Chester County Tax Collection Committee

Organizational and Operations Manual

Chester County Tax Collection Committee

Organizational and Operations Manual – Table of Contents

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CHESTER COUNTY

TAX COLLECTION COMMITTEE

BYLAWS

Effective November 12, 2009
Amended November 12, 2013

CHESTER COUNTY TAX COLLECTION COMMITTEE

BYLAWS

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CHESTER COUNTY TAX COLLECTION COMMITTEE

Bylaws

Background. The Chester County Tax Collection Committee ("TCC") is a government entity created and organized under Act 32 of 2008, 53 P.S. § 6924.501 *et seq.*, which amended and restated the Local Tax Enabling Act ("LTEA"), 53 P.S. § 6901 *et seq.* Under Act 32, the TCC is required to appoint a tax collector to collect income tax and possibly other taxes throughout the Chester Tax Collection District ("TCD"), and to oversee the appointed tax collector's collection within the TCD.

The school districts and municipalities listed in the attached "**Exhibit A**" are within the TCD. These school districts and municipalities are referred to herein as "taxing authorities."

ARTICLE I. Purpose

The purpose of the TCC is to oversee collection, and to appoint a tax collector to collect, within the TCD, income tax, local services tax, and other taxes. Act 32 requires the TCC to assume jurisdiction over income tax. Act 32 also allows the TCC to assume jurisdiction over other taxes. The TCC shall assume jurisdiction over local services tax levied by those taxing authorities that have signed and provided the documentation required by the TCC. The TCC may also in the future assume jurisdiction over other taxes. The various types of taxes collected under TCC jurisdiction are collectively referred to herein as the "Tax."

ARTICLE II. Governing Body – Board of Delegates

Section 1. Voting and Alternate Delegates: The Governing Body shall be called the "Board of Delegates," and will be referred to herein as the "Board." Taxing authorities that impose Tax shall appoint a primary voting delegate and one alternate voting delegate. The Board shall consist of voting delegates appointed by these taxing authorities. Delegates may but need not be residents of the taxing authority they represent. A single individual may simultaneously serve as a delegate for multiple taxing authorities. If a single individual serves as delegate for more than one taxing authority, the individual may cast separate votes as delegate for each taxing authority and may vote in the same manner or in a different manner for each taxing authority. In the absence of the primary voting delegate, the alternate voting delegate will be considered the voting delegate.

a. **Number of Board Delegates/Alternates:**

(1) **Initial Delegate Appointment:** Prior to September 15, 2009, each taxing authority that imposed an income tax prior to July 1, 2009 appointed one primary voting and one alternate voting delegate to the Board in accordance with Act 32. Each taxing authority that imposes an income tax for the first time after June 30, 2009 and each taxing authority that has signed and provided the documentation required by the TCC for collection of any other tax under TCC jurisdiction shall appoint one primary voting and one alternate voting delegate to the Board. Each taxing authority that does not impose an income tax prior to July 1, 2009 may appoint one nonvoting delegate and one alternate nonvoting delegate to the Board. If a taxing authority that does not impose an income tax prior to July 1, 2009 appoints a nonvoting delegate to the Board, and then after June 30, 2009 imposes an income tax, the previously appointed nonvoting delegate shall become the taxing authority's voting delegate to the Board.

(2) **Ongoing Delegate Appointment:** Beginning in 2010, each school district taxing authority shall at its annual organization meeting (held during the first week of December that includes a Monday) appoint its Board delegates. The municipality taxing authorities shall also appoint Board delegates before the end of the first week of December that includes a Monday.

b. **Delegate Qualifications:** All delegates appointed to the Board will be eighteen (18) years of age or over.

c. **Delegate Term of Office:** The delegates appointed in 2009 shall serve until a successor has been appointed, or until the earlier death, resignation, or removal of the delegate. Thereafter, each delegate shall be appointed for a term of one (1) year starting January 1 and until a successor has been appointed, or earlier death, resignation, or removal of the delegate. If there is a vacancy in the position of delegate representing any taxing authority, the taxing authority will promptly appoint a new delegate to fill the vacancy.

d. **Delegate Removal:** All delegates serve at the pleasure of and may be removed at any time by the governing body of the taxing authority that appointed the delegate.

e. **Tax Enactments and Other Information:** Each taxing authority that imposes an income or other tax over which the TCC has assumed authority or appoints a nonvoting delegate shall promptly provide the TCC with all information and documents necessary for TCC operation and for tax collection as requested by and in a form satisfactory to the TCC, including certified copies of the taxing authority's tax

enactments, the names and contact information of all appointed delegates, and all other information requested by the TCC.

