



**Delinquent Tax Collection Report
for Hidalgo County
for the period of July 2010 – June 2011**

PerdueBrandonFielderCollins&Mott LLP
In Association with the Law Offices of John David Franz
ATTORNEYS AT LAW



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September 2011

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September 21, 2011

Hidalgo County
Honorable, Ramon Garcia, County Judge
Mr. Joel Quintanilla, County Commissioner, Precinct 1
Mr. Hector "Tito" Palacios, County Commissioner, Precinct 2
Mr. Jose M. Flores, County Commissioner, Precinct 3
Mr. Joseph Palacios, County Commissioner, Precinct 4
1615 S. Clossner, Suite J
Edinburg, TX 78539

RE:	DELINQUENT TAX COLLECTIONS REPORT FOR THE PERIOD OF JULY 1, 2010 THROUGH JUNE 30, 2011
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Dear Judge Garcia and Commissioners:

The following is a brief overview of the collection activities at Perdue, Brandon, Fielder, Collins and Mott, L.L.P., in Association with the Law Offices of John David Franz, which have resulted in an **increase** to **Hidalgo County** in revenue from delinquent tax collections for the 2010-2011 fiscal year.

PRE-LITIGATION ACTIVITIES

PHONE CONTACTS

Hidalgo County's delinquent tax program is designed with an emphasis on working with the taxpayers towards resolving their tax problem. Our *Call Center* personnel conduct address and phone number research so that actual personal contact can be made with the taxpayer. Our team of professional and courteous phone staff has handled **68,293** phone calls involving the County's accounts during this reporting period.

MAILINGS

The Hidalgo County delinquent tax program includes mailed, bi-lingual notices informing the taxpayer of his delinquency. During this reporting period, our Firm has mailed out **117,504** separate *Notices of Delinquency*. This is in addition to the *Specialized Notices* generated from our McAllen office. Our mass mailings are coordinated with the Tax Office and are staggered in order to help avoid overwhelming the Tax Office with too many taxpayers at one time. The expense of mailing and postage is paid by our Firm.

THE EXTRA STEP

When correspondence comes back to our office indicating “Bad Address,” our staff takes the extra step of conducting our own address research. Our staff reviews returned mail and separates the “bad address” letters. The letters returned for bad address are assigned to our address research team for additional investigation. When a new address is identified, we then follow up with a second letter to the new address. Since July 1, 2010, this team has located new addresses for **1,632** taxpayers.

PROPERTY INSPECTIONS

Property Inspections/Personal Visits are another important tool in Hidalgo County’s delinquent tax collection program. During this reporting period, our staff has conducted **3,054** property inspections/personal visits in the County. Our staff of professional and courteous Field Inspectors visit before litigation and are trained to inform taxpayers of payment options and/or deferrals they may be eligible to receive.

PAYMENT AGREEMENTS

During this reporting period, our staff located and entered into payment agreements with **625** delinquent taxpayers involving more than **\$1,031,336** in base tax owed to Hidalgo County.

LITIGATION

When phone contacts, notices and/or personal visits do not generate the desired effect, our Firm actively pursues litigation. During this reporting period, our Firm has filed **2,129 Original Petitions/Interventions** involving claims, totaling **\$7,582,306** in base tax on behalf of the County.

However, our Firm’s collection philosophy has never emphasized the filing of lawsuits as the primary means for maximizing collections. Indeed, we view the filing of litigation as a failure of the collection process because of the unnecessary and substantial expenses that it imposes on taxpayers without providing a benefit to the taxing entities. Our Firm emphasizes a personal approach to collections. This means that we take the time and make the effort to communicate

one-on-one with taxpayers and fashion a payment arrangement that results in prompt payment to the County while being compassionate to the economically disadvantaged.

TAX SALES

Our Firm's commitment in working with taxpayers towards a resolution of their tax problems is evident in the way we handle our tax sales. We formulate a list of potential properties that are ready to be placed in the tax sale. Our Tax Sales Department and Litigation Department work with these taxpayers to make payment arrangements prior to the tax sale, resulting in a savings of approximately \$600.00 per property for the taxpayer.

