



**Delinquent Tax Collection Report
for Hidalgo County
for the period of July 2012 – June 2013**

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



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July 24, 2013

Hidalgo County
Honorable, Ramon Garcia, County Judge
Mr. Arturo Carlos "A.C." Cuellar, Jr., 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. Closner, Suite J
Edinburg, TX 78539

RE:	DELINQUENT TAX COLLECTIONS REPORT FOR THE PERIOD OF JULY 1, 2012 THROUGH JUNE 30, 2013
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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 for **Hidalgo County** for delinquent tax collections for the 2012-2013 fiscal year.

PRE-LITIGATION ACTIVITIES

PHONE CONTACTS

Hidalgo County's delinquent tax program is designed with an emphasis on working with the taxpayers to resolve their tax problems. 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 **78,492** phone calls involving the County's accounts during this reporting period.

AMARILLO ARLINGTON AUSTIN CONROE HOUSTON LUBBOCK
MCALLEN MIDLAND SAN ANTONIO TYLER WICHITA FALLS

MAILINGS

The Hidalgo County delinquent tax program includes mailed, bi-lingual notices informing the taxpayers of their delinquency. During this reporting period, our Firm has mailed out **128,215** 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, 2012, this team has located new addresses for **22,717** 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 **2,050** property inspections/personal visits in the County. Our staff of professional and courteous Field Inspectors is 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 **956** delinquent taxpayers involving **\$1,283,778** 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 **2,947 Original Petitions/Interventions** involving claims, totaling more than **\$10,809,381** 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

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 \$900 per property for the taxpayer.

During this reporting period, **725** properties were identified as potential properties for the tax sale. However, **654** 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 **71** properties that were posted for tax sale during this reporting period and the amount the County received.

Payment Agreement	21	\$83,728.66
Struck Off Properties	30	\$116,114.24
Sold	20	\$63,831.95

TAX RESALES

If there are no bidders on the property during a Tax Sale, it is then "struck off" to the taxing entity in trust for all participating taxing entities. It is not uncommon for taxing entities to acquire title to properties to be held in trust for all taxing entities that were in the delinquent tax lawsuit. The taxing entity does not want the property, but merely the taxes due on it, or to have the property in the hands of a person who will pay the taxes. *A Public Sheriff's Tax Resale is a tool we use to assist our clients in accomplishing this goal.*

Perdue Brandon has extensive experience in reselling properties that our clients hold in trust for themselves and other entities. It is our policy to place these properties back on the tax rolls in a revenue producing capacity as quickly as possible. Our policy is to provide this service with the degree of interaction that the County desires. We use all legal avenues to turn a tax liability into a tax paying property. Any costs associated with this service that are not covered by the sale are borne by Perdue Brandon.

Property acquired at a tax sale by being "struck off" can be resold at a subsequent sale. Frequently, however, if the property did not sell the first time, it will not sell at a "full price resale." We have worked with several of our clients in reselling property for less than the full amount due. This takes coordination from the Tax Office, attorneys and governing body of the taxing unit.

Our Firm has established a close working relationship with the Hidalgo County Sheriff's Department. Working closely with the Sheriff's Office, we held two Tax Resales during this reporting period. The October 2012 Tax Resale generated **\$440,316.95** in total proceeds and the March 2013 Tax Resale generated **\$145,454.15** in proceeds. Overall, Hidalgo County, its cities, school districts and other taxing entities shared in a total of **\$585,771.10** in sale proceeds.

At the County's suggestion, our Firm also posted our Tax Resale information on the Hidalgo County web site. This posting has generated media coverage and public interest in our sales. The following are links to some of the media coverage:

KRGV: Hidalgo County to Auction Properties:

<http://www.krgv.com/news/hidalgo-county-to-auction-properties>

KRGV: Auction Gives Some a Chance at Home Ownership:

<http://www.krgv.com/news/auction-gives-some-a-chance-at-homeownership/>

During this reporting period, **67** properties were identified and posted for the Public Sheriff's Tax Resale and **53** of these properties sold. The following is a breakdown of the results of the tax resale during this reporting period and **Hidalgo County's** share of the proceeds.

