

***Proposal to
Northumberland County
Tax Collection Committee***

Capital Tax Collection Bureau

www.captax.com

Huntingdon County Office
14787 CROGHAN PIKE
MOUNT UNION, PA 17066
(814) 514-5033 Phone
(814) 514-5065 Fax

Harrisburg Division
2301 N 3RD ST
HARRISBURG PA 17110-1893
(717) 234-3217 Phone
(717) 234-2962 Fax

Somerset County Office
PO BOX 146
SOMERSET, PA 15501
Phone (814) 701-2745
Fax (814) 701-2318

July 22, 2013

Mr. Jason Budman, TCC Secretary Coles Hardware 101 Bloom
Street Danville, Pa. 17821

Dear Mr. Budman:

Thank you for taking my telephone call regarding the tax collection needs in Northumberland County.

As we discussed several important considerations are as follows:

1. Capital Tax Collection Bureau (CTCB) offers the Northumberland County Tax Collection District contracted collection of the Earned Income Tax for the rate of 1.75%. This price includes a local office as required.
2. CTCB is available to begin collection procedures immediately.
3. CTCB uses the web based software from RBA of State College, Pa., thereby easing the transition for the employers and taxpayers of Northumberland County.
4. CTCB employs the technology of scanning /imaging for the capture of data when processing all documents and depositing checks.
5. CTCB has the ability to make weekly or monthly distributions to its clients and does not to comingle funds.
6. CTCB is currently successfully collecting for 5 TCDs meeting and exceeding all deadlines for the distribution of funds. The list of the counties and contacts is attached.
7. CTCB has a very strong, personal customer-relations approach with both employers and taxpayers.
8. CTCB has a full service delinquent collections department. Our delinquent fee schedule is attached.
9. All CTCB employees are bonded and have undergone background checks.
10. CTCB is audited annually by an independent certified public accounting firm and has complied with SOC1 requirements.

July 22, 2013

Page 2

Mr. Jason Budman, TCC
Secretary Coles Hardware
101 Bloom Street
Danville, Pa. 17821

We are prepared to discuss this matter with you further at your convenience. We look forward to the opportunity of meeting with you and or your committee.

Sincerely,



James A. Buffington, Jr.
Executive Director

Telephone: 717-234-6469

Email: jbuffingtonjr@captax.com

| <u>County</u> | <u>Contact person</u> | <u>Telephone</u> | <u>Email</u> |
|-------------------|-----------------------|-------------------|--|
| Perry County | James Swenson | 717-582-2833 | iesinc@pa.net |
| Fulton County | LuAnne Keebaugh | 814-830-3115 | lkeebaugh@tiull.org |
| Huntingdon County | Melinda Stuck | 814-641-2114 | MelindaS@huntsd.org |
| Somerset County | Sidney Clark | 814-267-4649 x237 | sclark(5)sssd.com |
| Juniata County | Donna Wood | 717-648-0430 | donnatwp@pa.net |

Capital Tax Collection Bureau

Background, overview and general qualifications.

Capital Tax Collection Bureau proposal to Northumberland County Tax Collection Committee Note that the terms of this proposal are the same for both a one-year, two-year and three-year contract

1. Cover Letter

The cover letter is signed and attached as a separate document.

2. Firm Background and Information

- a. Firm name, address, telephone number, fax number, email address, and website address:

Capital Tax Collection Bureau
2301 North Third Street
Harrisburg, PA 17110
(717) 234-6469 (phone); (717) 234-2962 (fax)
www.captax.com

- b. Contact person name and title:

James A. Buffington, Jr.
Executive Director
(717) 234-6469
jbuffingtonjr@captax.com

Or

Jennifer L. Reichwein
Admin. Asst to Executive Dir.
(717) 234-6469
jreichwein@captax.com

3. Firm Overview

Capital Tax Collection Bureau ("CTCB") is a Pennsylvania, non-profit governmental corporation organized to collect the earned income tax ("EIT") and provide other contracted services to municipalities and school districts. Currently, CTCB serves taxing authorities in Fulton, Perry, Huntingdon, Somerset and Juniata Counties in South Central Pennsylvania. CTCB is headquartered in Harrisburg with offices in Somerset and Huntingdon Counties.

CTCB has been collecting taxes for 47 years. In 1966, the City of Harrisburg - Earned Income Tax Division, the forerunner of CTCB, was created to collect the new earned income tax for the City and School District of Harrisburg, PA. In 1969, CTCB was reorganized and began collecting EIT for Perry County municipalities in South Central Pennsylvania. CTCB was incorporated in 1986 in Pennsylvania as a non-profit corporation.

Collecting EIT is CTCB's major function. Additionally, CTCB provides other collection services including Occupation Assessment, Per Capita, Residence, and Local Services Tax (LST) collection, utility billing collection and administration, and governmental accounting software maintenance. CTCB also provides delinquent tax collection for any tax collected, and prints tax bills and other forms for municipalities and school districts. It is worth noting that CTCB has in past years printed the individual tax returns for the following Northumberland County School Districts: Line Mountain, Shikellamy, Warrior Run, Milton.

CTCB's mission is to provide our customer municipalities and school districts with efficient, accurate, and responsive tax collection services in a timely and cost-effective manner. We will remain customer-focused and accessible to the communities we serve.

CTCB prides itself on its long-standing tradition and trend setting in the local tax collection industry of Pennsylvania. For example, many tax forms designed by CTCB are used by other collectors throughout Pennsylvania. CTCB management possesses the integrity, leadership skills, and intelligence to provide effective tax collection services to members in an often-changing legal landscape.

CTCB's goal is to provide the most efficient tax collection system at the lowest possible cost. Interest from short-term investments, delinquent interest, penalties and fines, plus delinquent costs of collection, are used to reduce the cost of collection to our members/clients. When our overall net profits exceed our planned future

operational needs, we may lower our commission rate, as we do not have any owners or stakeholders with profit motive.

4. CTCB Distinguishing Characteristics

CTCB has the ability to offer a comprehensive tax collection solution via our existing infrastructure and business model. Because of the technology currently in place, CTCB has the ability to grow drastically to provide EIT collection to several TCCs in Pennsylvania. CTCB is based in Harrisburg, Pennsylvania, but through technology, is a very mobile organization.

Through imaging/scanning equipment that it is now in place, CTCB has the ability to open offices with minimal staffing anywhere in Pennsylvania. While customer service is paramount to CTCB, the future of EIT collection will be based on the ability of collector offices to share information electronically. CTCB now has state of the art imaging equipment/software in place.

CTCB offers online filing for both employers and individual taxpayers. Employers have the ability to remit withheld taxes through an automated clearing house (ACH) payment. CTCB has taken individual online filing one step further by offering the taxpayers the ability to file the long form online. (Taxpayers who move or hold multiple jobs during the year are still able to file online). Additionally, both individuals and employers have the ability to pay their tax liability online via credit card.

5. Bureau Offices

CTCB currently has three offices in South Central Pennsylvania. Our main office is located in the City of Harrisburg. We also have an office in Mount Union, Huntingdon County and an office in Somerset, Somerset County. CTCB is more than willing to open a fully staffed office in the Northumberland County Tax Collection District.

6. Site Visits

CTCB welcomes representatives from the Northumberland County TCC to visit our Harrisburg office. A visit will show the latest technology being utilized by dedicated employees whose goal is to maximize tax revenue for the PSDs we serve.

7. Key employees

Currently, CTCB employs the following Management Personnel: an Executive Director, an Information Technology Director, an EIT Director, a Delinquent Department Director and an office manager. Two auditors are devoted full time to processing refunds and two auditors are assigned solely to handle claims (both incoming and outgoing) to other tax collectors.

Below is a summary of tax experience for key CTCB employees:

1. James A. Buffington, Jr. - Executive Director - Earned a BS in Business Administration from Shippensburg University and served as Business Manager/Treasurer of a large Pennsylvania school district.
2. Dave Gulden - IT Director - Has been with CTCB for 37 years. He was an honors graduate from the Computer Learning Center of Fairfax, VA. Mr. Gulden designed our computerized tax system in-house, regularly attends continuing education courses, and is fluent in COBOL, RPG, FORTRAN. Mr. Gulden authored the work manuals that correspond to our current computerized tax system.

