



**Delinquent Tax Collection Report
for Hidalgo County
for the period of July 2013 – June 2014**

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August 18, 2014

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. Clossner, Suite J
Edinburg, TX 78539

RE:	DELINQUENT TAX COLLECTIONS REPORT FOR THE PERIOD OF JULY 1, 2013 THROUGH JUNE 30, 2014
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Dear Judge Garcia and Commissioners:

The following is a brief overview of the collection activities of Perdue, Brandon, Fielder, Collins and Mott, LLP for the **Hidalgo County** for delinquent tax collections for the 2013-2014 fiscal year.

PRE-LITIGATION ACTIVITIES

PHONE CONTACTS

The 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 **73,453** phone calls involving the County's accounts during this reporting period.

MAILINGS

The Hidalgo County's delinquent tax program includes mailed, bi-lingual notices informing the taxpayers of their delinquency. During this reporting period, our Firm has mailed out **96,783** 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.

PROPERTY INSPECTIONS

Property Inspections/Personal Visits are another important tool in the Hidalgo County's delinquent tax collection program. During this reporting period, our staff has conducted **1,602** 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 **437** delinquent taxpayers involving **\$755,460** in base tax owed to the 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 **2,698 Original Petitions/Interventions** involving claims, totaling **\$11,872,301** 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.

The following is a breakdown of the results of the **474** properties that were posted for tax sale during this reporting period and the amount the County received.

Payment Agreements	196	\$852,387.63
Struck Off Properties	185	\$868,890.54
Sold	93	\$329,570.58

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.

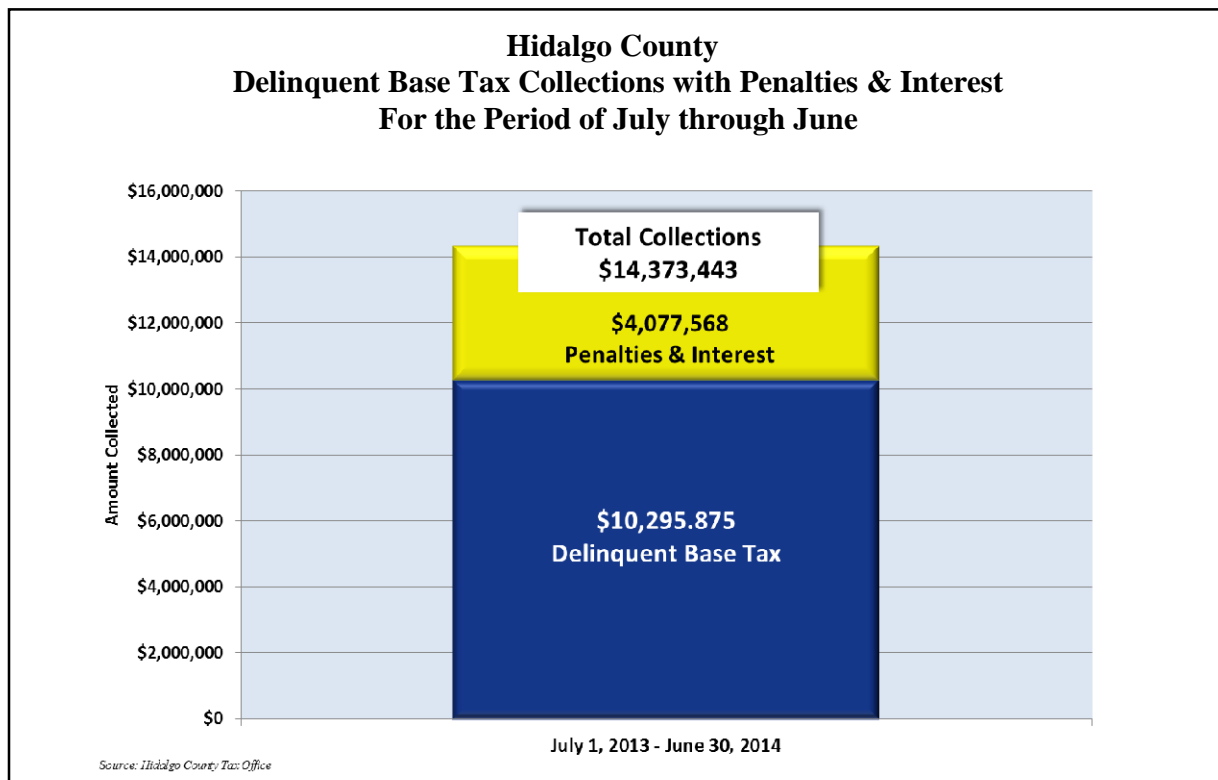
The following is a breakdown of the results of the tax resales during this reporting period and the amount the County received. Any properties not sold will be placed in our next tax resale.