During this reporting period, **394** properties were identified as potential properties for the tax sale. However, **341** were removed from the list because the taxpayers either paid in full, made payment arrangements, filed for bankruptcy, received a deferral or because additional research was required before the tax sale could proceed.

The following is a breakdown of the results of the **53** properties that were posted for Tax Sale during this reporting period.

Paid In Full	8	\$29,540.13
Sold	7	\$22,824.05
Payment Agreement	14	\$40,206.48
Struck Off Properties	24	\$148,238.33

FEDERAL COURT REPRESENTATION

FORFEITURES

Our Firm was required to appear on behalf of Hidalgo County in **6** federal forfeiture or civil actions during this reporting period, involving more than **\$19,284** owed to Hidalgo County. The County can expect to be paid from proceeds of sales of properties forfeited to the United States, once the U.S. Marshall sells the assets. Upon sale, the costs of seizure and sale are deducted, then taxing entities are paid. The remainder, if any, is then paid to the Government agency that petitioned for forfeiture, i.e. DEA, IRS, etc. In the event the Government fails in its effort to obtain title, the property owner will be held liable for all outstanding taxes.

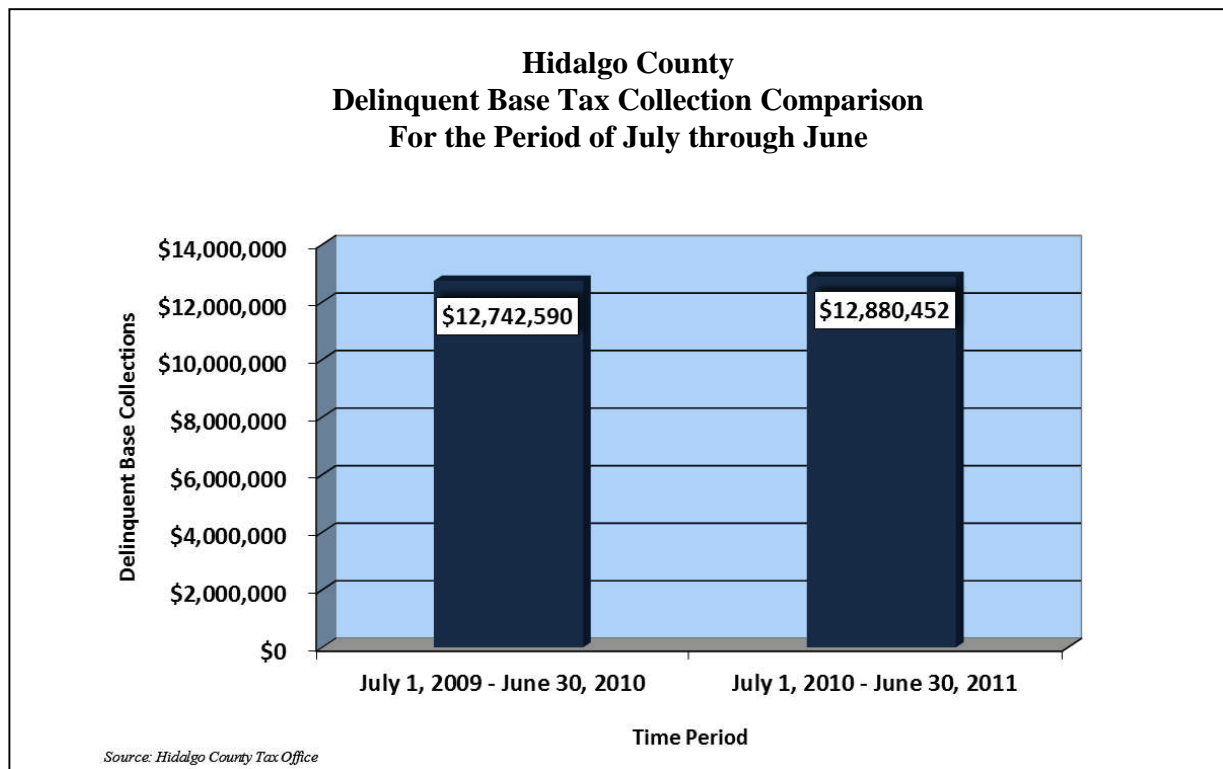
BANKRUPTCY

During this reporting period, our Firm has filed **226** new Proofs of Claim, involving more than **\$605,260** in base delinquent tax, in Federal Bankruptcy Court on behalf of Hidalgo County, and we continue monitoring existing bankruptcy cases.

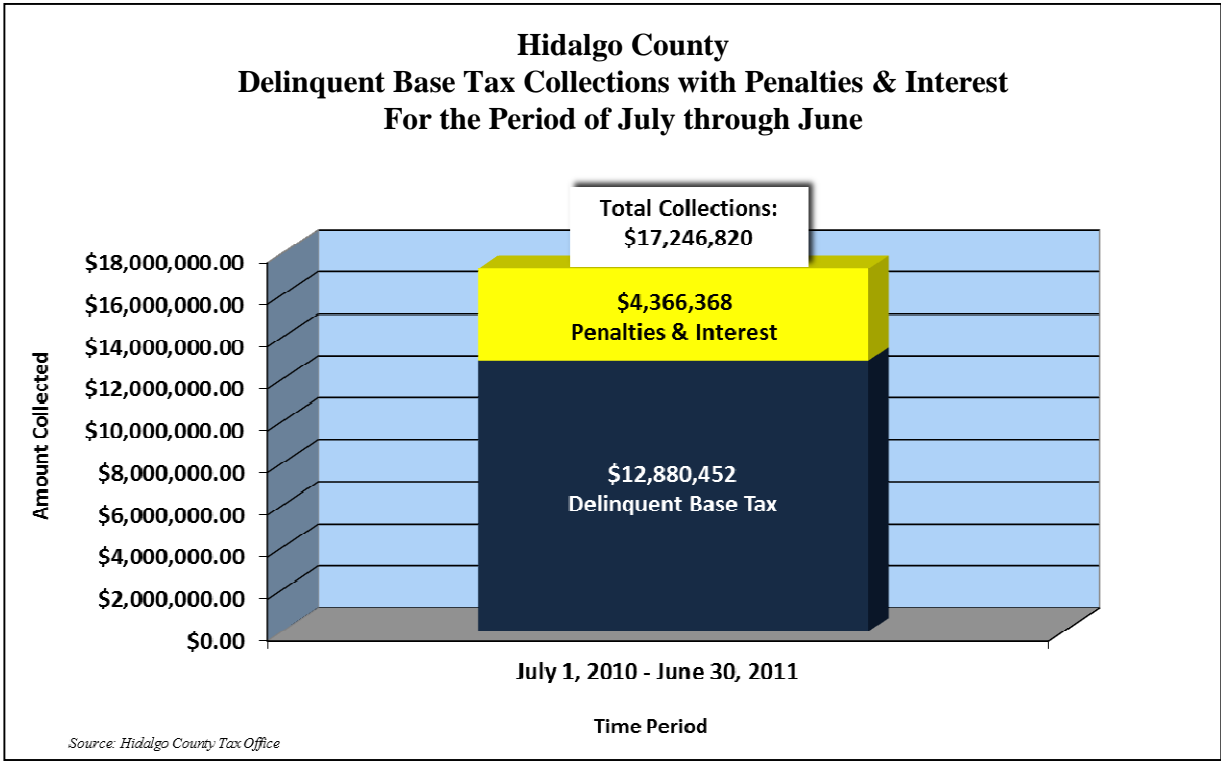
COLLECTION COMPARISON

As you know, all of our efforts are directed towards the goal of maximizing collections for Hidalgo County. We are pleased to announce that our efforts have resulted in collections of **\$12,880,452** delinquent base tax for this reporting period. This is an increase in collections of **\$137,862** delinquent base tax as compared to the same reporting period last year.