3. Kimberly Eshelman - EIT Director - Has been with CTCB for 9 years. She began as Carlisle Division Director and is currently the EIT Director, as well as the coordinator for our three offices. Ms. Eshelman serves as the primary person responsible for training new employees.
4. Jennifer Reichwein - Admin. Asst. to Executive Director/Bookkeeper/Human Relations - Has been working in tax collection since 2000, and has been with CTCB since 2010 in her position as bookkeeper. She also handles CTCB's human relations.
5. Michelle Shearer - Delinquent Department Director - Has been with CTCB for 24 years and has been Delinquent Department Director since 1994. In addition to the collection of all delinquent taxes, her department collects and administers all Local Services Tax, Per Capita, Mercantile and Occupational Assessment Tax.
6. Judy McMillen - Manager of Claims and Refunds - Has been employed at CTCB for 25 years.

8. Business Volume Capacity

Our IT Director designed CTCB's computerized tax system in-house. As such, CTCB has the ability to seamlessly add new clients to our tax system. With the corresponding hardware additions, there is no limit to the number of taxpayers and employers that CTCB can serve. In 2002, CTCB successfully assimilated 2 significantly sized school districts and their coterminous municipalities in the face of complicating tax reform legislation.

In terms of high-speed telecommunication, CTCB has in place the process of implementing Multiprotocol Label Switching (MPLS) which will give all CTCB offices the ability to connect with one another. Through MPLS, CTCB can seamlessly add an office in the Northumberland County TCD. CTCB offers a full complement of online services, which provides greater convenience to the employers and taxpayers we serve. Online services and our comprehensive website allow CTCB to drastically increase its volume capacity with minimal additional costs.

All CTCB employees are bonded and background checks have been conducted.

9. Conflicts of Interest

There are no relationships or interests of CTCB and its officers, directors or employees that would arguably conflict with the interests of the Northumberland TCC or its political subdivisions (hereinafter 'PSD').

There are no relationships or interests of CTCB and its officers, directors or employees that would arguably conflict with the auditing firm or any other vendor which services CTCB.

There are no family or professional relationships between CTCB and its officers, directors or employees, and any elected official or employees of the Taxing Authorities within the Northumberland County TCC.

10. Detailed Background and Operating Information

- a. CTCB currently meets all the qualifications and requirements of a Tax Collector established under Act 32. Those requirements contained in Section 506(b) of Act 32 are listed below unless they are addressed elsewhere in this proposal:
 - i. CTCB has been not been convicted of a felony involving fraud, extortion or dishonesty in any jurisdiction;
 - ii. CTCB has not engaged in conduct which significantly adversely reflects on our credibility, honesty or integrity;
 - iii. CTCB has complied with the education requirements for tax officers once promulgated by the Department of Community and Economic Development ("DCED");
 - iv. CTCB collects, reconciles, and enforces income tax imposed on residents and nonresidents of each PSD included in the TCC. CTCB has already been named as

the Act 32 Collector for Perry, Juniata, Somerset, Fulton and Huntingdon Counties. Additionally, CTCB has been a "non-resident collector" since its inception. CTCB also performs monthly EIT reconciliation. The enforcement of the income tax through our delinquent department will be described below in more detail;

- v. CTCB receives and distributes taxes received from employers. CTCB receives withholdings from employers on both a monthly and a quarterly basis, and allows employers to file the detail and remit the money online via ACH, and also through credit cards;
- vi. CTCB currently makes weekly and/or monthly distributions to PSDs as required by Section 513 of Act 32;
- vii. CTCB currently adheres to Act 32 requirements limiting investments;
- viii. CTCB provides weekly and/or monthly reports to every PSD it serves. Beginning in 2012, CTCB will provide a corresponding monthly report to the Secretary of the Northumberland County TCC. These weekly and/or monthly reports will show a breakdown of all income taxes, income generated from investments, interest and penalty collected, and other money received for each PSD;
- ix. CTCB currently refunds overpayments made by taxpayers back to said taxpayers.
- x. CTCB has adopted as Bureau policy the Retention and Disposition Schedule for Records of Pennsylvania Municipal Governments developed by the Local Government Records Committee of the Pennsylvania Historical Commission pursuant to the Municipal Records Act (53 Pa.C.S. §1381) as its operating procedure for the retention and disposition of records;
- xi. CTCB participates in a program with the Pennsylvania Department of Revenue to match compensation and net profits/loss as reported on the local earned income tax return against the same items reported on the state personal income tax return;
- xii. CTCB has and will file suits through our solicitor on behalf of the PSDs we serve with regard to bankruptcies and non-filings or non-remittance of taxes to the bureau;
- xiii. CTCB currently adheres to the interest and penalty provision of Section 509(i) of Act 32;
- xiv. CTCB has adopted the fines and penalties for violation provision of Section 509(j) of Act 32 by filing a criminal complaint against taxpayers/employers who fail to file the required returns.

- a. Key CTCB personnel regularly attend seminars and conferences regarding Act 32 including PSATS local governmental educational seminars, webinars and meetings. Over the past several years, CTCB has upgraded its technology drastically to be Act 32 compliant. CTCB provides online filing to both our employers and to our taxpayers. Employers can remit taxes withheld to CTCB online via ACH and file the quarterly detail online as well. CTCB is one of the collectors which offer our taxpayers the ability to file a tax return online regardless of their circumstances (multiple jobs, moved, etc). Taxpayers can also pay any tax online via credit card.

CTCB has purchased imaging/scanning equipment which has saved time and reduced the amount of paper storage used by the Bureau. Imaging has also drastically reduced the threat of human error because the checks are automatically deposited in our bank using Check 21 (deposits the checks into our bank electronically). The imaging software recognizes payment vouchers along with the payments to allow for a completely automated collection process.

CTCB has a very robust website which provides the links to our online filing. Additionally, for those users who choose not to file online, every form offered by CTCB is available online in either a PDF or selfcalculating Excel file. Tax rates, links to our municipalities and school districts, our Right to Know Policy, and the Taxpayer Bill of Rights are all available on our website.

- c. CTCB maintains a full-service delinquent collection operation, and is a leader in the Industry. We employ the use of second notices, certified notices, wage attachments, and criminal complaint filings. The delinquent collection process has been successful in every area we serve as we work closely with local Magisterial District Judges. CTCB personnel testify as needed to enforce the tax ordinances and resolutions. As a quasi-governmental entity, CTCB is able to directly enforce tax collection efforts as a delegate of our clientele, saving them the effort. Our Bureau Solicitor, on retainer, has vast experience on local tax matters and is responsive to our client's concerns and questions.
- d. CTCB is proud of its claims process. We regularly respond to claims in a timely manner even when other tax collectors do not. The best way the TCC can verify how good a collector is at handling claims is by contacting other collectors. CTCB welcomes the Northumberland County TCC to contact other collectors to verify the promptness of CTCB's claims response time.

A claim is any request for funds owed to the Bureau by another collector or an employer. A claim occurs when an employer remits withholdings to another collector for a taxpayer that resides within a CTCB member municipality, or when an employer withholds taxes from a taxpayer's pay but does not remit the withholdings to the Bureau.

CTCB's claims auditors are responsible for all incoming and outgoing claims. Because each of our three South Central Pennsylvania offices is fully staffed, we provide the best customer service to taxpayers and employers that we serve. When you call one of our offices, you get a live person almost immediately, not a recording which keeps you on hold for several minutes. We encourage Northumberland County TCC members to contact one of our offices during business hours to verify this statement.

We currently assist taxpayers, at no charge, in filling out their local earned income tax return. We handle walk-in taxpayers, phone calls, email questions, and online filings. We also offer payment plans to taxpayers who cannot pay their entire liability at one time.

- e. CTCB engages Nauman, Smith, Shissler and Hall (NSSH), LLP in Harrisburg as our solicitor. It is a fully staffed law firm practicing in municipal law, litigation and non-profit entities. NSSH provides legal advice to CTCB in the areas of tax law updates, internal governance, and prosecution of delinquent taxpayers, including appeals.
- f. To ensure that our staff is familiar with Act 32, monthly staff meetings are held to update key employees on Act 32 as well as any other changes in tax law. Those managers then hold weekly meetings with the staff to update them on any CTCB procedure changes to be Act 32 compliant.
- g. CTCB limits its investments to: short-term obligations of the United States, deposits in savings, certificates of deposit, share accounts and time deposits, and deposits in investment pools established by the State Treasurer or established by local governments. CTCB uses several institutions to deposit tax funds. Most frequently, CTCB invests with First National Bank. CTCB adheres to section 509 (a)(6) of Act 32 Of 2008.

11. Subcontractors and Outsourcing

CTCB contracts with the following vendors for our online filing system:

RBA Professional Data Systems, Inc.

