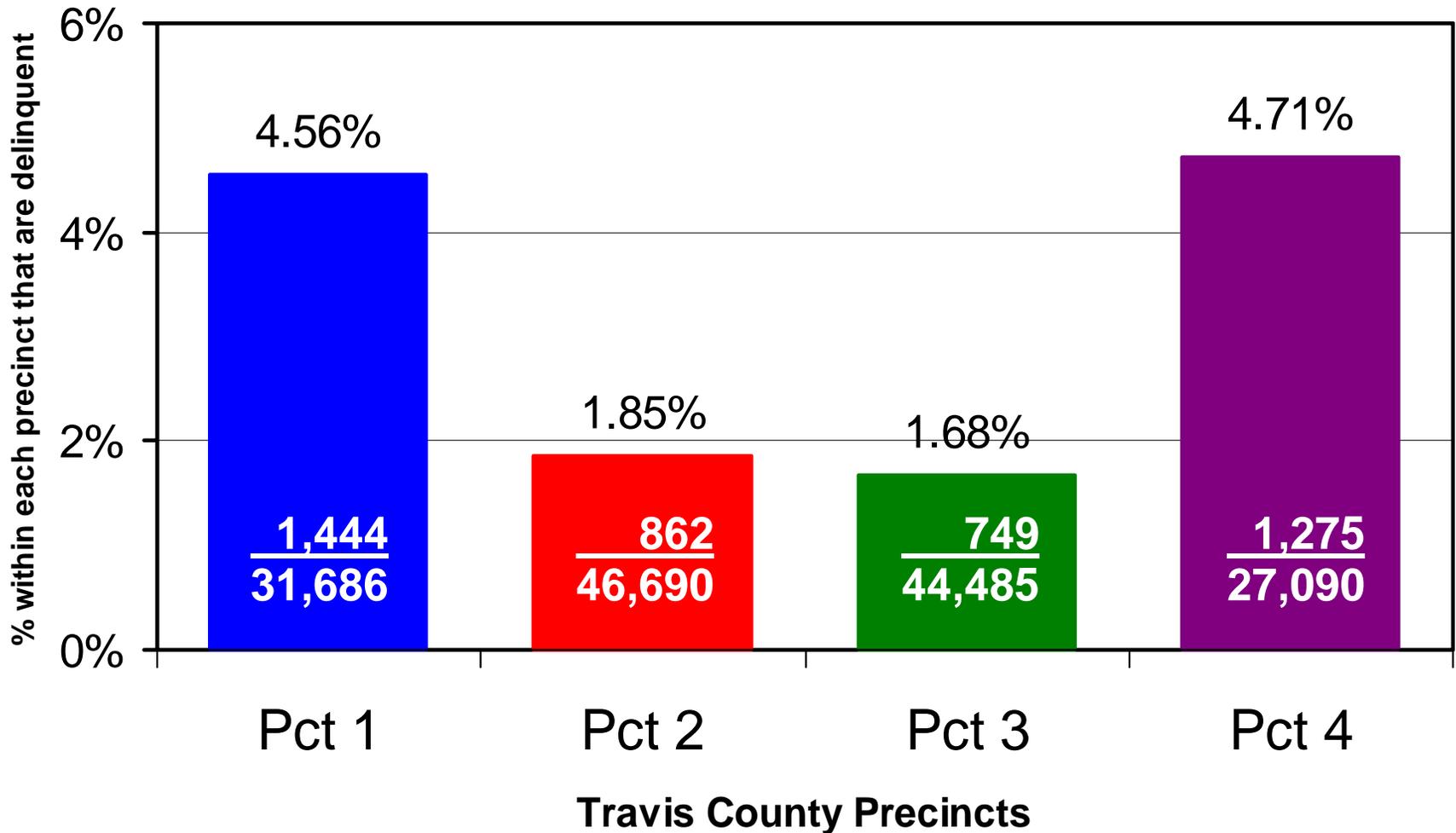


Homestead Parcels Delinquent on 7/1/04 - Tax Yr 2003 (FY04)