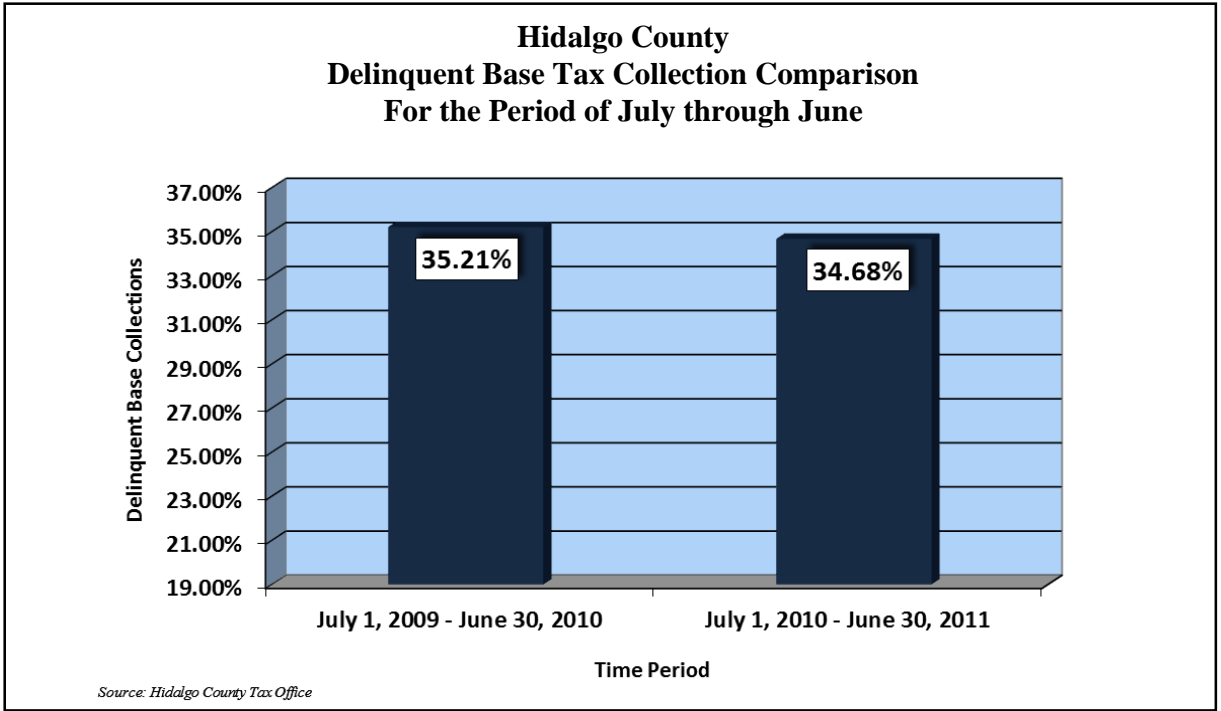
The following chart compares base tax collection from July 2010 through June 2011 with the same time period of your previous fiscal year.



In addition to the \$12,880,452 in base tax, our Firm has collected **\$4,366,368** in penalty and interest for Hidalgo County during this reporting period for a total of **\$17,246,820**. The following graph illustrates the County's total delinquent tax collections for the 2010-2011 fiscal year.




The following graph compares the percentage of base tax collected from July 2010 through June 2011 with the same time period of your previous fiscal year.



Our Firm looks forward to assisting **Hidalgo County** in its delinquent tax collection efforts and encourages any feedback and recommendations. Please feel free to contact our offices should you have any questions or require additional information.

Respectfully,

Perdue, Brandon, Fielder, Collins & Mott, L.L.P.
in Association with the
Law Offices of John David Franz



John David Franz
Co-Managing Attorney