Sold	53	\$94,987.01
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FEDERAL COURT REPRESENTATION

BANKRUPTCY

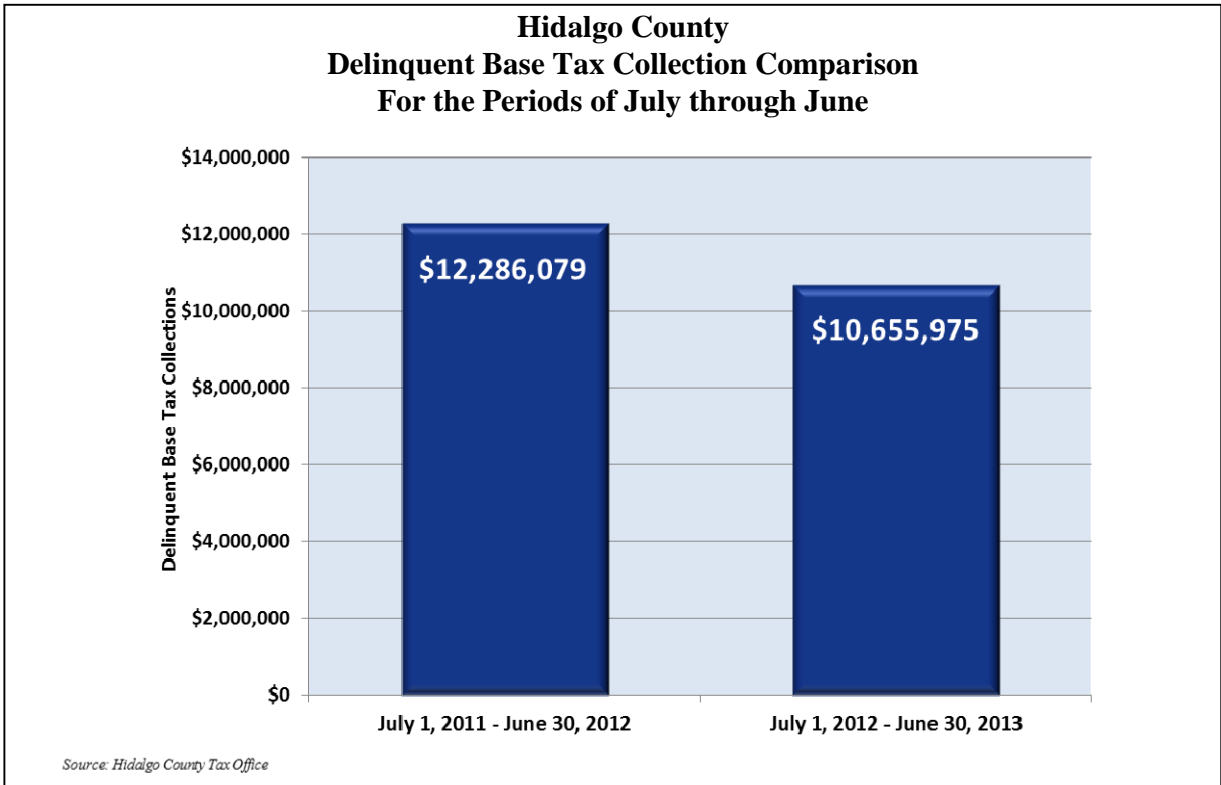
During this reporting period, our Firm has filed **174** new Proofs of Claim, involving more than **\$271,159** in base delinquent tax, in Federal Bankruptcy Court on behalf of Hidalgo County, and we continue monitoring existing bankruptcy cases.