Delinquent parcels to total parcels by precinct

Total # of delinquent parcels = 4,330

Total # of homestead parcels = 149,951

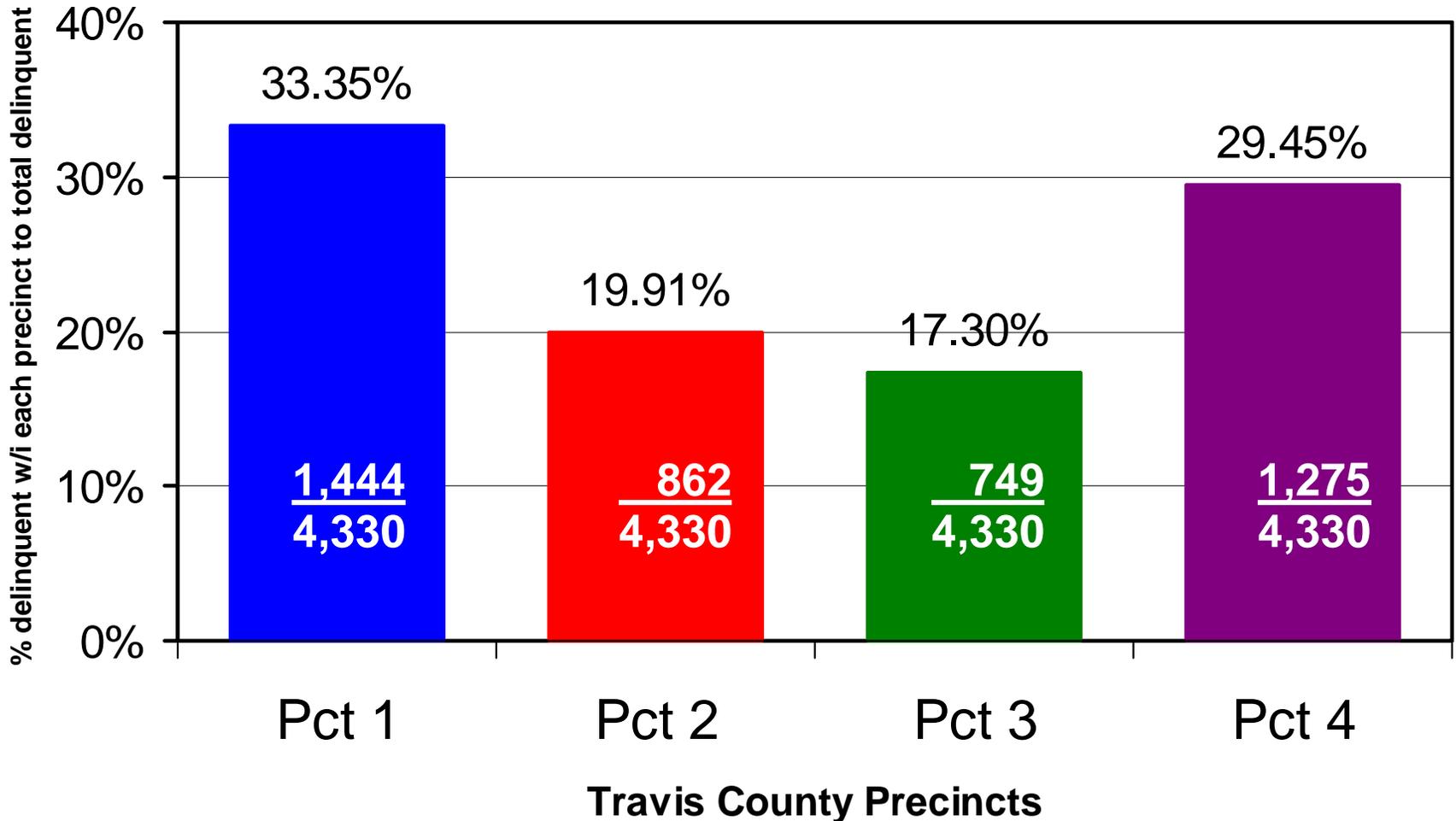


Homestead Parcels Delinquent on 7/1/04 - Tax Yr 2003 (FY04)