Tax Resale	Sold	Amount
November 2013	33	\$46,899.57
April 2014	69	\$150,235.17
Total	102	\$197,134.74

COLLECTION COMPARISON

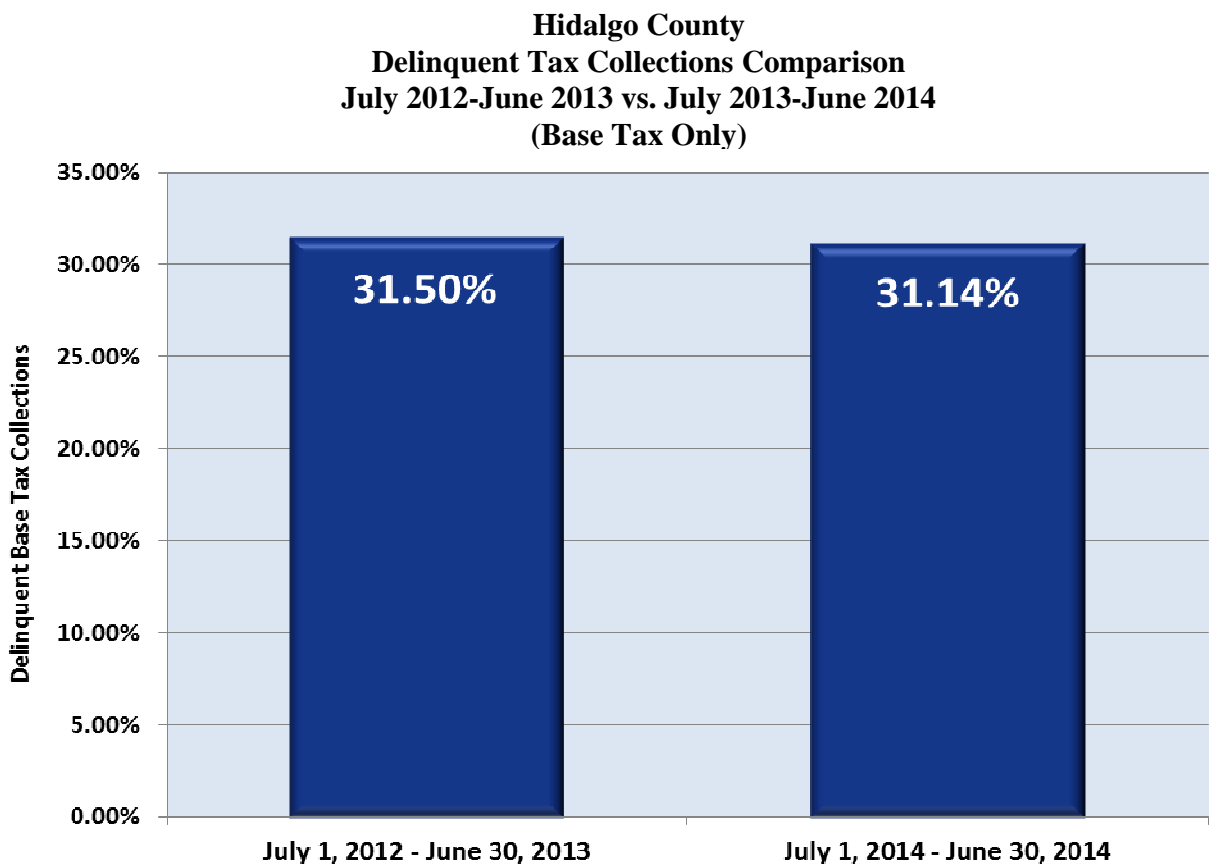
FISCAL-YEAR COLLECTIONS

As you know, all of our efforts are directed towards the goal of maximizing collections for the Hidalgo County. We are pleased to announce that our efforts have resulted in collections of **\$10,295,875** delinquent base tax for this reporting period of July 1, 2014 – June 30, 2014. Additionally, our Firm has collected **\$4,077,568** in penalty and interest for a total of **\$14,373,443**. The following graph illustrates the County's total delinquent tax collections for this reporting period.



FISCAL-YEAR COMPARISON

The following graph compares the percentage of base tax collected from July 2013 through June 2014 with the same time period in 2012-2013. We are proud to report that despite a decrease of \$771,146 in the delinquent tax levy, we succeeded in attaining a collection rate of 31.14% in the delinquent tax levy collected for this reporting period.



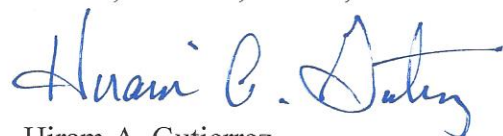
Total Delinquent Levy	07/01/2012 – 6/30/2013 Beginning Balance \$33,831,232	07/01/2013 – 6/30/2014 Beginning Balance \$33,060,086
Collected	\$10,655,975	\$10,295,875
Percentage Collected	31.50%	31.14%

Source: Hidalgo County Tax Office

Our Firm looks forward to assisting the **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.



Hiram A. Gutierrez
Partner