COLLECTION COMPARISON

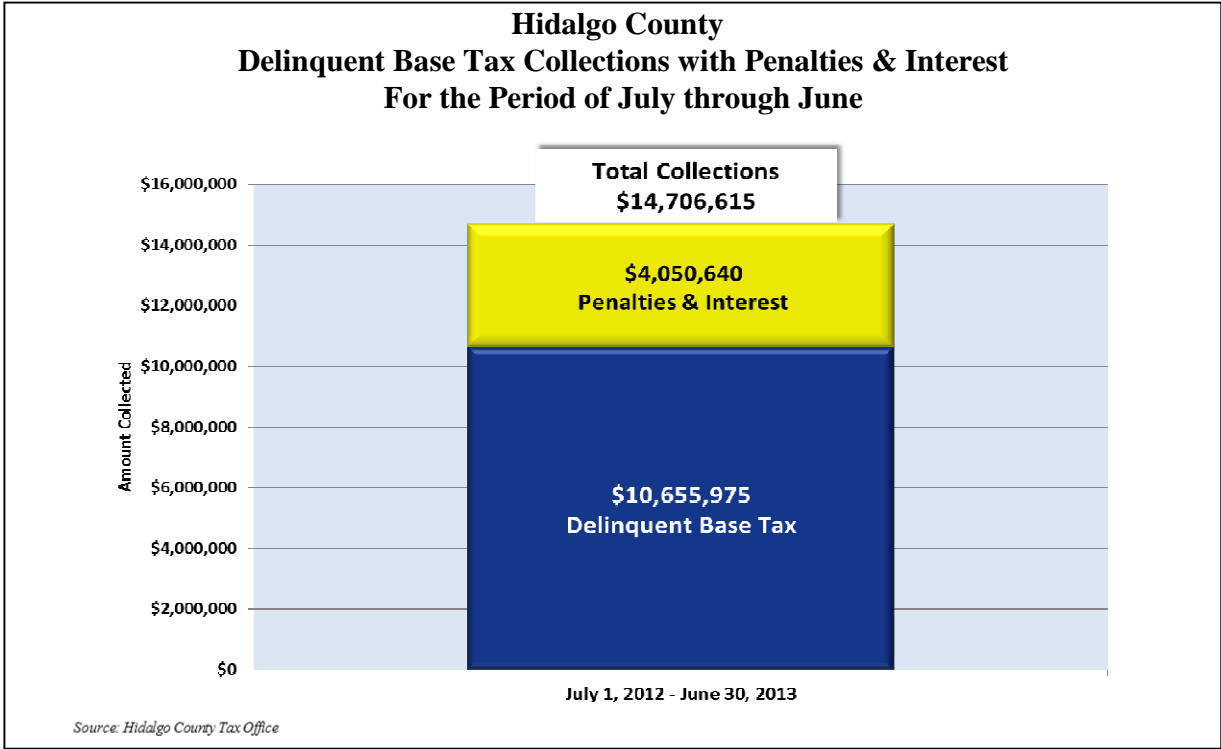
FISCAL YEAR COMPARISON

The amount of delinquent taxes handed to our firm for collection on July 1, 2012 was \$33,831,232. This amount represented a drop of \$2,447,887 (6.8%) from the prior year's amount of **\$36,279,119**. Although there was close to \$2,500,000 less in delinquent taxes available for collection, we are pleased to announce that our efforts have resulted in collections of **\$10,655,975** delinquent base tax for this reporting period.

