



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

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February 11, 2015

Hidalgo County

Honorable, Ramon Garcia, County Judge

Mr. Arturo Carlos "A.C." Cuellar, Jr., County Commissioner, Precinct 1

Mr. Eduardo "Eddie" Cantu, 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, 2014 THROUGH DECEMBER 31, 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 **Hidalgo County** for delinquent tax collections for the first half of 2014-2015 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 **37,763** 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 **61,847** 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 **507** 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 **231** delinquent taxpayers involving more than **\$575,042** 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 **1,691 Original Petitions/Interventions** involving claims, totaling **\$5,150,609** 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 **256** properties that were posted for tax sale during this reporting period and the amount the County received.

Payment Agreements	160	\$618,617.71
Struck Off Properties	70	\$372,761.66
Sold Properties	26	\$100,783.07

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. During this reporting period, **110** properties were identified and posted for the Public Sheriff’s Tax Resale and all **95** of these properties sold. The following is a breakdown of the results of the tax resale during this reporting period and the amount the County received. Any properties not sold will be placed in our next tax resale.

Sold	95	\$235,668.62
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FEDERAL COURT REPRESENTATION

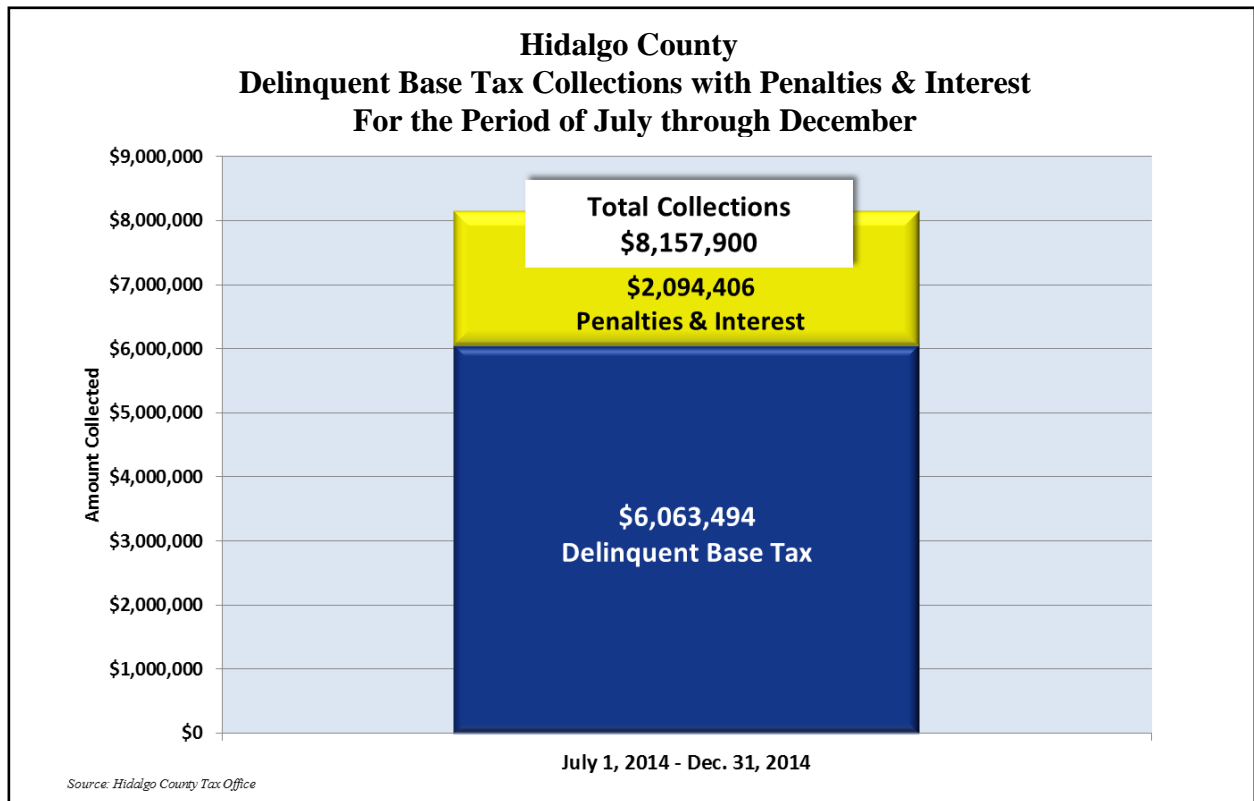
BANKRUPTCY

During this reporting period, our Firm has filed **62** new Proofs of Claim, involving **\$219,157** in base delinquent tax, in Federal Bankruptcy Court on behalf of Hidalgo County, and we continue monitoring existing bankruptcy cases.