Section 2. **Board Meetings:** The Board will hold annual or more frequent meetings on dates and at times established by the Board or by the Chairperson in the absence of Board action. Special meetings will be called by the Secretary upon request by any two (2) officers or a majority of delegates. Established regular meeting dates and times may be changed by the Chairperson. One of the regular meetings will be designated as the annual organization meeting as set forth in Article III, Section 3.

Section 3. **Quorum:** A quorum shall consist of the presence, in person or by proxy, of any number of authorized delegates that collectively hold fifty one percent (51%) or more of the total weighted vote.

Section 4. **Meeting Conduct:** All Board meetings will be conducted according to any policies or rules established by the Board, and in default of such rules by Robert's Rules of Order. The Board encourages alternate delegates to attend Board meetings only in the absence of the taxing authority's primary delegate.

Section 5. **General Rule on Vote Required for Action /Vote Weight:**

a. **General Rule on Vote Required:** Except as otherwise provided in these bylaws, all action taken by the Board shall be by majority of all delegate votes present.

b. **Weighted Voting:** In counting delegate votes, the vote of each delegate will be weighted. By September 1, 2009, the Pennsylvania Department of Community and Economic Development will calculate the weight of each delegate's vote pursuant to 53 P.S. § 6924.505(c)(3). Pursuant to such section, the TCC shall re-weight each taxing authority delegate's vote on July 1, 2010, on July 1 every year thereafter, and as soon as is practical anytime one or more taxing authorities are added to the TCC or the TCC assumes jurisdiction over a tax other than income tax pursuant to Article VIII. Re-weighting of taxing authority votes will be based on the following formula: (1) 50% of the weight for each delegate vote will be allocated according to the proportional population of each taxing authority in proportion to the total population of the TCD, as determined by the most recent Federal decennial census data; and (2) 50% of the weight for each delegate vote will be allocated in direct proportion to the Tax revenues collected for each taxing authority for a period of one year ending on a date selected by the Management Committee and based on revenues reported by the tax collector serving the taxing authority as collected during such year. As to any delegate appointed to represent more than one taxing authority, the weight of such delegate's vote will be the sum of the weight assigned for each taxing authority delegate's vote.

Section 6. **Board General Powers and Duties:** Except as otherwise provided in these bylaws, all powers of the TCC shall be exercised by or under authority of the Board, and the business and affairs of the TCC shall be managed under direction of the Board.

The Board may delegate authority for actions to committees, officers, and others. However, without regard to any prior delegation of authority:

a. The Board will always have the right to direct TCC action on any matter by policy, resolution, directive, or other measure, including a direction that reverses prior action of any committee or officer. Any reversal of a prior action shall not negate any contract rights acquired by a third party pursuant to a contract properly approved before the Board action reversing the prior decision.

b. The Board shall receive and review information provided by the Management Committee, Executive Director, Secretary, Chairperson, and others in order to keep fully informed as to TCC business, operations, and other affairs.

c. At the annual organization Board meeting, the Chairperson or the Chairperson's designee will present to the Board for ratification all TCC expenditures paid or incurred since the last annual organization Board meeting.

d. Although the Board in performing its duties will rely substantially on information from and decisions by the Management Committee, Executive Director, Secretary, Chairperson, and others, the Board shall have ultimate responsibility and authority with respect to TCC business, financial oversight, and other TCC affairs.

Section 7. **Major Decisions – Board Powers Retained and Not Delegated:** The Board shall not delegate authority to act on, and only the Board shall have authority to act on, any **Major Decision**. Each of the following shall be considered a **Major Decision**:

a. Approval of any amendment of these bylaws.

b. Approval to merge or take joint action with another TCC to form a multi-county TCC.

c. Approval or amendment of the TCC annual budget.

d. Approval to borrow money or otherwise incur debt not provided for in a budget approved by the Board.

e. Approval to create a bureau to collect tax within the TCD, or to dissolve any such bureau.

f. Approval to purchase or sell real estate.

g. Approval of any expense that will cause total TCC expenses for the fiscal year to exceed total annual budgeted expenses.

h. Appointment or removal of TCC officers or Management Committee members.

i. Approval of any real estate lease to the extent the lease requires payments not provided for in a budget approved by the Board.