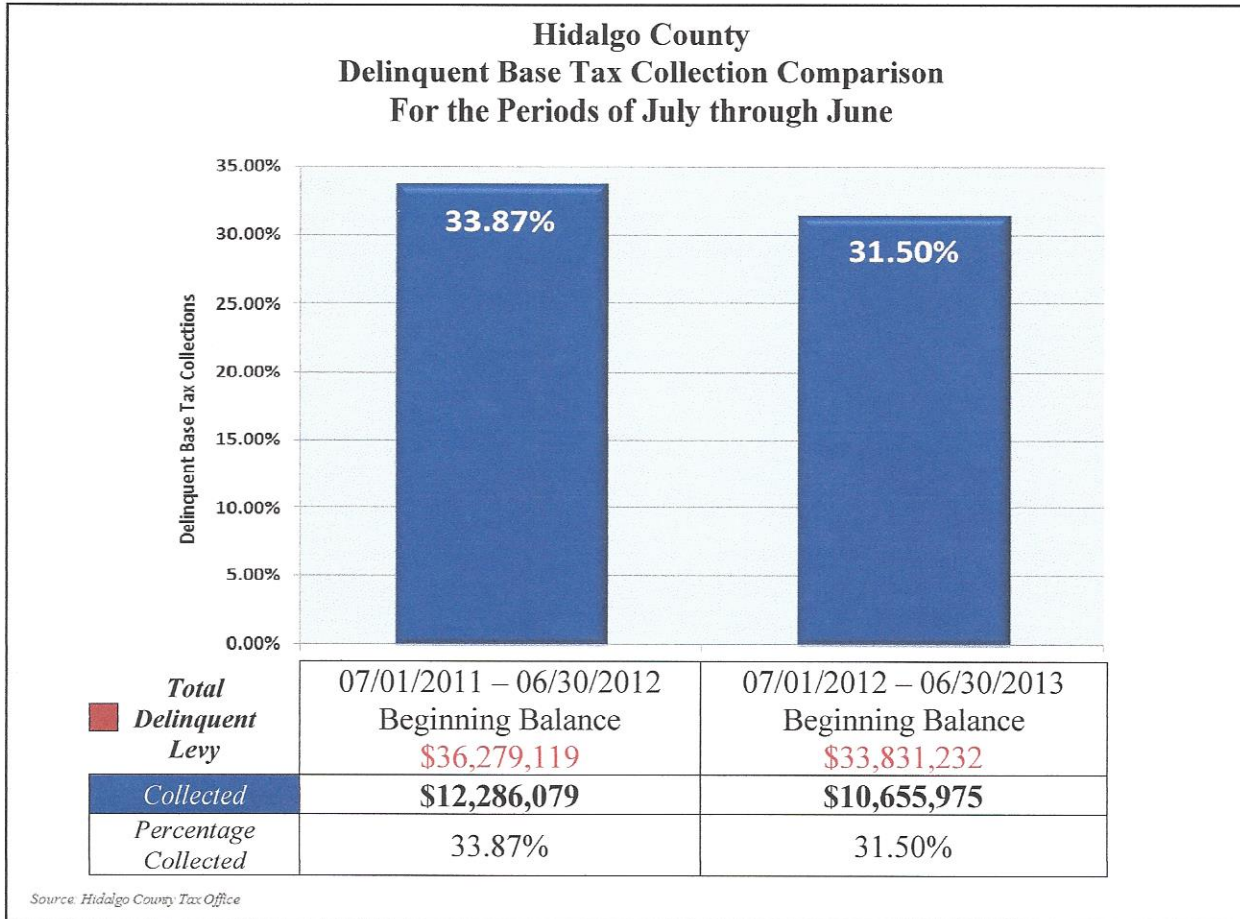
The following chart compares base tax collection from July 2012 through June 2013 with the same time period of your previous fiscal year.



In addition to the \$10,655,975 in base tax, our Firm has collected **\$4,050,640** in penalties and interest for Hidalgo County during this reporting period for a total of **\$14,706,615**. The following graph illustrates the County's total delinquent tax collections.



As previously reported, the following graph illustrates the **6.8%** decrease in the total delinquent levy along with the 2.37% decrease in the delinquent tax collection rate. The graph compares the delinquent collection rate percentage of base tax collected from July 2012 through June 2013 with the same time period in 2011-2012.



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