COLLECTIONS

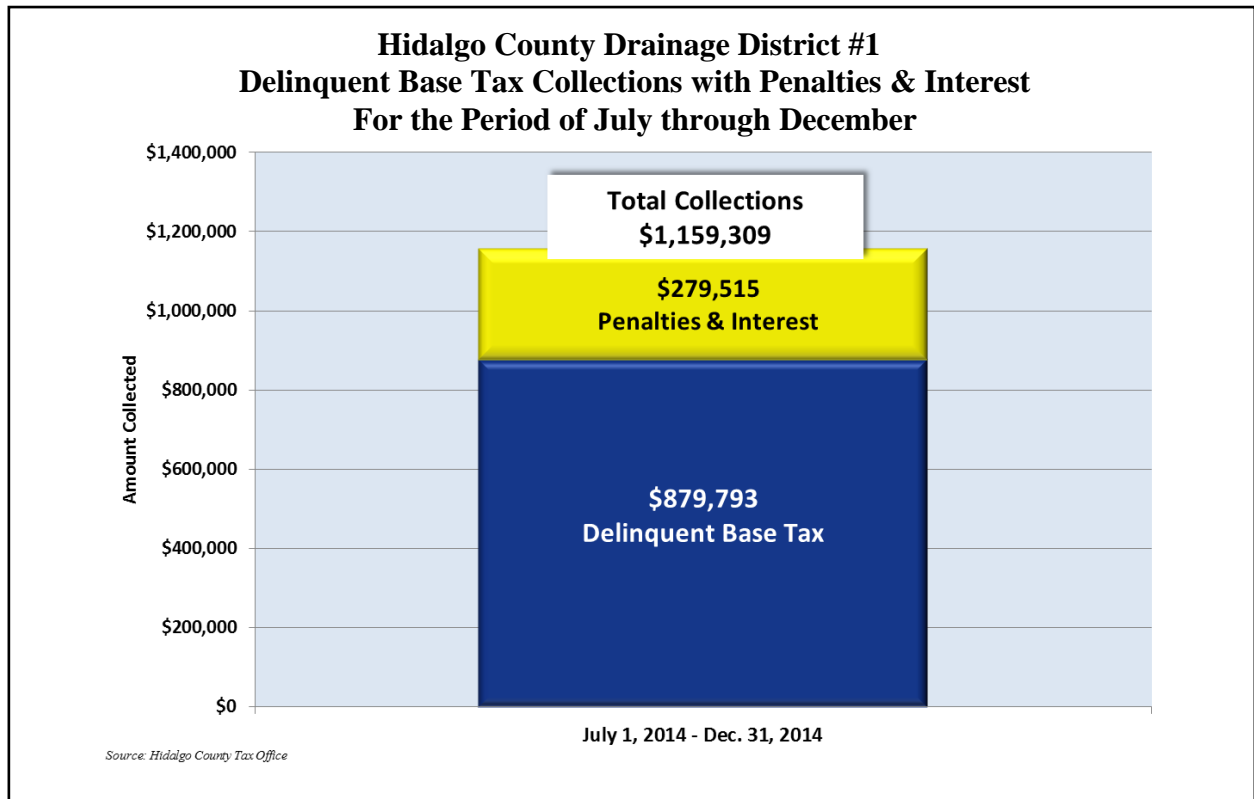
SIX-MONTH COLLECTIONS FOR HIDALGO COUNTY

As you know, all of our efforts are directed towards the goal of maximizing collections Hidalgo County. We are pleased to announce that our efforts have resulted in collections of **\$6,063,494** delinquent base tax for this reporting period of July 1, 2014 – December 31, 2014. Additionally, our Firm has collected **\$2,094,406** in penalty and interest for a total of **\$8,157,900**. The following graph illustrates the County’s total delinquent tax collections for this reporting period.