Section 8. Vote Required for Certain Major Decisions: Notwithstanding any other provision of these bylaws, action taken by the Board on the following **Major Decisions** shall be by roll call vote and shall require the affirmative vote of a 51% majority of all delegate votes that could be cast if all delegates were present: (1) Approval of any amendment of these bylaws. (2) Approval to merge or take joint action with another TCC to form a multi-county TCC. (3) Approval or amendment of the TCC annual budget. (4) Approval to borrow money or otherwise incur debt. (5) Approval to create a bureau to collect tax within the TCD. (6) Approval to purchase or sell real estate.

ARTICLE III. Officers, Agents, Employees

Section 1. Officers: The Board will have the following officers: (1) Chairperson; (2) Vice-Chairperson; (3) Second Vice-Chairperson; (4) Secretary; (5) Assistant Secretary; (6) Treasurer; and (7) Assistant Treasurer. All officers shall be TCC voting delegates. The officers will serve on the Management Committee together with four (4) at-large Management Committee members.

Section 2. First Board Meeting/Initial Organization/Initial Officer Election/Term of Appointment: The chair of the county commissioners or the chair's designee, or the chief executive of the county or the chief executive's designee, shall convene the first meeting of the Board. At the meeting, the Board shall elect the officers and four (4) at-large Management Committee members, and each such officer and Management Committee member shall hold office until a successor has been elected, or the earlier death, resignation, or removal of the officer or Management Committee member. Within thirty (30) days after the election of any officer, the Secretary shall notify DCED of the name and address of each officer.

Section 3. Annual Board Organization Meeting/Officer Election/Other Appointments: Beginning in 2010, the Board will designate one of the regular Board meetings as the annual organization meeting. This meeting will generally be held in November. At the annual organization meeting, the Board shall elect officers and at-large Management Committee members. Within thirty (30) days after the election of any

officer, the Secretary shall notify DCED of the name and address of each officer. At the annual organization meeting, the Board will also review the tax collector's performance, review TCC audited financial statements for the prior fiscal year, and take other action as necessary or appropriate.

The Board or Chairperson shall appoint a nominating committee in accordance with Article V, section 1 at least ninety (90) days before the annual organization meeting. The nominating committee shall present a slate of officer and at-large Management Committee candidates that conforms to the Article IV, section 1 requirement that the Management Committee have at least two (2) members who are school district voting delegates, and at least two (2) members who are municipality voting delegates. The nominating committee shall present the slate at the annual organization meeting. If a slate that conforms to the Article IV, section 1 requirement is presented, the Board shall vote on the slate.

If the slate does not conform with Article IV, section 1, if the slate conforms with Article IV, section 1 but is not approved, or if no slate is presented, the Board shall elect officers and at-large Management Committee members in the following order: (1) Chairperson; (2) Vice-Chairperson; (3) Second Vice-Chairperson; (4) Secretary; (5) Assistant Secretary; (6) Treasurer; (7) Assistant Treasurer; (8) an at-large Management Committee member; and (9) a second at-large Management Committee member. If after election of the officers and first two (2) at-large Management Committee members the Article IV, section 1 requirement has not been fulfilled, the only candidates eligible for election as the final two (2) at-large Management Committee members shall be candidates whose election would ensure the Article IV, section 1 requirement is fulfilled.

Section 4. **Officer Term of Office:** Each officer shall hold office for a term of one (1) year commencing January 1, or commencing at the time of election if the annual organization meeting is held after January 1, and until a successor has been elected, or the earlier death, resignation, or removal of the officer.

Section 5. **Removal of Officers and Agents:** Any officer, Management Committee member, or agent may be removed by the Board at any time, with cause. The removal shall be without prejudice to the contract rights, if any, of any person so removed. Election or appointment of any officer shall not of itself create contract rights.

Section 6. **Chairperson:** The Chairperson shall be a TCC voting delegate. The Chairperson shall preside at Board meetings, and together with the Management Committee, shall act as a sounding board for and give direction to the Executive Director when necessary or appropriate between Board meetings. The Chairperson shall set Board meeting agendas, conduct Board meetings, and perform other duties as determined by the Board. In the absence or unavailability of the Executive Director, the Chairperson may

perform the duties of the Executive Director to the extent the Chairperson deems necessary or appropriate.

