

# DELINQUENT TANGIBLE PERSONAL PROPERTY ACCOUNT COLLECTION SERVICES

## 2.0 SCOPE OF SERVICES

### 2.1 Background

The Tax Collector collects delinquent TPP taxes on behalf of multiple taxing authorities, including the County, the School Board, Municipalities within the County, and others. Authorization and description of specific methods to be employed for tax collection are in the Florida Statutes, Chapter 197. For example Article 197.332, on the duties of Tax Collectors, provides that the Tax Collector has the authority and obligation to collect delinquent taxes, interest and costs by seizure and sale of personal property. In 2011, Florida legislative changes were made authorizing collection costs to be borne by the delinquent taxpayer when outside contractors are employed. Currently, all collection efforts are performed in-house by Tax Collector staff. Annually, TPP taxes are due by March 31. On April 1, all outstanding taxes become delinquent. The Tax Collector's Office provides assistance to tax payers through reminder mailings and by establishing partial payment plans in the early stages of tax delinquency, then notifying all eligible accounts that court ordered warrants are being processed to enforce tax payment through levies on their business' TPP. Thereafter, on July 1st of each year, the delinquent accounts are turned over to the Tax Collector's Enforcement Unit (hereafter "Unit"). The Unit is comprised of 9 enforcement officers. The Unit makes a substantial number of field visits to verify location of TPP and its ownership, provides taxpayers with delinquent TPP account balances, establishes payment plan agreements, issues warnings of impending tax warrants, and when necessary, coordinates property seizures based on auctioneer-assisted appraisals, which may result in the removal and selling of TPP. Enforcement of past due TPP taxes commence annually on July 1 in the year they became delinquent. Over the last 3 years, collections by the Unit, which can be attributed directly to their actions, have averaged \$5.5 million a year.

The most recent year of delinquency (2013 tax roll) included 7,827 accounts valued at \$10,763 million in the Court Petition for Warrants which was ratified on May 29, 2014. For the 2013 tax roll, approximately \$8.5 million in delinquent accounts remained uncollected as of July 1, 2014. Additionally, for the prior six tax roll (years 2007 to 2012), TPP delinquencies are estimated at approximately \$30 million.

Delinquent accounts being considered for tax collection services may include all, or a portion of, those accounts that can be enforced, and these will be limited to only those accounts that a) were included in the annual warrant ratification, and b) do not already have an on-going payment plan agreement. The Tax Collector, at its sole discretion, reserves the right to add, delete or modify the criteria for referring accounts as well as to recall accounts previously referred to the selected Proposer.

### 2.2 Preferred Experience

The selected Proposer should have experience:

- 1) In providing delinquent TPP tax related collection services to include establishing benchmarks, collection strategies, goal setting, measuring account resolution, contacting taxpayers by telephone, mail and through field visits;
- 2) Providing delinquent TPP tax related collection services in the State of Florida or, alternatively, in other jurisdictions similar in volume and value of accounts to Miami-Dade County;
- 3) Seizing TPP with subsequent auction and distribution of proceeds; and
- 4) Garnishing taxpayers' bank accounts and other transactions.

### 2.3 Services to be Provided

The selected Proposer shall:

#### A. Identification/Notification/Methods of Communication with Delinquent TPP Tax Payers

- 1) Prioritize delinquent account collection.
- 2) Send collection notices/letters to delinquent TPP taxpayers. Establish and carry out procedures that will be used after each notice/letter is sent.
- 3) Initiate personal contact by phone with delinquent tax payers.
- 4) Conduct field visits as needed to confirm physical address of where TPP is located and condition of TPP and to make in person collection efforts from current owner or holder of TPP. Provide the Tax Collector's Office with updated physical address if TPP has moved to a new location.
- 5) Establish guidelines, including exceptions to these guidelines, for other means of contacting delinquent TPP tax payers after all traditional means (i.e., phone calls, letters, site visits etc.) are exhausted.
- 6) Research ownership of TPP, including identifying lien holders, Doing Business As (DBA), or other possible ownership or TPP possession interest.
- 7) Conduct all activities in a manner that respects the sensitive nature of the collection of delinquent taxes when communicating with TPP owners, holders and/or their designees regarding taxes due.
- 8) Provide, upon request by taxpayer, all pertinent Statutes, County Ordinances and any other information regarding the delinquent TPP collection process.