240 Elmwood Street State College, PA 16801

CTCB contracts with RBA to design our individual and employer online filing system

Official Payments Reston, Virginia

CTCB uses Official Payments to collect our credit card payments

12. Insurance, Bonding and other Information

- a. CTCB has the following insurance coverages:
 1. CTCB has crime coverage in the amount of two million (\$2,000,000) dollars per employee through Travelers Insurance. It covers all CTCB personnel and board members for employee theft, forgery, on-premises and in-transit loss, money order and counterfeit currency, computer fraud and funds transfer (cyber theft), as well as some sub-limit accounts and claim expense coverage.
 2. CTCB has error and omissions coverage (E&O) in the amount of one million (\$1,000,000) dollars through AIG Insurance. This coverage protects CTCB against legal actions pursuant to employee hiring and firing, and the issues that give rise to these actions.
 3. CTCB has Fiduciary Liability Coverage in the amount of one million (\$1,000,000) dollars. The Fiduciary Liability Coverage protects against a Fiduciary wrongful act defined in the policy as "any actual or alleged breach in responsibilities, obligations or duties imposed upon a Fiduciary of a covered Plan by [ERISA] or any regulations promulgated hereunder, and any amendments thereto, or by the common or statutory law of the United States or any state or jurisdiction anywhere in the world by any Insured Person in his or her capacity as a Fiduciary of any covered plan."
- b. CTCB contracts with an external, independent accounting firm annually to obtain audited financial statements and an audited schedule of collections and distributions, which includes testing a sample of "dollar for dollar" receipts and payments to ensure that the tax revenue is being distributed to the correct PSD. The financial statements are presented to our audit committee and then are accepted by our Board of Directors. No firm officer, director or key employee has ever been arrested for or convicted of any criminal charge. .
- c. In 2009, criminal background checks were conducted on all current CTCB employees. All potential employees must undergo a criminal background check prior to their hiring. Any potential employee, otherwise selected for hire, whose criminal background check shows a conviction for any crime of dishonesty or felony will not be hired unless and until the Personnel Committee approves his or her hire. Finally, the Board of Directors must approve all new hires. All criminal background checks are conducted through the Pennsylvania State Police. CTCB will conduct follow up background checks periodically.

13. Fees and charges

a. Transition Fees

CTCB will not charge additional costs or fees to Northumberland County TCC or to other collectors during the transition to our role as Northumberland County TCC Tax Officer.

b. Non-delinquent and delinquent tax collection fees combined

- (1.) Basic collection commission - The Commission rate charged by CTCB to the Northumberland County TCC for EIT shall not exceed **1.75%**. This commission rate may be lowered if CTCB earns enough revenue to offset future capital improvement costs.
- (2.) The ability of CTCB to retain investment earnings (and offset our costs of operation) is already included in the low **1.75%** commission rate.
- (3.) CTCB does not offer a proposal that would provide an incentive to maximize collections, because that kind of service should be provided in the basic cost of collection.
- (4.) Act 1 Sterling Tax Credit Certification reports, are included in the basic collection commission. The only time Northumberland County TCC would incur additional charges from CTCB is if the TCC requested a special mailing or other services unique to that TCC which is outside the purview of Act 32.

CTCB has always been a member-driven organization. CTCB's only goal is to provide the most revenue for the least cost to the school districts and municipalities we serve. In order to do so, we have upgraded our technology while still adhering to the highest level of customer service.

To be Act 32 compliant, CTCB provides various informational reports to its members. A report is issued at the time of distribution providing detail on the tax collections. CTCB has the ability to tailor reports to fit our clients' needs. Bureau management is directly responsive to member concerns and attends meetings to provide further explanations and answer questions regarding collection and distribution. As requested, we will assist our members' administration with budget estimates for the taxes we collect. Also on request, our Bureau provides its members with an annual listing of known taxpayers within the TCD.

CTCB utilizes computerization to the fullest extent in its collection process. Our bureau utilizes advanced and comprehensive EIT software/programs. These have been refined and enhanced by our internal information technology department. We maintain a robust, user-friendly website where taxpayers, employers, and tax return professionals can get information and forms to aid in their understanding of, and compliance with the tax laws. In addition to maintaining a vast amount of taxpayer and employer information, our internal tax system is used in the following areas:

- Taxpayer and employer compliance;
- On-line taxpayer and employer history dating back to tax year 1983;
- Cross-referencing tax data;
- Automatic interest and penalty calculation and billing;
- Claims to taxpayers, employers, and other tax collectors, and the monitoring of the receipt of these claims;
- Complete delinquent files, which includes a monitor of partial payments, and automatically prepares notices to those taxpayers that are in default thereof;
- Computerized preparation of all forms and notices. This includes computer prepared criminal complaints;
- Tax information reporting by magnetic media. This is required, through EIT regulations, of employers meeting the same threshold that requires like reporting to the IRS/SSA. This eliminates hundreds of hours of manual input and error corrections. Magnetic media reporting is not only received from large employers, but is also received from other area collectors;
- Matching residents and taxable income to those reported to the Pennsylvania Department of Revenue with follow-up on discrepancies

Confidentiality is strictly maintained for all tax and related information, and is one of the ethical foundations upon which the Bureau was built. A certified public accounting firm performs an audit annually. These audit reports are reviewed and accepted by our Board of Directors and mailed to all our members. Beginning with the 2005 audit, our Board of Directors voted to expand the scope of the audit to sample test the member distributions. This testing verifies, on a sample basis, that the tax revenues are being distributed to the proper municipalities and school districts. Each year, since our inception, the Bureau has received an unqualified audit opinion. This is the best opinion possible.

CTCB has always been based in South Central Pennsylvania. Our employees reside locally and want to see the bureau succeed, because they reside in the municipalities and school districts that we serve. Several key employees have been with CTCB for over 20 years. This type of dedication shows that they believe in the principles and service of the bureau. Because we will maximize revenue and provide the highest level of customer service, Northumberland County will be well served by choosing Capital Tax Collection Bureau as their collector for 2014 and beyond.

Capital Tax Collection Bureau

Proposed Agreement

Northumberland County TCC.

**NORTHUMBERLAND COUNTY
TAX COLLECTION COMMITTEE
TAX COLLECTION AGREEMENT WITH
CAPITAL TAX COLLECTION BUREAU**

TABLE OF CONTENTS

| | Page |
|--|-------------|
| 1. Definitions..... | 3 |
| 2. Designation of Tax Officer and Initial Duties | 4 |
| 3. Tax Officer General Powers and Duties | 5 |
| 4. Technology Adequacy and Safeguards..... | 7 |
| 5. Taxpayer Assistance and Filing Options | 7 |
| 6. Confidentiality | 8 |
| 7. Insurance | 8 |
| 8. Delinquent Taxes | 8 |
| 9. Tax Officer Compensation..... | 10 |
| 10. TCC Specific Duties | 10 |
| 11. TCC and Taxing Authorities Review of Tax Officer Financial Records | 10 |
| 12. Dispute Resolution..... | 11 |
| 13. Notices Under this Agreement..... | 11 |
| 14. CTCB and TCC Indemnifications | 11 |
| 15. Term and Termination of Agreement | 12 |
| 16. Miscellaneous | 14 |

This Agreement is made on _____, 2013 between the **Northumberland County Tax Collection Committee** and **Capital Tax Collection Bureau**, a nonprofit corporation organized under the laws of Pennsylvania.

In consideration of the mutual covenants contained in this Agreement and other valuable consideration, the parties agree as follows:

1. DEFINITIONS.

“AAA” – American Arbitration Association.

“Act” – The Act of July 2, 2008, P.L. 1257, as amended (53 P.S. § 6924.101 *et seq.*) which amended extensively the LTEA.

“Agreement” – This Agreement between TCC and CTCB.

“CTCB” – Capital Tax Collection Bureau, a public nonprofit entity established for the collection of taxes.

“Commencement Date” – **January 1, 2014.**

“DCED” – Pennsylvania Department of Community and Economic Development.

“Delinquent Taxes” – Past due Earned Income taxes, except as otherwise expressly stated in this Agreement.

“Earned Income Tax” – Currently owed Earned Income and Net Profits Taxes imposed by Taxing Authorities or other political subdivisions on TCD residents or on non-residents working within the TCD as listed in Exhibit A.

“Effective Date” – _____

“Enactments” – Current Tax Ordinances and Resolutions of Taxing Authorities and Supplemental Tax Officer Resolutions.

“Enforcement Steps” – Civil legal proceedings, criminal prosecutions, wage attachments, or payment plans to collect Tax or enforce filing obligations.