Delinquent parcels by precinct to total delinquent

Total # of delinquent parcels = 4,330

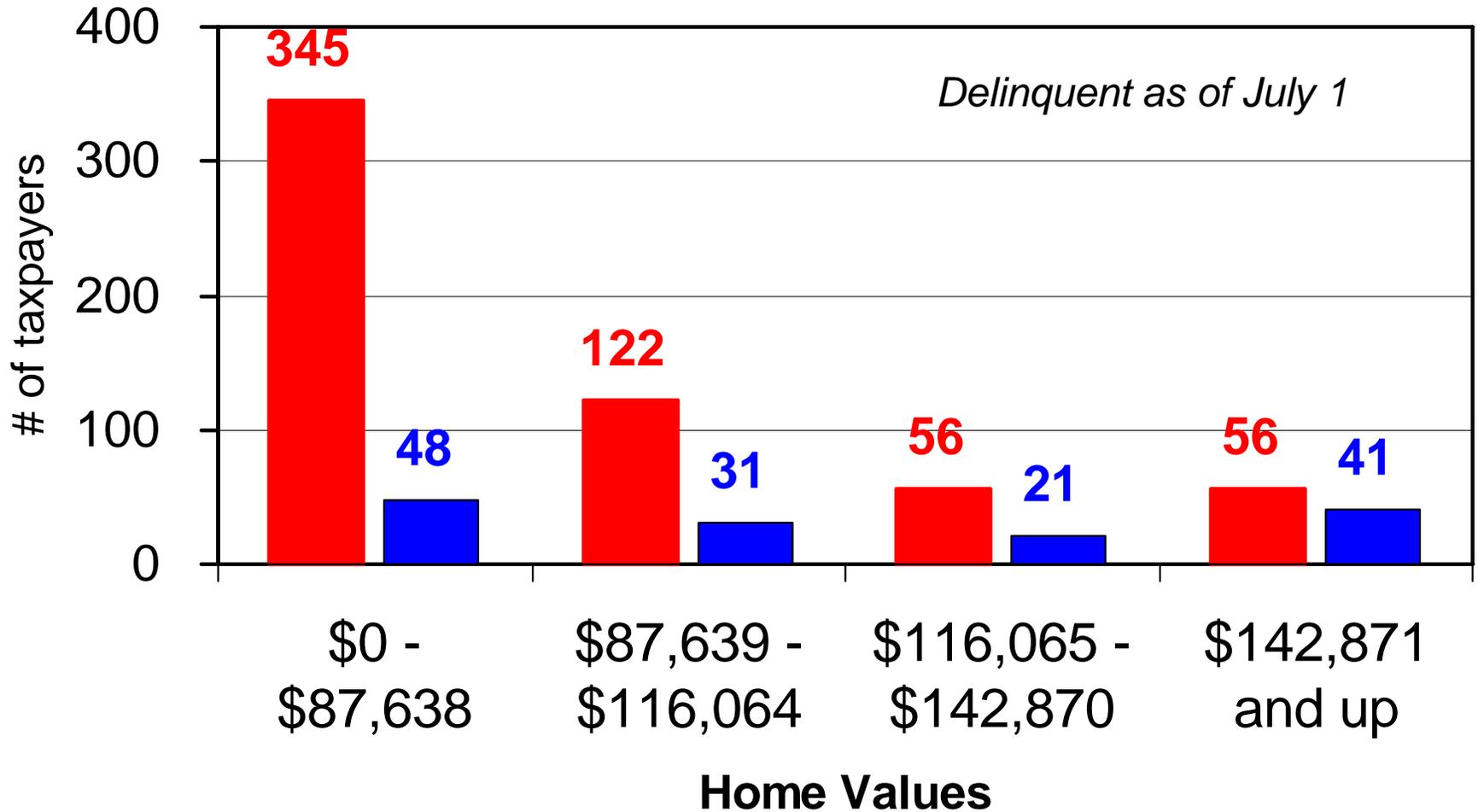
Total # of homestead parcels = 149,951



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