**B. Collection**

The selected Proposer shall:

- 1) Have policies and procedures in place for the collection of TPP, serving tax warrants, seizing and auctioning property, distributing auction proceeds, and garnishing bank accounts as permitted under Florida Statutes. The selected Proposer shall provide the County with a copy of these policies and procedures, upon request.
- 2) Provide selected Proposer's staff with identification badges and uniforms distinctively identifying them as selected Proposer's staff and not as Tax Collector employees.
- 3) Use all legal means, procedures and techniques available to locate TPP and seek full payment of delinquent taxes owed.
- 4) Obtain specific written consent from the Tax Collector prior to negotiating a final settlement or before negotiating payment for TPP accounts in any amount less than the full amount owed. All settlements shall be in compliance with applicable Tax Collector policies and procedures and Section 2-15 of the Miami-Dade County Code of Ethics.
- 5) Request written approval from the Tax Collector prior to initiating litigation. Use litigation only when economically feasible and delinquent tax payers are not bankrupt, destitute or in some similarly uncollectable circumstance.
- 6) Extend time for payments subject to the guidelines established by the Tax Collector pursuant to Florida Statutes.
- 7) Pursue an estate residual, if applicable, in the instance the delinquent taxpayer is deceased. If recovery is not feasible, transfer the account back to the Tax Collector. The selected Proposer shall provide appropriate documentation, upon request from the Tax Collector, that a claim was filed with the decedent's estate and/or that the selected Proposer petitioned to have the estate liquidated to recover the delinquent TPP.
- 8) Request for payments to be mailed or paid directly to the Tax Collector. Any payments or Collection Fees (refer to Section 2.9) received by selected Proposer must be delivered directly to the Tax Collector within 24 hours of collection, or the next business day.
- 9) Contact the sender of payment, when there is insufficient information to identify the account/folio to which the payment relates.
- 10) Set achievable annual collection goals. Such goals may be based on results achieved for other governmental entities for which selected Proposer is providing collection services.

**C. General Requirements**

The selected Proposer shall:

- 1) Adhere to the Code of Ethics prescribed by the American Credit and Collection Association (CAC), the Florida Collectors Association (FCA), and/or any other applicable billing/collection associations and shall abide at all times by the Fair Debt Collections Practice Act (FDCPA) and all other applicable Federal, State or local regulations, laws or codes.
- 2) Provide collection services in a manner that is fully compliant with local laws and as authorized by the Florida Statutes, Chapter 197.
- 3) Designate a Project Manager responsible for all matters relating to the collection services being provided. The selected Proposer shall advise the Tax Collector in writing and request written approval, ten days prior to any changes as it pertains to the Project Manager.
- 4) Maintain an accounting system that provides adequate documentation and procedures to support the reporting requirements in Section 2.7.
- 5) Provide upon request, any and all information and documentation such as but not limited to, copies of letters, notices, payment plan contracts, warrants and seizures, and property auctions to the Tax Collector.
- 6) Upon termination, cancellation, expiration or other conclusion of the Contract, return to the Tax Collector in electronic format acceptable to the Tax Collector, within 30 days, any and all data and information that was received from or created on behalf of the Tax Collector by the selected Proposer.

#### **2.4 Communication with Tax Collector's Office**

The selected Proposer shall:

- 1) Provide Tax Collector's designated staff remote access to selected Proposer's account database.
- 2) Provide reports, information and activities for each account in a format that can be uploaded to merge with the Tax Collector's database.
- 3) Maintain good working relationships and communications with the Tax Collector, including abiding by procedures set out by the Tax Collector.
- 4) Meet with the Tax Collector's Project Manager on a regular basis, with meeting frequency to be determined, to discuss collection efforts.

#### **2.5 Technology and Equipment**

The Tax Collector's Office uses a hosted software application to record tax collections and distributions via Taxsys software application by Grant Street Group.