“Fines Penalties and Interest” – all fines, penalties, and interest paid by a Taxpayer related to Taxes, as described in Section 509(j) of the Act (53 P.S. § 6924.509(j)).

“LTEA” – Local Tax Enabling Act, the Act of December 31, 1965, P.L. 1257, as amended (53 P.S. § 6901 *et seq.*) and renumbered by the Act as (53 P.S. § 6924.101 *et seq.*) which authorized Taxing Authorities to levy Taxes and provides for TCCs to contract for Tax collection by a Tax Officer.

“Other Taxes” – Taxes other than the Earned Income Tax administered by the Taxing Authorities not part of this Agreement.

“Related Amounts” – Collection costs, investment earnings, and other miscellaneous amounts related to or derived from Taxes and owed by Taxpayers or Tax Officers of other TCDs to Taxing Authorities.

“Taxes” – Collectively, Earned Income Tax, delinquent Earned Income Tax, fines, penalties, and interest.

“Taxing Authorities” – School districts and municipalities listed in Exhibit A, attached to and incorporated in this Agreement that levy Taxes on the Effective Date that will be collected by the Tax Officer.

“TCC” – Tax Collection Committee, the Northumberland County Tax Collection Committee established under Section 505 of the Act (53 P.S. § 6924.505) to govern the TCD for the purpose of Earned Income tax collection.

“Tax Collection District” (“TCD”) – The Northumberland County Tax Collection District established under Section 504 of the Act (53 P.S. § 6924.504).

“Tax Officer” – The Executive Director of CTCB which pursuant to this Agreement collects Taxes and possibly Other Taxes throughout the TCD.

“Taxpayers” – Individuals, entities, and employers required to pay or withhold taxes within the TCD.

2. DESIGNATION OF TAX OFFICER AND INITIAL DUTIES.

A. Except as otherwise expressly stated in this agreement, the TCC herewith designates for the term of this agreement the tax officer as the exclusive collector of taxes of taxing authorities pursuant to Section 507(d) of the Act (53 P.S. § 6924.504(d)).

B. Promptly after the effective date, TCC shall use the best efforts to obtain from the current tax officer for each taxing authority copies of all tax records (other than bank account statements) required under Section 3 of the TCC tax records policy for tax officer, to the extent such information cannot be obtained from the then-current tax officer, TCC shall use best efforts to obtain such information from the respective taxing authorities. TCC shall also use best efforts to obtain or maintain copies of such information updated to the date Tax Officer shall commence tax collection under this agreement, so that Tax Officer shall have all information needed to begin collecting taxes on the commencement date.

C. On or before November 1 prior to the date Tax Officer commences collection of taxes under this Agreement, Tax Officer shall advertise in a newspaper of general circulation within the TCD. The advertisement shall include Tax Officer’s contact information, website address,

and other information to help ensure Taxpayer communications and payments are directed to the correct tax officer.

D. On or before November 1 prior to the date Tax Officer commences collection of taxes under this Agreement, Tax Officer shall notify in writing all employers within the TCD. The notice shall include Tax Officer's contact information, website address, and other information to help ensure employer communications and payments are directed to the correct tax officer. The notice shall also include any required forms.

E. On or before December 1 prior to the date Tax Officer commences tax collection under this Agreement, Tax Officer shall notify in writing all individuals residing in the TCD who pay or are believed to owe Taxes. The notice will include Tax Officer's contact information, website address, and other information to help ensure Taxpayer communications and payments are directed to the correct tax officer. The notice shall also include tax returns and any other required forms.

F. Tax Officer shall arrange with the prior tax officer for transfer to Tax Officer of any checks, electronic fund transfers, tax returns, or other communications received by the prior tax officer after the date when Tax Officer commences collecting Tax within a Taxing Authority served by the prior tax officer.

G. Tax Officer shall arrange with the prior tax officer for transfer to Tax Officer of any Unidentified Funds collected or held by the prior tax officer in its capacity as tax collector for a Taxing Authority prior to the date Tax Officer commences collecting Tax within the Taxing Authority.

H. Tax Officer shall take all other reasonable measures deemed necessary or appropriate by Tax Officer or the TCC to educate Taxpayers about Tax Officer's appointment, about the Act and Tax Officer requirements, and to ensure smooth transition of tax collection services from the prior tax officer.

3. TAX OFFICER GENERAL POWERS AND DUTIES.

A. Tax Officer shall have such general powers for the collection, reconciliation, administration and receipt of Taxes for Taxing Authorities as are given to a Tax Officer under Section 509(a) of the Act (53 P.S. § 6924.509(a)).

B. Tax Officer shall provide such monthly reports to the TCC and the Secretary of Taxing Authorities as are required by Section 509(b) of the Act (53 P.S. § 6924.509(b)) and such other reports as the TCC shall reasonably request. Reports shall include an accounting of Tax Officer compensation withheld from distributions. Tax Officer shall annually report to the TCC and Taxing Authorities a listing of all costs collected during the year from Taxpayers in connection with collection of delinquent Tax.

C. At least annually, the Tax Officer shall arrange for an audit of Tax Officer's books, accounts, financial statements, compliance reports, and records and reports by a Certified Public

Accountant approved by the TCC in accordance with Section 505(h)(1 and (2) of the Act ((53 P.S. § 6924.505(h)(1) and (2))).

D. Tax Officer shall give and acknowledge and bond to the TCC in accordance with the requirements of Section 509(d) of the Act (53 P.S. § 6924.509(d)). Tax Officer shall continue to provide a bond until six (6) months after the end of the term of this Agreement. The bond amount in effect after the end of the terms of this Agreement must be at least twenty-five percent (25%) of the bond amount required immediately prior to the end of the term of this Agreement to efficiently fulfill its obligations under this Agreement.

E. Tax Officer shall invest all Taxes in the custody of Tax Officer in accordance with the provisions of Section 509(a)(6) of the Act ((53 P.S. § 6924.509(a)(6))). Tax Officer is expressly authorized to commingle Taxes collected for Taxing Authorities for the purpose of investment provided such investments and the income from those investments are accounted for separately for each Tax Authority by Tax Officer.

F. Tax Officer shall keep such records as required by section 509(e) of the Act (53 P.S. § 6924.509(e)).

G. Tax Officer shall distribute Taxes, Penalties, Interest, and Related Amounts to Taxing Authorities and other Taxing Districts in accordance with Section 513 of the Act (53 P.S. § 6924.513); and as follows: ***Collector will distribute by the end of the last business day of each month all Tax and Related Amounts held at the end of the prior week and identified as legally due to each Taxing Authority, minus the compensation due the Collector.*** If a Taxing Authority requests in writing and provides Tax Officer with wire transfer instructions, Tax Officer shall make distributions by wire transfer of immediately available funds according to the instructions provided. In default of such request and instructions Tax Officer shall distribute funds by check mailed to the Taxing Authority or by other means agreed between Tax Officer and the Taxing Authority.

H. Tax Officer shall refund, pursuant Section 509(c) of the Act (53 P.S. § 6924.509(c)), and the Local Taxpayer Bill of Rights. 53 Pa. C.S.A. §§ 8425 and 8426, on petition and proof by a Taxpayer, Tax paid and received by Collector or a Taxing Authority in excess of what is owed. Collector will consult with the TCC and receive TCC approval before issuing any refund in excess of \$250.00. Subject to the foregoing, Tax Officer shall promptly process all refund requests.

I. Tax Officer shall comply with all applicable federal, state, and local laws, rules, and regulations, including the Local Taxpayer Bill of Rights, 53 Pa. C.S.A. § 8421 *et seq.*, the LTEA, DCED rules and regulations, and TCC policies.

J. Tax Officer shall at all times act in the best interests of the TCC and the Taxing Authorities, shall aggressively pursue collection of Tax, and shall use all reasonable efforts to collect all Tax and Related Amounts owed to the Taxing Authorities. However, Tax Officer does not guarantee that it will collect any particular amount for Taxing Authority in any given tax year, and does not guarantee collection of all Tax and Related Amounts owed. Tax Officer is

not required to collect any Tax or Related Amounts that the Tax Officer, municipality, school district and borough with the exercise of reasonable judgment, determines uncollectable.

K. At least annually, and more frequently if requested by the TCC, Tax Officer shall meet with TCC representatives to report on and discuss Taxes collection activities, issues, and performance.