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

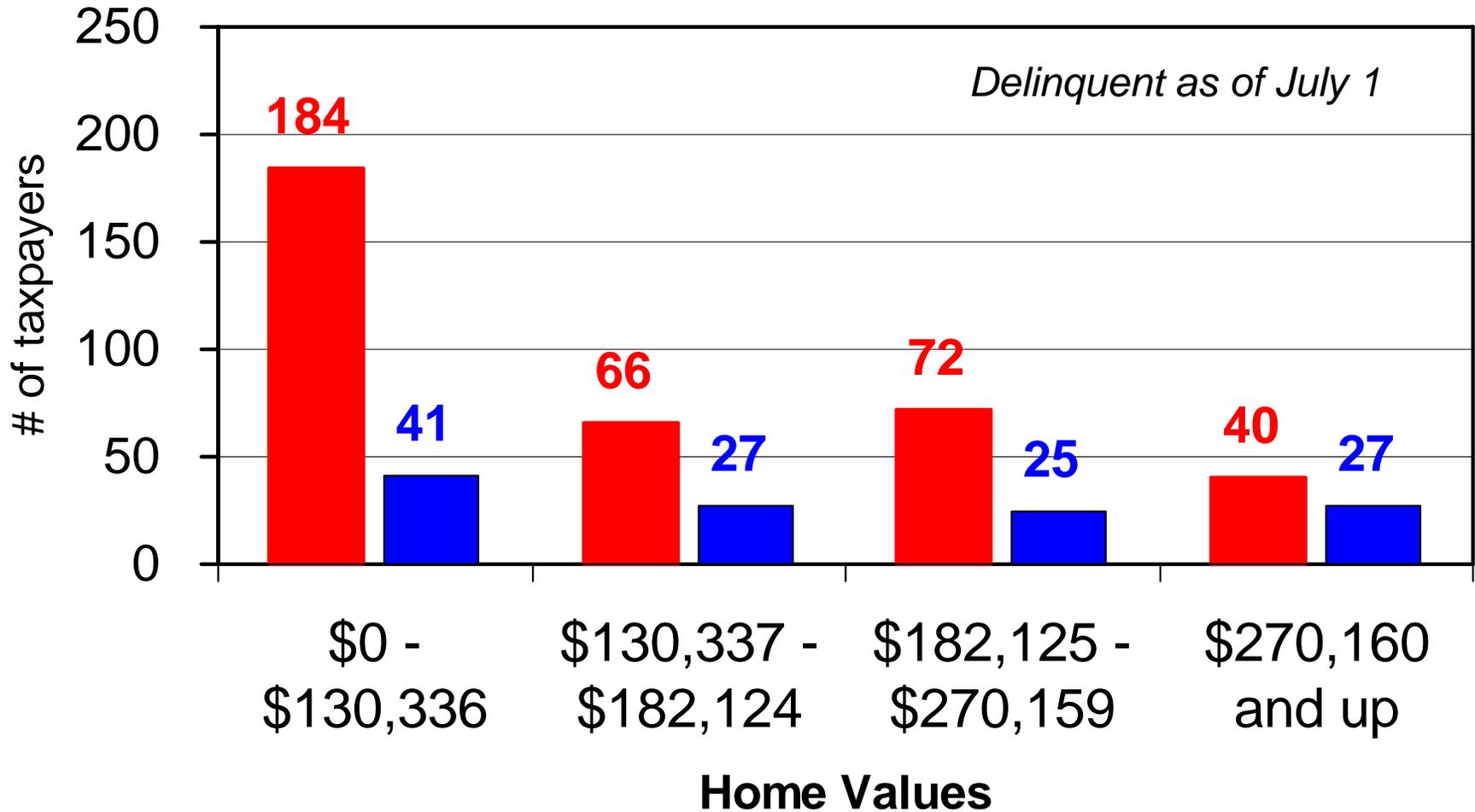
Travis County (incl. 15% atty fee & court costs) - **141** taxpayers charged