Section 7. **Vice-Chairperson:** The Vice-Chairperson shall be a TCC voting delegate. The Vice-Chairperson shall perform duties as determined by the TCC. In the absence or unavailability of the Chairperson, the Vice-Chairperson shall perform the duties of the Chairperson. The Second Vice-Chairperson shall also be a TCC voting delegate, and shall perform the duties of the Chairperson in the absence or unavailability of the Chairperson and Vice-Chairperson.

Section 8. **Treasurer:** The Treasurer shall be a TCC voting delegate. Together with the Executive Director and Management Committee, The Treasurer shall be responsible for oversight of TCC finances, and shall endeavor to ensure that the Board and Management Committee have adequate information concerning TCC finances. The Treasurer shall perform other duties designated by the Board, the Management Committee, or the Chairperson. The Assistant Treasurer shall perform the duties of the Treasurer in the absence or unavailability of the Treasurer.

Section 9. **Secretary:** The Secretary shall be a TCC voting delegate. The Secretary will notify DCED within thirty (30) days of adoption of these bylaws or any amendments to these bylaws. The Secretary shall maintain the Board meeting minutes and all TCC records, provide all public notices required under the Pennsylvania Sunshine Act, 65 Pa.C.S.A. § 701 *et seq.*, provide all notices to delegates required by these bylaws, provide all notices to DCED required by these bylaws, provide all other notices required by applicable law, and shall perform other duties as determined by the Board. The Assistant Secretary shall perform the duties of the Secretary in the absence or unavailability of the Secretary.

Section 10. **Open Records Officer:** The TCC shall appoint an Open Records Officer who shall serve until a successor is appointed, or earlier death, resignation, or removal. The Open Records Officer shall ensure compliance with the Pennsylvania Right-to-Know Law, 65 P.S. § 67.101 *et seq.*, and shall consult with the Solicitor as necessary in doing so. The Open Records Officer shall receive all Right-to-Know Law requests submitted to the TCC, shall direct these requests to appropriate persons within the TCC or another government agency, shall track the TCC's progress in responding to requests, and shall issue interim and final responses to requests.

Section 11. **Solicitor:** The TCC shall appoint a Solicitor who shall serve until a successor is appointed, or earlier death, resignation, or removal. The Solicitor shall attend all Board meetings and serve as the legal advisor to the TCC.

Section 12. **Executive Director:** The TCC will from time to time assess the need for an Executive Director. The TCC currently does not expect to employ an

Executive Director. Until this changes, the Chairperson may perform the duties of the Executive Director to the extent the Chairperson deems necessary or appropriate. The Executive Director is the Chief Operating Officer of the TCC. Subject to these bylaws and directions of the Board and the Management Committee, the Executive Director shall: (1) collect and summarize tax facts and documents relevant to Board decisions; (2) ensure mandated TCC organization and operations steps occur; (3) together with the Secretary, maintain TCC records; (4) make recommendations to the Board and the Management Committee on key decisions; (5) assist in development of the tax collection agreement with the tax collector; (6) oversee the selection process for TCC legal counsel, TCC auditor, TCC insurance agent, the TCC bank, and the tax collector; (7) assist in developing a transition plan from former tax collectors to the Act 32 tax collector; (8) obtain and monitor TCC insurance; (9) oversee TCC finances, including establishing and monitoring bank accounts, preparing and implementing an annual budget, allocating TCC expenses, and interfacing with the TCC auditor; (10) ensure the TCC complies with applicable laws such as the Pennsylvania Right-to-Know Law, the Pennsylvania Adverse Interest Act, 71 P.S. § 776.1 *et seq.*, the Pennsylvania Sunshine Act, and the Pennsylvania Public Official and Employee Ethics Act, 65 Pa.C.S.A. § 1101 *et seq.*, based on advice from the Solicitor as necessary or appropriate; (11) ensure the TCC complies with all temporary and permanent DCED regulations; (12) furnish all information required by DCED for the DCED tax register; (13) oversee the Tax Appeal Board's operations; (14) coordinate TCC involvement in the DCED mediation process as necessary or appropriate; (15) monitor the tax collector on an ongoing basis; (16) make recommendations to the Board and Management Committee on policies, long range plans, and other matters; (17) keep the Board and Management Committee fully informed as to TCC operations; (18) perform all other duties in the TCC job description for the Executive Director, all duties generally incident to the office of Chief Operating Officer, and all other duties designated by the Board or Management Committee; and (19) oversee all other aspects of TCC operations.