L. Tax Officer shall recommend to the TCC for adoption, pursuant to Section 509(i)(2) of the Act (53 P.S. § 6924.509(i)(2)), a policy on abatement of interest or penalties that would otherwise be imposed for the non-reporting or under-reporting of Tax liability or for the non-payment of Taxes, which policy shall apply if the Taxpayer voluntarily files delinquent returns and pays the Taxes in full.

M. If an Enactment is challenged in court, Tax Officer shall continue to collect Taxes levied under the Enactment until the Enactment is finally adjudicated as being invalid, unless otherwise enjoined by court order or otherwise directed by the TCD.

4. TECHNOLOGY ADEQUACY AND SAFEGUARDS.

CTCB shall at all times have adequate technology and other resources to: 1) to comply with all Best Practices listed in the "Information Technology Report" within the DCED document titled Earned Income Tax Consolidation System Best Practices Report – December 31, 2009; 2) have adequate technology to comply with all requirements of the LTEA and this Agreement, and 3) have technology, policies, and procedures in place for the purpose of ensuring the security and confidentiality of information relating to and provided by Taxpayers, including social security numbers and other information, to avoid a data breach or other improper disclosure of confidential information.

5. TAXPAYER ASSISTANCE AND FILING OPTIONS.

A. Tax Officer shall annually make available on its website return forms for employers and individual Taxpayers, and ***mail tax return forms to all employers and individual Taxpayers.*** Tax Officer shall also during the year mail tax returns and related information to any employer or individual Taxpayers who have not previously filed returns identified through Taxpayer identification steps. The respective Taxing Authorities are responsible for postage expenses for tax return forms and related information mailed by CTCB to residents of Taxing Authorities. Tax Officer shall deduct postage expenses for which a taxing authority is responsible from a subsequent distribution to such Taxing Authority.

B. Tax Officer shall provide assistance to Taxpayers through operation of a toll-free phone number during normal business hours, counter/walk-in assistance at CTCB's principal and satellite offices and a website to provide information to Taxpayers. CTCB's website shall include the Taxpayer Bill of Rights; tax regulations, policies and procedures; and copies of tax returns and all other forms applicable to Taxpayers. ***CTCB shall also receive tax returns and payments electronically, at no additional charge to the taxpayer or NCTCC and shall maintain the infrastructure and provide the information necessary in order to do so.***

6. CONFIDENTIALITY.

All information obtained by Tax Officer or CTCB as a result of Taxpayer declarations, returns, investigations, hearings, or verifications related to Taxes collection is confidential. Tax Officer or CTCB shall not divulge to any third party any confidential information. This prohibition does not include disclosure of otherwise confidential information for official purposes as authorized by any law, including without limitation disclosure to a lawyer or accountant retained by Tax Officer or disclosure in a legal proceeding.

7. INSURANCE.

Tax Officer shall, at a minimum, purchase from and maintain with a company lawfully authorized to do business in Pennsylvania insurance of the types and amounts listed in Exhibit B. Tax Officer shall file with the TCC prior to commencement of collection under this Agreement certificates of insurance acceptable to the TCC. These certificates shall contain a provision that coverages afforded under the policies will not be cancelled or allowed to expire until at least 30 days prior written notice has been given to the TCC.

8. DELINQUENT TAXES.

A. From the Commencement Date, Tax Officer shall be responsible for collection of all delinquent Taxes, including Taxes owed for tax years prior to the Commencement Date except from Taxpayers subject to Enforcement Steps on that Date. Such responsibility shall specifically include collection of delinquent Tax owed for 2013 or prior tax year unless Tax Officer receives written notice from a Taxing Authority prior to the Commencement Date, pursuant to Section 515(b)(4) of the Act (53 P.S. § 6924.515(b)(4)), that the Taxing Authority has made prior arrangements for collection of such delinquent Tax.

B. The TCC authorizes Tax Officer or his delegate to appear before any court, magisterial district judge, arbitration panel, tax appeal board, or DCED mediator or mediation panel in which civil legal proceedings may be brought to enforce obligations related to Taxes.

C. The TCC further authorizes Tax Officer to compromise any Tax liability or otherwise settle civil legal proceedings brought by Tax Officer to enforce obligations related to Taxes involving an amount in controversy of \$250.00 or less without prior TCC approval. Tax Officer must obtain the TCC's prior written approval before compromising or settling any Tax liability when the amount in controversy exceeds \$250.00.

D. Tax Officer or his delegate ***shall initiate and shall assist in the prompt prosecution of all criminal prosecutions against Taxpayers to enforce filing obligations related*** to the Tax pursuant to Section 509 of the Act (53 P.S. § 6924.509) and various provisions of the Crimes Code (18 Pa. C.S.A. § 101 *et seq.*).

E. In order to allow Tax Officer's legal counsel to assume charge of criminal prosecutions in accordance with Pennsylvania Rule of Criminal Procedure 454(C), Tax Officer shall take steps with the County District Attorney to obtain consent for this procedure. The TCC shall cooperate with Tax Officer by joining in such request or providing other information as appropriate.

F. CTCB shall advance filing fees, legal fees required, and costs imposed by any court for any civil legal proceeding to collect Taxes or criminal prosecutions to enforce Tax or Tax filing obligation. Unless and until paid by a Taxpayer, the Taxing Authority to which the Tax amount or filing obligation is owed is responsible for the filing fee and legal fees in excess of \$1,000, except that CTCB shall be responsible for all attorneys fees related to district justice actions. Tax Officer shall deduct the filing fee or cost amount and legal fees for which a Taxing Authority is responsible from a subsequent distribution to such Taxing Authority, and thereafter shall credit the amount to the Taxing Authority if and when paid by a Taxpayer.

G. If the TCC decides that a legal proceeding involves a matter of general interest to multiple Taxing Authorities, the Tax Officer may request permission from the TCC to charge any attorney fees to the interested Taxing Authorities pro rata in direct proportion to Tax collected for each Taxing Authority during the prior calendar year, or in another manner the TCC deems equitable.

H. Tax Officer may, in accordance with Section 707 of the Act (53 P.S. § 6924.707), impose and collect from Taxpayers the reasonable costs (including attorney fees) incurred to provide notices of delinquency or to implement similar procedures to collect delinquent Tax. Tax Officer shall submit to the TCC a proposed schedule of collection costs to be imposed on Taxpayers, and shall collect such amount from Taxpayers after TCC approval of the schedule. Tax Officer may retain costs collected from Taxpayers pursuant to the approved schedule, except when the amounts represent filing or attorney fees previously charged to a Taxing Authority.

I. Tax Officer is not responsible to defend the validity, legality, or constitutionality of Enactments except to the extent that the legality of same is challenged in response to a legal proceeding filed by Tax Officer or his delegate. If the legality of an Enactment is challenged in response to a legal proceeding filed by Tax Officer or his delegate, Tax Officer shall defend the legality of the Enactment, subject to consultation with the TCC and the Taxing Authority that passed the Enactment, and the other conditions set forth in this Agreement.

J. Tax Officer shall participate in, and as appropriate defend against, appeals filed with the TCC Tax Appeal Board and participate in DCED mediation when a dispute is properly submitted to DCED mediation.

K. The TCC and Taxing Authorities reserve the right to initiate, or to intervene in as permitted by applicable law, civil legal proceedings or criminal prosecutions in its or their names for enforcement of obligations related to the Tax. At the TCC's request, Tax Officer shall consult with the TCC on any pending legal proceeding.

9. TAX OFFICER COMPENSATION.

A. Tax Officer shall retain as compensation for its and CTCB's services, from Taxes and Related Amounts collected, before distributions are transmitted to Taxing Authorities, a commission not to exceed one and three-quarters percent (1.75%). The commission shall specifically not apply to distributions to tax collectors for other tax collection districts. This commission rate may be lowered if CTCB earns enough revenue to offset future capital improvement costs. The commission percent applicable to each Taxing Authority for each tax collected is also set forth in Exhibit A.

B. Tax Officer shall also retain as compensation for its and CTCB's services, earnings from investment of Taxes and Related Amounts collected. Tax Officer shall also retain interest and penalties paid by delinquent taxpayers and employers.

C. The commission, investment earnings and interest and penalties on delinquent taxes represent payment for all of Tax Officer's and CTCB's services and materials including, but not limited to, expenses for equipment, supplies, and personnel, but excluding postage expenses and additional items, if any, for which Tax Officer is to be reimbursed as expressly stated elsewhere in this Agreement.

10. TCC SPECIFIC DUTIES.

A. The TCC shall notify the Tax Officer in writing of a specific individual or individuals who will act as authorized representatives of the TCC to make requests of, consult with, and receive information from Tax Officer.