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

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

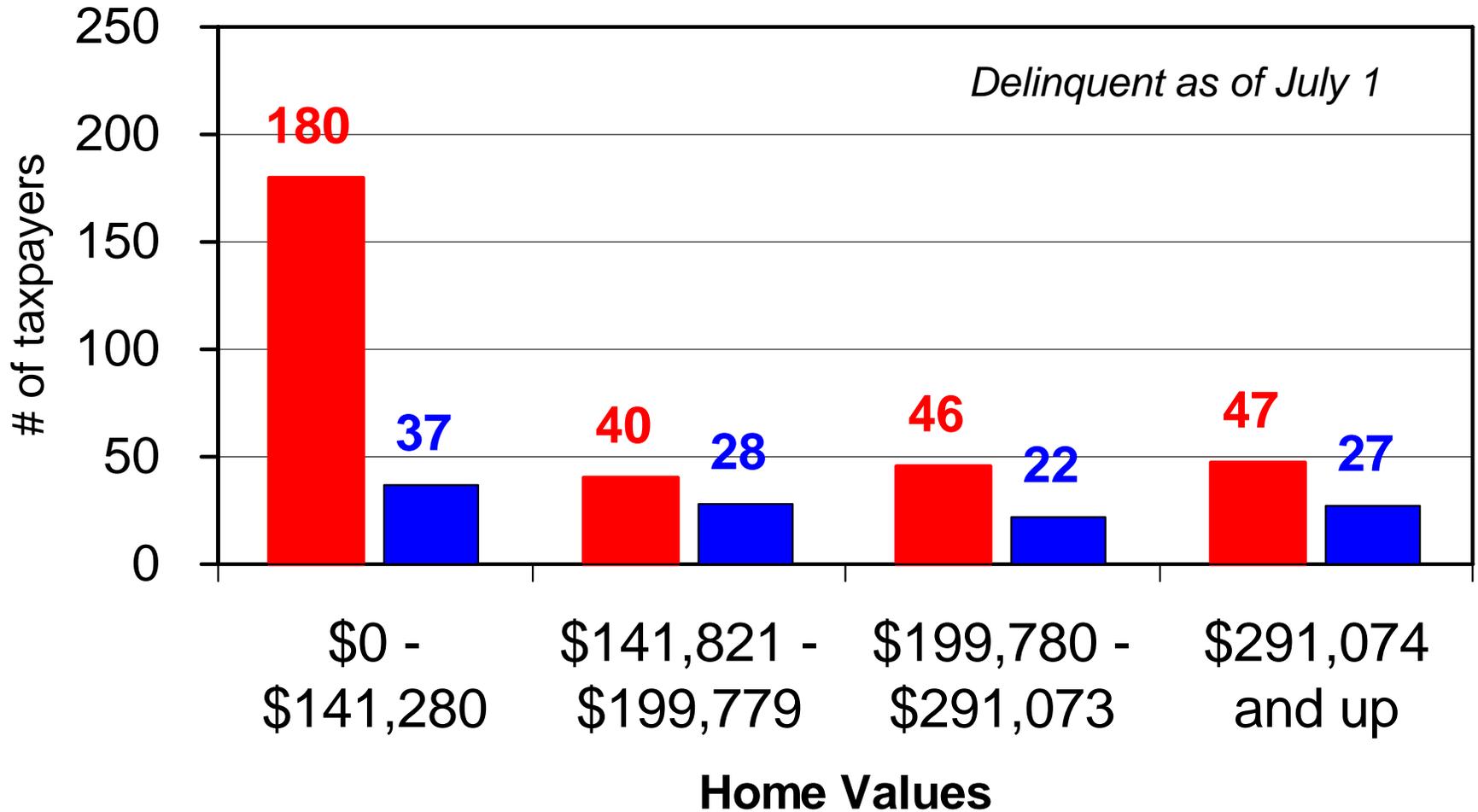
Travis County (incl. 15% atty fee & court costs) - **120 taxpayers charged**