The selected Proposer shall:

- 1) Have Information Technology security verification and certification, to include any third party applications used by the selected Proposer.
- 2) State whether the available system has the capability to accept and provide client data:
  - a. Using the file layouts provided by the Tax Collector.
  - b. All files in field position (info/data provided in different fields) text format or in a format otherwise requested by the Tax Collector.
- 3) Request advanced approval from the Tax Collector's Technical Services Division to conduct all file transfer processes and formats. At a minimum, the following requirements shall apply to all file transfers and file formats:
  - a. Provide a secure FTP site to conduct the file transfers.

#### **2.6 Audits**

- 1) The selected Proposer shall allow the Tax Collector or his duly authorized representatives, for a period of three (3) years after Contract expiration and any extension thereof, access to and the right to examine and reproduce, in format approved by the County, any of the selected Proposer's books, documents, papers and records and those of its subcontractors and suppliers which apply to all matters of the Tax Collector. Such records shall conform to generally accepted accounting principle

requirements, and shall only apply to those transactions related to any Contract resulting from this Solicitation.

- 2) The Tax Collector reserves the right to request Third-Party Service Audits of the selected Proposer, its subcontractors and suppliers, anticipated to be no more than once every two years or as needed. A request for a Third Party Service Audit will be provided to the selected Proposer in writing, by the Tax Collector's Project Manager. Copies of the completed Third Party Service Audit report shall be provided to the Tax Collector's Project Manager within 120 calendar days of the audit request. The cost of the Third-Party Audit shall be borne by the selected Proposer.
- 3) The Tax Collector may audit, at any time, all activities pertaining to the collection services being provided.

## **2.7 Reporting/Other Requirements**

The selected Proposer shall maintain a computerized database of all assigned folios from the Tax Collector and shall prepare reports which describe what action(s) have been taken to collect the delinquent TPP taxes. Reporting frequencies, dates and formats will be coordinated with the selected Proposer after award. Reporting requirements include, but are not limited to, daily, monthly, annually, and year-end cut off reporting requirements such as the following types of reports:

- 1) Monthly Referral Acknowledgement Report – List folio numbers referred. Include the Tax Collector's portfolio number, folio name, folio number, folio balance and date referred. The report shall be summarized for the Tax Collector, showing the total number and total value of folios referred. This report shall be electronically submitted to the Tax Collector.
- 2) Daily/Monthly Payments and Reporting – List in order the folio name, and include the folio number, Tax Collector's portfolio number, credits to the accounts (for accounts involving litigation, recovered costs), total amount "promised to pay" (broken down into tax, fees, interest, etc.) and paid directly to the Tax Collector, balance due and selected Proposer's fee associated with the collections.
- 3) A detailed Status and Reconciliation Report - Submit to the Tax Collector, at the beginning of each month, providing the most recent activity, including account notes, for the previous month on each delinquent TPP folio and totals for the folios. This report shall include at a minimum, the name, folio number, status, delinquent and modified amount due, amount paid previous month, amount paid to date for each folio, and balance due.
- 4) Monthly Recovery by Placement Analysis Report- This report shall analyze the accounts referred to the selected Proposer. The report shall analyze the actual collections by month against the total amount referred, reflecting the selected Proposer's collection rate, against the cumulative total for all delinquent TPP folios assigned.
- 5) Cancellation/Recall Report – List delinquent TPP folio numbers, showing the reason for return to the Tax Collector and the outstanding balances. This report shall include a compilation of delinquent TPP folios recalled by the Tax Collector, information on any legal action taken and judgment issued (if any), bankruptcy status to include bankruptcy case number, if taxpayer is deceased, an indication as to the status of the estate and probate case number shall be provided. The report shall indicate if delinquent TPP tax collection activity has stopped for any other reason than those outlined above, and any that the selected Proposer feels is uncollectible. All cancelled/recalled delinquent TPP folios listed in this report shall be totaled, and submitted monthly.
- 6) Complaints Report – maintain a comprehensive record of each delinquent TPP collection account complaint received from taxpayers or representatives and how the complaint relates to the collection service for the folio. The selected Proposer must notify the Tax Collector, within 24 hours of receiving complaint, the report must include the date the complaint was received, nature of the complaint, whether verbal or written, and the resolution.