B. The TCC has provided or promptly hereafter shall provide or cause the Taxing Authorities to provide to Tax Officer a copy of each Enactment and any amendments thereto currently in effect, and will provide or cause the Taxing Authority to provide a copy of any future Enactment or amendment promptly after adoption.

C. The TCC shall review and approve the proposed schedule of collection costs to be imposed on Taxpayers submitted from time to time by Tax Officer. Such approval shall not be unreasonably withheld.

D. The TCC shall review and approve a Certified Public Accountant to audit Tax Officer's books in accordance with Section 505(h)(1) of the Act (53 P.S. § 6924.505(h)(1)). Such approval shall not be unreasonably withheld.

11. TCC AND TAXING AUTHORITIES REVIEW OF TAX OFFICER FINANCIAL RECORDS.

The TCC or any Taxing Authority that levies Tax may any time engage an accounting firm to examine, during regular business hours, Tax Officer's financial records relating to collection of funds received or held by CTCB under this Agreement or received or held on behalf of or under an Agreement with any customer for which Tax Officer collects funds, reconciliation of Tax

Officer's monthly and annual reports, or any other matter the accounting firm deems relevant to verifying compliance with this Agreement. If the TCC or a Taxing Authority that levies Taxes exercises this right, Tax Officer shall make requested records available for examination, arrange for review of the audit work papers of the Certified Public Accountant examination, arrange for review of the audit work papers of the Certified Public Accountant making the annual audit of Tax Officer in accordance with Section 3(C) above, and provide other cooperation as reasonably requested by the TCC or Taxing Authority accounting firm.

12. DISPUTE RESOLUTION.

A. This Agreement shall be governed by Pennsylvania law.

B. Any dispute arising from or related to this Agreement subject to mandatory DCED mediation will first be submitted to DCED in accordance with Section 505(k) of the Act (53 P.S. § 6924.505(k)). Other disputes may be submitted for DCED mediation if all parties agree.

C. *Any dispute between the TCC and CTCB or Tax Officer arising from or related to this agreement that is not resolved by discussion or mediation shall be subject to the exclusive jurisdiction of the Northumberland County Court of Common Pleas, Sunbury, PA.*

D. Notwithstanding anything else in this Agreement, CTCB shall be responsible for and pay all attorney fees or other expenses of any type related to claims by Taxing Authorities or *the TCC* against CTCB or Tax Officer, claims by other tax officers or political subdivisions outside the TCD for payment of Taxes and Related Amounts believed owed to the other tax officer or political subdivision, and claims by Taxpayers against Tax Officer unless such actions are determined to be without merit by mediators, arbitrators or a court, the party making the claim is ordered by the mediator, arbitrators or a court to pay such fees and expenses or the claims are parts of enforcement actions for delinquent Taxes brought pursuant to Section 8 above.

13. NOTICES UNDER THIS AGREEMENT.

All communications and notices under this Agreement shall be in writing and shall be deemed given at the earlier of the time when actually delivered, when mailed by first class or express mail, postage prepaid, or other courier service with charges prepaid, or when sent by facsimile or email transmission (with confirmation from the recipient) addressed as set forth after each party's signature at the end of this Agreement (or to such other address as a party has substituted or added by notice pursuant to this Section).

14. CTCB and TCC INDEMNIFICATIONS.

A. CTCB shall hold harmless and indemnify the TCC, the Taxing Authorities, their delegates, directors, elected officials, officers, employees, agents, and consultants, and any insurance company providing insurance to any of them, from and against any claim, loss, damage, liability, or expense (including reasonable attorney fees) arising from or relating to: 1) Tax Officer loss of or failure to pay when owed, to the Taxing Authority, person, or entity to whom or which owed, any amount collected, earned, or otherwise held by Tax Officer; 2) Tax

Officer failure to comply with any applicable law or regulation except that Tax Officer shall not be liable or responsible for failure of an Enactment to comply with applicable legal requirements; 3) Tax Officer or CTCB breach of this Agreement; 4) Tax Officer failure to take any action when the failure constitutes breach of a legal duty; 5) Tax Officer acts or omissions of any nature, except for any action the TCC by written communication expressly and specifically directs Tax Officer to take under circumstances when Tax Officer does not have an obligation under this Agreement or applicable law or regulation to take such action in the absence of the TCC direction. For this purpose, a TCC written communication approving or consenting to an action taken or to be taken by Tax Officer does not constitute a TCC direction to take such action; and 6) any investigation, legal proceeding, administrative action, or other action by any person, entity, or government body relating to or alleging any of the matters referred to in items (1) to (5) set forth in this Section. Tax Officer shall have no obligation to indemnify for loss, damage, liability, or expense relating to any investigation, legal proceeding, administrative action, or other action by any person, entity, or government body that is primarily a dispute between the TCC and one or more Taxing Authorities or to the extent the loss, damage, liability, or expense arises or results from a Taxing Authority or TCC action or omission.

B. To the extent permitted by the Pennsylvania Political Subdivision Tort Claims Act and other applicable law, the TCC will hold harmless and indemnify CTCB, its directors, officers, employees, including Tax Officer, agents, and consultants, and any insurance company providing insurance to any of them, from and against any claims, loss, damage, liability, or expense (including reasonable attorney fees) arising from or relating to: 1) TCC failure to comply with any applicable law or regulation; 2) TCC breach of this Agreement; 3) TCC failure to take action when the failure constitutes a breach of a legal duty; 4) Tax Officer's compliance with a TCC notice to withhold and pay to the TCC amounts that would otherwise be distributed to the Taxing Authority; and 5) any investigation, legal proceeding, administrative action, or other action relating to or alleging any of the matters referred to in items (1) to (4) set forth in this Paragraph of Section 14. The TCC will have no obligation to indemnify for loss, damage, liability, or expense relating to any investigation, legal proceeding, administrative action, or other action by any person, entity, or government body to the extent the loss, damage, liability, or expense is attributable to a Taxing Authority or Collector action or omission.

15. TERM AND TERMINATION OF AGREEMENT.

A. The Term of this Agreement shall begin on the Effective Date. The Term shall end at midnight three years from the Commencement Date unless earlier terminated pursuant to Paragraph B of this Section. TCC shall have the right to renew this Agreement for two (2) additional one-year terms on the same terms and conditions as the original three-year term; provided, however, Tax Officer shall retain the right to renegotiate the Tax Officer Compensation as defined in Section 9 of this agreement.

B. Notwithstanding Paragraph A of this Section, the TCC may end the term of this Agreement prior to the end of the Term set forth in Paragraph A of this Section by giving written termination notice to CTCB if: 1) Tax Officer or any officer or key employee of CTCB is charged with a crime involving fraud, extortion, or dishonesty, or that reflects adversely on the credibility or integrity of Tax Officer or the officer or key employee of CTCB; 2) Tax Officer

engages or has engaged before or after the Effective Date in conduct that reflects adversely on Tax Officer's credibility or integrity; 3) Tax Officer fails to meet any annual mandatory education requirements prescribed by DCED under Section 508(e) of the Act (53 P.S. § 6924.508(e)); 4) Tax Officer fails to satisfy the requirements for appointment prescribed by DCED under Section 508(f) of the Act (53 P.S. § 6924.508(f)); 5) Tax Officer has misrepresented any material fact in Tax Officer's response to the TCC RFP for Tax Collection Services; 6) the TCC does not approve of Tax Officer's proposal of auditor in accordance with Section (10)(D) above; 7) any Tax Officer bond expires or is terminated, and a new bond has been delivered to the TCC in accordance with Section (2)(D) above; 8) Tax Officer fails to report within a reasonable time the occurrence of any of the events or omissions required to be reported by Tax Officer by Section 3(B) above; 9) Tax Officer or CTCB is in material breach of any provision of this Agreement; 10) CTCB is insolvent, bankrupt, or ceases business operations; and 11) Any legislative or regulatory action or enactment or court decision occurs, which has the effect of prohibiting, preventing, inhibiting, or materially restricting Tax Officer's ability, power, or authority to collect Taxes.

C. Tax Officer shall give prompt written notice, in any event no later than the next monthly report, to the TCC if Tax Officer becomes aware of any event or omission which could provide grounds for TCC termination under Paragraph B of this Section. After giving notice, Tax Officer shall comply with all TCC requests to provide further information regarding the event or omission specified in the notice.