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

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

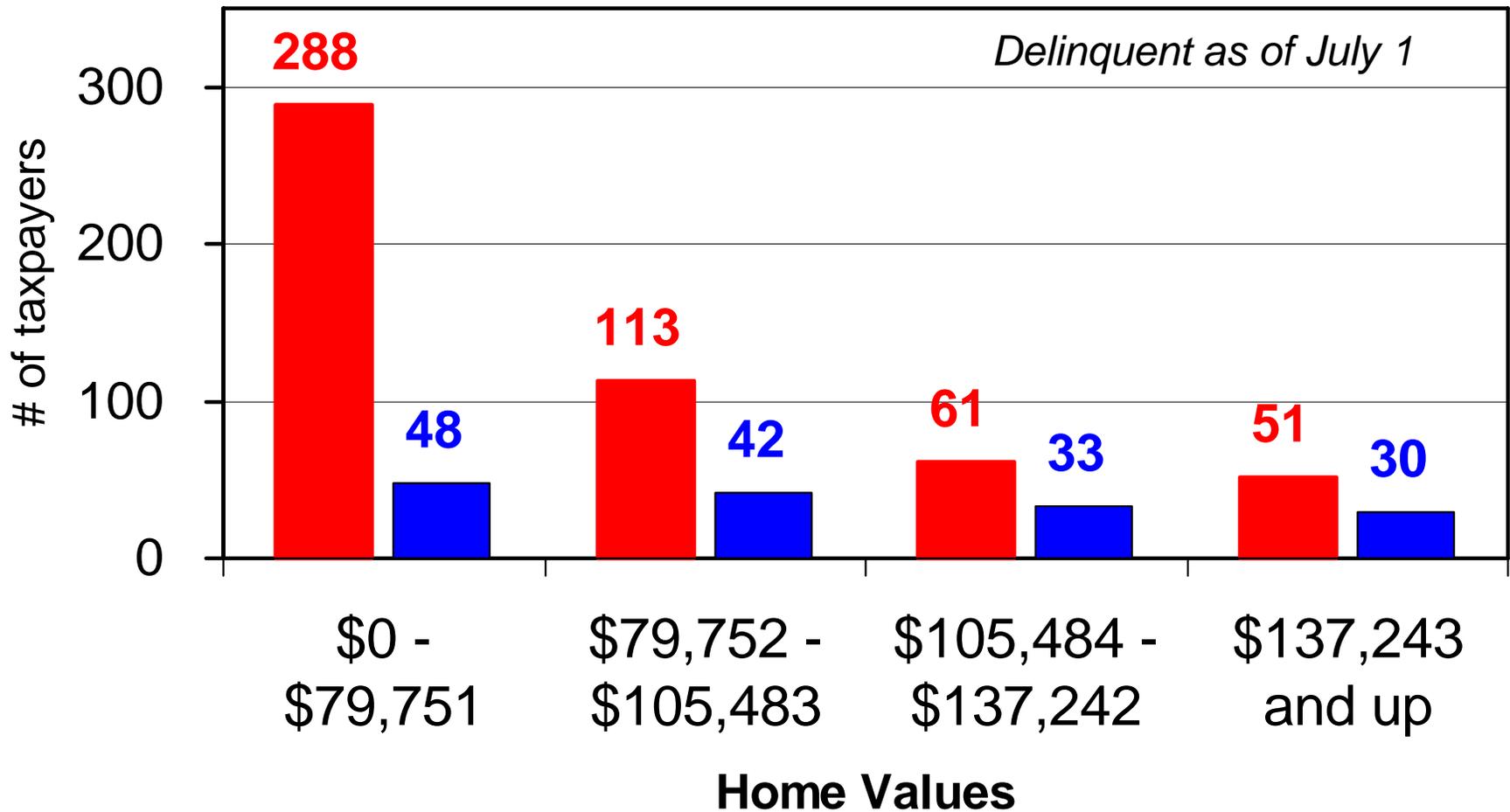
Travis County (incl. 15% atty fee & court costs) - **114 taxpayers charged**