- 7) Due Diligence Report – list all those accounts placed with the selected Proposer, owing the most recent delinquent tax year and that were contacted by the selected Proposer prior to the next annual account placement date.
- 8) Other Reports – may be required on occasion and in a format acceptable to the Tax Collector, special reports as it relates to the collection of delinquent TPP folios. The Tax Collector will be reasonable in requesting these reports.

## 2.8 **Tax Collector Responsibilities**

The Tax Collector will:

- 1) Mail tax bills, reminder notices and delinquency notices as required by law.
- 2) Prepare and advertise lists of delinquent accounts and petition the Courts for warrants on all eligible accounts as provided for by F.S. 197.413 and provide all signed orders ratifying and confirming tax warrants under same section of Florida Statutes.
- 3) Provide the selected Proposer with all necessary information to provide the delinquent TPP tax collection services contemplated and/or described in this Scope of Services.
- 4) Provide the selected Proposer web-based inquiry access to the Tax Collector's system containing account histories and memo pads relating to contacts and research.
- 5) Provide the selected Proposer with written authorization to represent the Tax Collector in communicating with delinquent taxpayers.
- 6) Implement an effective method of assigning delinquent TPP folios to the selected Proposer. The Tax Collector shall take into consideration the type of delinquent TPP folios, total dollar value, age of the delinquent folios and other related information when transferring delinquent TPP folios to the selected Proposer. The Tax Collector reserves the right to exercise sole discretion as to which delinquent TPP folios will be transferred to the selected Proposer or remain in-house. The Tax Collector will notify the selected Proposer when delinquent TPP folios are ready for transfer or arrange a periodic automatic transfer.
- 7) Provide the selected Proposer, in writing, reporting and accounting procedures to be used for folio referrals.
- 8) When necessary, continue to use in-house staff to contact and collect on selected delinquent TPP accounts.
- 9) Notify the selected Proposer of any a) adjustments or corrections made to the delinquent TPP folios' amounts due, b) ownership or address changes/corrections, c) changes in billing information, and d) payment and refund activity.
- 10) Designate a Project Manager responsible for matters concerning the collection services being provided.
- 11) Provide the selected Proposer with contact information of all Tax Collector employees who will communicate and provide information to the selected Proposer, including their designated level of authority.
- 12) Discontinue collection efforts on accounts placed with the selected Proposer, but retain the right to recall assigned delinquent TPP folios at any time and for whatever reason.
- 13) Notify selected Proposer of all bankruptcy filings and any other notices of legal proceedings which may affect selected Proposers efforts to collect unpaid delinquent TPP taxes, in the event that the Tax Collector's office becomes aware of such information prior to selected Proposer.
- 14) Provide Authorization for the selected Proposer to execute warrants to seize properties, garnishments and liens.
- 15) Notify the selected Proposer when delinquent TPP tax collection services are to be cancelled and delinquent TPP folios are to be transferred back to the Tax Collector, or suspended for any period of time.

- 16) Reserve the right to change any portion of the required services outlined herein, based upon changes in Federal, State, and Local laws, or County ordinance, written rule, resolution, administrative policy or procedure that make it necessary.

**2.9 Compensation and Collection Fee**

The compensation for providing all services necessary to complete the delinquent TPP tax collections, including all costs associated with such delinquent TPP tax collections shall be in the form of a Collection Fee that is added to the total amount of delinquent TPP taxes owed, pursuant to Florida Statute 197.332. The selected Proposer's Collection Fee will be a fixed percentage added to the TPP taxes owed and will be applicable as of the date of account placement with the selected Proposer.

A Collection Fee will be established in the contract for the delinquent TPP tax and may depend upon the year of delinquency when the account is referred. For example, the most recent delinquent year for an account may have a different collection fee set than an account referred during years 2 through 7 of the delinquency.

The Tax Collector will review incoming payments on delinquent TPP folios to verify whether a payment received is from a folio that has been assigned to the selected Proposer for collection. In some cases, a payment may have been received by the Tax Collector and not processed before the account was placed with selected Proposer and payment shall not be subject to the selected Proposer's collection fee.

After the County receives full payment for delinquent TPP taxes, the County will apply and validate funds due prior to disbursing the selected Proposer's Collection Fee, on a monthly basis. The County shall have no obligation to pay the selected Proposer any additional fees.