D. When the term of this Agreement ends, except as otherwise agreed in writing between the TCC and Tax Officer, the following provisions shall apply: 1) Tax Officer shall cease to be the exclusive collector of Taxes throughout the TCD, and the exclusive collector of Taxes throughout the TCD after the termination effective date shall be the new tax officer designated by the TCC; 2) Tax Officer shall promptly post an announcement on its website that Tax Officer is no longer designated as tax collector for the TCC, which will include the name of the new tax officer as specified in written notice from the TCC to Tax Officer; 3) when Tax Officer is contacted in its capacity as Tax Officer for the TCC, Tax Officer shall advise that Tax Officer is no longer designated as tax officer for the TCC and shall advise of the name of the new tax officer as specified in written notice from the TCC to Tax Officer; 4) the TCC shall notify, or cause the new tax officer for the TCC to notify, in writing, Taxpayers and other tax officers that after the termination effective date all Tax and communications concerning Tax should be directed to the new tax officer, including Tax attributable to time periods before the termination effective date, and processing tax returns related to activities, earnings, or withholding prior to the termination effective date; 5) Tax Officer shall promptly after receipt transfer to the new tax officer any checks, electronic fund transfers, tax returns, or other communications received by Tax Officer in its capacity as tax collector or former tax collector for the TCC; 6) Tax Officer shall promptly transfer to the new tax officer any Unidentified Funds collected or held by Tax Officer in its capacity as tax collector for the TCC, together with all information in Tax Officer's possession relating to the Unidentified Funds; 7) Tax Officer shall promptly provide the TCC with a report summarizing the status of open Taxpayer audits, open claims against other tax officers, Taxpayers then identified as delinquent, open legal proceedings, wage attachments, payment plans, and liens filed and not yet satisfied, and all other information reasonably requested by the TCC or the new tax officer.

E. When the term of this Agreement ends, except as otherwise agreed in writing between the TCC and Tax Officer, the following provisions shall also apply: 1) Tax Officer shall promptly transfer all Tax Records to the new tax officer as directed by the TCC copies of which Tax Records Tax Officer may keep for Tax Officer reference as needed for delinquent Tax matters; 2) Tax Officer shall continue to handle disputes or in existence or which arises after the end of the term; 3) unless directed otherwise by the TCC, any Taxpayer account subject to legal proceedings, wage attachment, or payment plan commenced by Tax Officer shall remain with Tax Officer until such collection action is completed, for which services Tax Officer shall be compensated for such collections as provided under this Agreement; 4) Tax Officer shall take all steps necessary or appropriate as reasonably directed by the TCC for smooth transition of responsibility for collection of Tax subject to legal proceedings, wage attachment, or payment plan; 5) Tax Officer shall deliver required financial statements and reports, in accordance with Section (3)(B) above, for the calendar year in which the termination effective date occurs; and 6) Tax Officer shall provide a bond for a period of six (6) months in accordance with the requirements of Section (3)(D) above 7) ***or for the term of any obligations described herein, whichever is longer.***

F. In the event the TCC ends the term of this Agreement under Paragraph B of this Section with the reasonable belief that grounds exist for such action. Tax Officer shall release the TCC from all liability to Tax Officer arising from or related to the termination. Notwithstanding the foregoing, Tax Officer shall be entitled to all compensation for Tax collected before or for which Tax Officer is authorized to collect after the termination effective date.

16. MISCELLANEOUS.

A. CTCB shall pay all costs, including attorney fees and other expenses, incurred by the TCC in enforcing this Agreement irrespective of whether legal proceedings are filed unless such actions are determined to be without merit by mediators, arbitrators or a court, the party making the claim is ordered by the mediator, arbitrators or a court to pay such fees and expenses, or the claims are parts of the enforcement actions for delinquent Taxes brought pursuant to Section 8 above.

B. This Agreement represents the entire Agreement between the TCC and CTCB and supersedes any prior agreements between the TCC and CTCB and supersedes any prior agreements between any Taxing Authority and CTCB related to collection of the Tax.

C. Any modification of this Agreement must be in writing and signed by the TCC and CTCB to be valid.

D. CTCB with Tax Officer is providing tax collection services under this Agreement as an independent contractor. Neither CTCB or Tax Officer has any authority to create obligations for or legally bind the TCC or any Taxing Authority except as expressly authorized in this Agreement or applicable law.

E. CTCB or Tax Officer shall not assign, transfer, subcontract, or delegate any of its rights or responsibilities under this Agreement without prior written approval from the TCC.

F. This Agreement is binding upon the parties' successors and assigns.

G. If any portion of this Agreement is invalid or unenforceable, the validity and enforceability of the remaining provisions shall not be affected or impaired thereby.

H. The headings contained in this Agreement are for convenience of reference only and are not to be used in interpreting the Agreement.

I. The parties are equally responsible for the consummation of this Agreement. Alleged ambiguity in this Agreement shall not be construed against either party.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

CAPITAL TAX COLLECTION BUREAU:

Attest:

By: _____

Street Address: (principal office and mailing address)

Fax:

Email:

**NORTHUMBERLAND COUNTY TAX
COLLECTION COMMITTEE**

Attest:

By: _____

Street Address: (principal office and mailing address)

Fax:

Email:

Exhibit A

Taxing Authorities/Tax to be Collected/Commencement Date/Commission Rate

| Taxing Authority | EIT Rate Collector Will Collect from: (1) Residents (R)** (2) Non-residents (NR) | Other Tax Type and Rate Collector Will Collect | Collection Commencement Date | Collector Collection Comm. Rate |
|---------------------------|--|--|------------------------------|---------------------------------|
| Line Mountain SD | (R) .5 % | | 1/1/2014 | 1.75 |
| Herndon Boro | (R) .5% (NR) 1% | | 1/1/2014 | 1.75 |
| Jackson Twp | (R) .5% (NR) 1% | | 1/1/2014 | 1.75 |
| Jordan Twp | (R) .5% | | 1/1/2014 | 1.75 |
| Little Mahanoy Twp | (R) .5% (NR) 1% | | 1/1/2014 | 1.75 |
| Lower Augusta Twp | (R) .5% | | 1/1/2014 | 1.75 |
| Upper Mahanoy Twp | (R) .5% (NR) 1% | | 1/1/2014 | 1.75 |
| Washington Twp | (R) .5% | | 1/1/2014 | 1.75 |
| West Cameron Twp | (R) .5% | | 1/1/2014 | 1.75 |
| Zerbe Twp | (R) .5% (NR) 1% | | 1/1/2014 | 1.75 |
| Milton Area SD | (R) 1.3% | | 1/1/2014 | 1.75 |
| East Chillisquaque Twp | (R) .5% (NR) 1% | | 1/1/2014 | 1.75 |
| Milton Boro | (R) .5% (NR) 1.0% | | 1/1/2014 | 1.75 |
| Turbot Twp | (R) .5% (NR) 1% | | 1/1/2014 | 1.75 |
| West Chillisquaque Twp | (R) .5% | LST \$52 | 1/1/2014 | 1.75 |
| White Deer Twp | (R) .5% (NR) 1% | | 1/1/2014 | 1.75 |
| Mt. Carmel Area SD | (R) .5% | LST \$5 | 1/1/2014 | 1.75 |
| Centralia Boro | (R) .5% | Muni LST \$5 SD LST \$5 | 1/1/2014 | 1.75 |
| Kulpmont Boro | (R) .5% (NR) 1 % | Muni LST \$5 SD LST \$5 | 1/1/2014 | 1.75 |
| Marion Heights Boro | (R) .5% (NR) 1% | Muni LST \$5 SD LST | 1/1/2014 | 1.75 |