**SIX-MONTH COLLECTIONS
FOR HIDALGO COUNTY DRAINAGE DISTRICT #1**

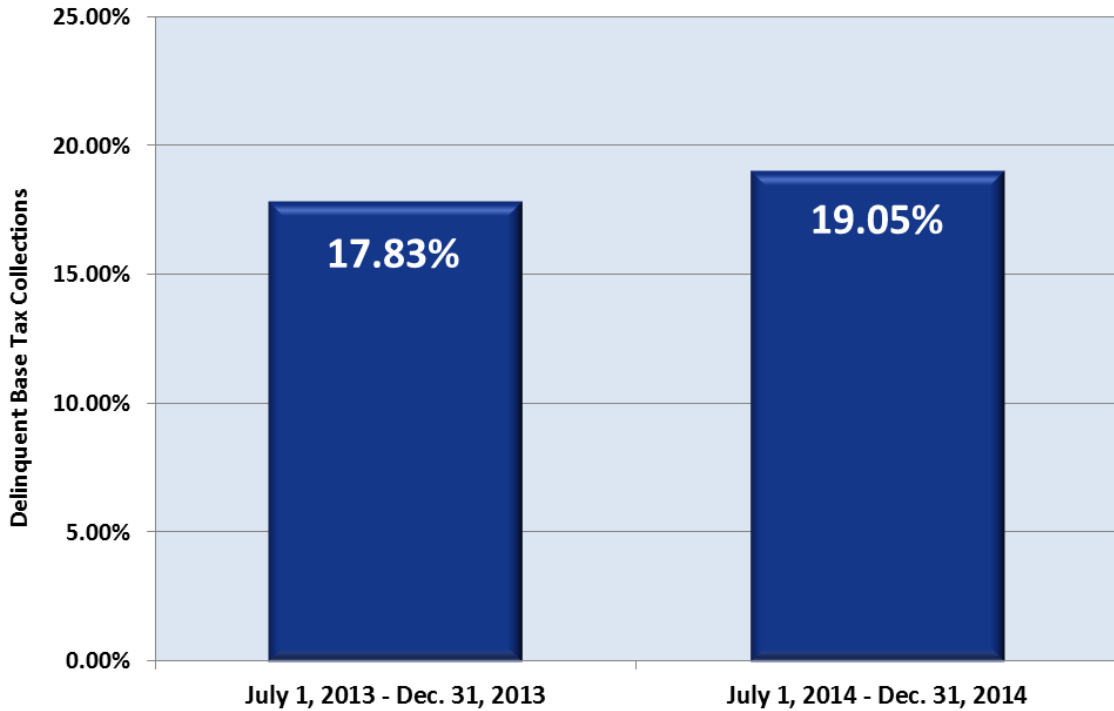
For Hidalgo County Drainage District #1, we are pleased to announce that our efforts have resulted in collections of **\$879,793** delinquent base tax for this reporting period of July 1, 2014 – December 31, 2014. Additionally, our Firm has collected **\$279,515** in penalty and interest for a total of **\$1,159,309**. The following graph illustrates the Drainage District’s total delinquent tax collections for this reporting period.



**COLLECTION COMPARISON
FOR HIDALGO COUNTY**

The following graph compares the percentage of base tax collected for Hidalgo County from July 2014 through December 2014 with the same time period in 2013. We are proud to report that despite a decrease of \$1,423,220 in the delinquent tax levy, we succeeded in attaining a collection rate of 19.05% in the delinquent tax levy collected for this reporting period.

**Hidalgo County
Delinquent Tax Collections Comparison
July 2013-December 2013 vs. July 2014-December 2014
(Base Tax Only)**