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

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

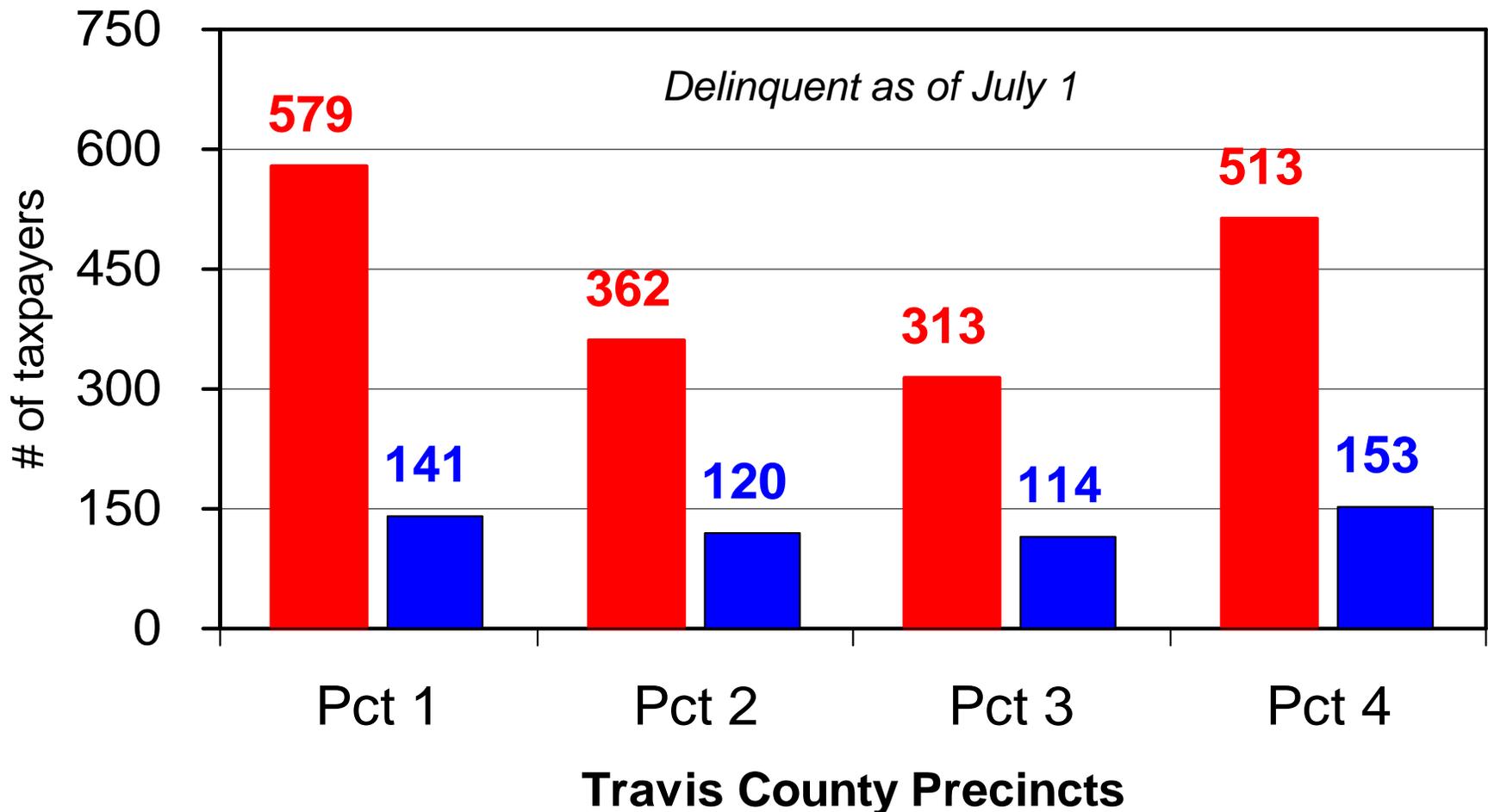
Travis County (incl. 15% atty fee & court costs) - **153** taxpayers charged



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
1175 Springdale Rd	2/1/2005	7
2901 East 3rd St	5/6/2003	9
2312 East 9th St	3/4/2005	10
3206 Goodwin Av	12/3/2002	5

No contact since Feb 2003

Residents had moved out

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
6111 Melody Ln	2/1/2005	5
11013 Maha Loop Rd	7/5/2005	2

Property Owner Deceased

Vacant Property per visit

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