| | | | | |
|-------------------------|---------------------|-----------------------------------|----------|------|
| | | \$5 | | |
| Mount Carmel Boro | (R) .5% (NR) .5% | Muni LST \$5 SD LST \$5 | 1/1/2014 | 1.75 |
| Mount Carmel Twp | (R) .5% (NR) 1% | Muni LST \$47 SD LST \$5 | 1/1/2014 | 1.75 |
| Shamokin Area SD | (R) .5% | LST \$5 - \$10 | 1/1/2014 | 1.75 |
| Coal Twp | (R) .5% (NR) 1 % | Muni LST \$47 SD LST \$5 | 1/1/2014 | 1.75 |
| East Cameron Twp | (R) .5% (NR) 1% | SD LST \$10 | 1/1/2014 | 1.75 |
| Shamokin City | (R) .5% (NR) 1% | Muni LST \$47 SD LST \$5 | 1/1/2014 | 1.75 |
| Shamokin Twp | (R) .5% (NR) 1% | Muni LST \$5 SD LST \$5 | 1/1/2014 | 1.75 |
| Shikellamy SD | (R) .5% | | 1/1/2014 | 1.75 |
| Northumberland Boro | (R) .5% | LST \$40 | 1/1/2014 | 1.75 |
| Point Twp | (R) .5% | | 1/1/2014 | 1.75 |
| Rockefeller Twp | (R) .5% (NR) 1% | | 1/1/2014 | 1.75 |
| Snydertown Borough | (R) .5% (NR) 1% | | 1/1/2014 | 1.75 |
| Sunbury City | (R) .5 (NR) 1% | | 1/1/2014 | 1.75 |
| Upper Augusta Twp | (R) .5% | | 1/1/2014 | 1.75 |
| Warrior Run SD | (R) 1.3% | | 1/1/2014 | 1.75 |
| Anthony Twp | (R) .5% (NR) 1% | | 1/1/2014 | 1.75 |
| Limestone Twp | (R) .5% | | 1/1/2014 | 1.75 |
| Delaware Twp | (R) .5% | | 1/1/2014 | 1.75 |
| Lewis Twp | (R) .5% (NR) 1% | | 1/1/2014 | 1.75 |
| McEwensville Boro | (R) .5% (NR) 1% | | 1/1/2014 | 1.75 |
| Turbotville Boro | (R) .5% | LST \$10 | 1/1/2014 | 1.75 |
| Watsonstown Boro | (R) .5% (NR) 1% | LST \$52 | 1/1/2014 | 1.75 |
| Gregg Twp | (R) .5% | | 1/1/2014 | 1.75 |

| | | | | |
|--|---------|--|--|--|
| | (NR) 1% | | | |
|--|---------|--|--|--|

**** Indicate in parentheses after resident rate any part of the EIT rate levied against residents under 32 P.S. § 5001 et seq. for open space lands.
(in addition to tax collector bond)**

| Insurance Type | Minimum Limits |
|--|--|
| Commercial general liability, including contractual liability (with TCC and taxing authorities named additional insureds; coverage primary to other coverage TCC may have) | \$1,000,000 per occurrence \$2,000,000 aggregate |
| Vehicle liability (including owned, rented, non-\$1,000,000 per occurrence owned, and uninsured and underinsured motorist \$2,000,000 aggregate coverage) | \$1,000,000 per occurrence \$2,000,000 aggregate |
| Excess/umbrella liability | \$1,000,000 per occurrence \$1,000,000 aggregate |
| Workers' compensation | Per Pennsylvania statutory limits \$1,000,000 employer liability per accident \$1,000,000 employer liability disease per Employee \$1,000,000 employer liability disease policy limit |
| Employee dishonesty, including third party funds and computer fraud (applicable to all employees and independent contractors) | \$1,000,000 |
| Professional liability | \$1,000,000 per occurrence \$1,000,000 aggregate |

The deductible under any Insurance policy required hereunder shall not exceed \$25,000. Insurance must be issued by an insurance company that is licensed in Pennsylvania and has a minimum A.M Best rating of "A-", class VII. If insurance is provided through a trust, risk retention group, pool, or similar entity, re-insurers must satisfy these qualifications, and additional requirements might apply.

The Certificate of Insurance filed by Tax Officer must be signed by a licensed insurance representative and contain a provision that coverages afforded under the policies will not be cancelled or allowed to expire until at least 30 days prior written notice has been given to the TCD.

The above limits may be achieved on either a stand-alone basis or in combination with Excess or Umbrella Liability policy.

Capital Tax Collection Bureau

Schedule of Delinquent Costs

CAPITAL TAX COLLECTION BUREAU

SCHEDULE OF COSTS TO PROVIDE DELINQUENT TAX NOTICES AND TO COLLECT DELINQUENT TAXES FROM INDIVIDUAL TAXPAYERS AND EMPLOYERS

1. INDIVIDUAL EARNED INCOME TAX

A. Non-filing individual taxpayer delinquency notices:

| | |
|---|----------|
| 1. First notice – Standard Mail (initial 531 mailing) | No Cost |
| 2. Second notice (first delinquent notice) | \$ 20.00 |
| 3. Third notice (second delinquent notice) | \$ 20.00 |
| 4. Filing of non-traffic citation or private criminal complaint | \$ 40.00 |

Note, the above fees are cumulative, so if a taxpayer must be mailed a second notice and third notice and if CTCB must file a criminal complaint/citation, the total fees will be \$80

B. Unpaid individual earned income tax:

| | |
|--|------------------------------|
| 1. First non-payment notice – 1 st Class Mail (each notice) | No Cost |
| 2. Second non-payment notice – 1 st Class Mail | \$ 20.00 |
| 3. Third non-payment notice – Certified Mail | \$ 25.00 |
| 4. Wage Attachment (including spousal wage attachment) | \$ 50.00 |
| 5. Establishment of a payment plan | \$ 7.00 |
| 6. Suit in assumpsit or other appropriate remedy | Actual costs incurred* |
| | Plus \$20.00 preparation fee |

Note, the above fees are cumulative, so if a taxpayer must be mailed a second notice and third notice and if CTCB must issue a wage attachment, the total fees will be \$95

C. Cost to provide copies of filed tax returns or W-2 forms to taxpayers

| | |
|---|----------|
| 1. Current year and next prior year | \$ 5.00 |
| 2. 2 nd prior year and older | \$ 10.00 |

2. EMPLOYER EARNED INCOME TAX

A. Non-filing tax return or support documentation: (applicable for each quarter)

| | |
|--|----------|
| 1. First delinquent notice – 1 st Class Mail (each notice) | \$ 20.00 |
| 2. Second delinquent notice – 1 st Class Mail (each notice) | \$ 20.00 |
| 3. Third delinquent notice – Certified Mail (each notice) | \$ 35.00 |
| 3. Preparation of Non-Traffic Citation | \$ 50.00 |

B. Unpaid employer's remittance of tax withheld from employee (applicable for each quarter)

- | | |
|---|------------------------------|
| 1. First non-payment notice – 1 st Class Mail (each notice) | \$ 20.00 |
| 2. Second non-payment notice – Certified Mail (each notice) | \$ 35.00 |
| 3. Preparation of Non-Traffic Citation | \$ 50.00 |
| 4. Preparation on re-filing of Non-Traffic Citation due to non-compliance | \$ 50.00 |
| 5. Establishment of a payment plan | \$7.00 |
| 6. Suit in assumpsit or other appropriate remedy | Actual costs incurred* |
| | Plus \$20.00 preparation fee |

3. **OTHER TAX COLLECTION SERVICES** (Local Services Tax, Mercantile Tax, Amusement Tax, Business Privilege Tax, Per Capita Tax, as applicable for the designated tax year or tax period).

A. Non-filing of return or supporting documentation:

- | | |
|--|----------|
| 1. First delinquent notice – 1 st Class Mail (each notice) | No Cost |
| 2. Second delinquent notice – Certified Mail (each notice) | \$ 25.00 |
| 3. Preparation of Non-Traffic Citation | \$ 40.00 |
| 4. Preparation on re-filing Non-Traffic Citation due to Non-compliance | \$ 40.00 |

B. Unpaid taxes:

- | | |
|---|------------------------------|
| 1. First non-payment notice – 1 st Class Mail (each notice) | \$ 10.00 |
| 2. Second non-payment notice – Certified Mail (each notice) | \$ 25.00 |
| 3. Wage Attachment (including spousal wage attachment) | \$ 50.00 |
| 4. Preparation of Non-Traffic Citation | \$ 40.00 |
| 5. Preparation on re-filing of Non-Traffic Citation due to Non-compliance | \$ 40.00 |
| 6. Suit in assumpsit or other appropriate remedy | Actual costs incurred* |
| | Plus \$20.00 preparation fee |

4. **OCCUPATION ASSESSMENT TAX**

A. Unpaid taxes:

- | | |
|--|----------|
| 1. First non-payment notice – 1 st Class Mail (each notice) | \$ 15.00 |
| 2. Second non-payment notice – Certified Mail (each notice) | \$ 16.00 |
| 3. Wage Attachment (including spousal wage attachment) | \$ 44.00 |

* "Actual costs incurred" includes court fees such as filing and service costs, legal fees paid by Capital Tax Collection Bureau to prosecute or defend the specific case and any other costs incurred by the Capital Tax Collection Bureau while preparing to prosecute or defend the specific case, including but not limited to, witness fees, costs of obtaining certified documents from government regulatory agencies or other tax bureaus, etc.