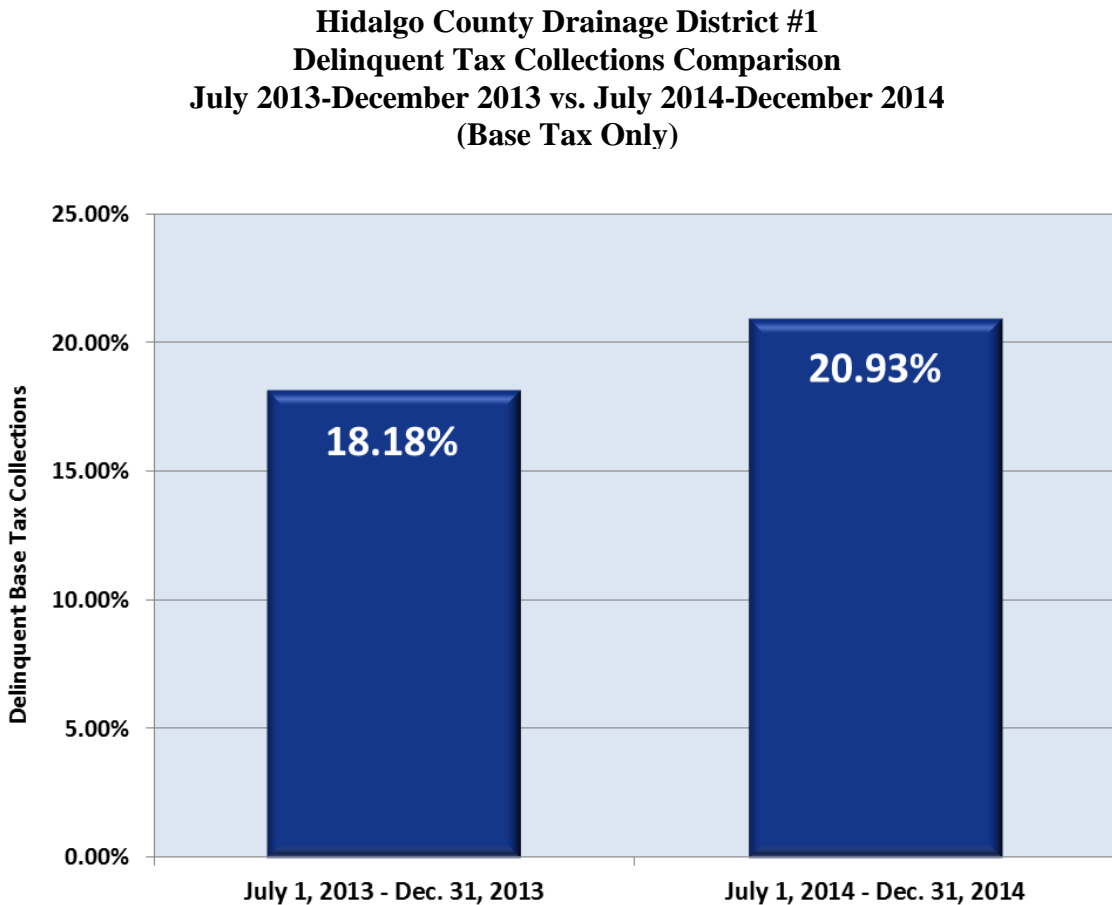


Source: Hidalgo County Tax Office

	07/01/2013 – 12/31/2013	07/01/2014 – 12/31/2014
Total Delinquent Levy	Beginning Balance \$33,258,096	Beginning Balance \$31,834,876
Collected	\$5,929,892	\$6,063,494
Percentage Collected	17.83%	19.05%

**COLLECTION COMPARISON
FOR HIDALGO COUNTY DRAINAGE DISTRICT #1**

The following graph compares the percentage of base tax collected for Hidalgo County Drainage District #1 from July 2014 through December 2014 with the same time period in 2013. We succeeded in attaining a collection rate of 20.93% in the delinquent tax levy collected for this reporting period.



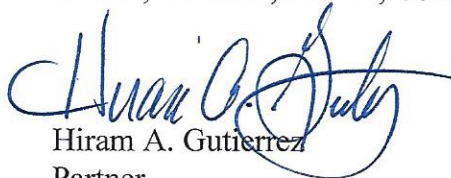
Source: Hidalgo County Tax Office

	07/01/2013 – 12/31/2013	07/01/2014 – 12/31/2014
Total Delinquent Levy	Beginning Balance \$3,911,881	Beginning Balance \$4,204,461
Collected	\$711,115	\$879,793
Percentage Collected	18.18%	20.93%

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.

A handwritten signature in blue ink, appearing to read "Hiram A. Gutierrez". The signature is stylized with a large, sweeping flourish that loops back under the name.

Hiram A. Gutierrez
Partner