Section 13. **Delegation of Specific Powers to the Executive Director:** Without limiting the general grant of authority to the Executive Director set forth in Section 12, but subject to these bylaws and directions of the Board and Management Committee, the Executive Director shall have authority concerning the following specific matters:

a. **Employment Decisions:**

(1) **Hiring, Supervision, Discipline, and Termination:** Except as otherwise stated in this section, the Executive Director shall have authority to hire, supervise, discipline, and terminate the employment of any TCC employee. Except in the case of voluntary termination of employment by decision of the employee, the Executive Director will terminate employment of an employee only after consultation with the Chairperson and the Solicitor. However, the Executive Director shall promptly report to the Board and the Management Committee:

(a) the name of, position, and compensation paid to all new employees; and (b) the name and a brief statement of the reason for termination of any employee, including whether the termination resulted from decision of the employee or decision of the Executive Director. In the event of any involuntary termination resulting from decision of the Executive Director, the decision will be presented to the Board or Management Committee for ratification at a subsequent public meeting.

(2) **Employee List:** The Executive Director shall at least annually provide to the Board a list of all employees, including name, position, and compensation.

(3) **Compensation:** The compensation paid to employees shall be decided and established at the discretion of the Executive Director pursuant to a Board-approved personnel policy, compensation survey, compensation report, or other guideline establishing compensation ranges for specific positions or types of positions. If there is no applicable policy, compensation survey, compensation report, or other guideline establishing compensation ranges for the specific position or type of position, compensation shall be set by the Board or the Management Committee.

(4) **Limitations on Delegated Powers:** As limitations on the powers delegated to the Executive Director: (a) the Executive Director shall have authority to hire only to the extent that funds for a position are provided in the current budget; and (b) any employment contract must be approved by the Board or the Management Committee.

b. **Approval of Budgeted Expenses and of Unbudgeted Expenses up to Specified Amount:** Subject to the requirements stated elsewhere in these bylaws, the Executive Director shall have authority for approval of: (1) any expense included within the current budget; and (2) specific expenses not included within the current budget, provided that such specific unbudgeted expense approved for any one item or for payment to any one vendor does not exceed a specific amount established by Board resolution adopted pursuant to this section of these bylaws, and provided also that the expense approved will not cause total expenses for the year to exceed total annual budgeted expenses.

c. **Contract Signature:** After required approvals have been obtained in accordance with these bylaws, contracts may be signed by the Executive Director.

ARTICLE IV. Management Committee

Section 1. Management Committee Members: The Management Committee shall consist of the Chairperson, Vice-Chairperson, Second Vice-Chairperson, Secretary,

Assistant Secretary, Treasurer, Assistant Treasurer, and four (4) members at-large. All members of the Management Committee shall be TCC voting delegates. The Management Committee shall have at least two (2) members who are school district voting delegates, and at least two (2) members who are municipality voting delegates.

Section 2. Management Committee Meetings: Regular Management Committee meetings shall be held on dates and at times established by the Management Committee. Generally, the Management Committee will hold meetings each month during months in which there is not a regular Board meeting. Special Management Committee meetings shall be called upon request received from at least two officers. Regular meeting dates and times established by the Management Committee may be changed by decision of the Chairperson.

Section 3. Quorum: A quorum of the Management Committee shall consist of the presence of a majority of all Management Committee members.

Section 4. Votes Required for Action: Except as otherwise provided in these bylaws, all action taken by the Management Committee shall be by majority vote of all Management Committee members present.

Section 5. Management Committee Powers and Duties: The purpose of the Management Committee is to assist in oversight of TCC management and in exercising certain specific powers. Subject to theses bylaws, the Management Committee shall have the following powers and duties:

a. **Sounding Board for Executive Director.** The Management Committee shall act as a sounding board for and give direction to the Chairman and Executive Director when necessary or appropriate between Board meetings.

b. **Recommendations to Board.** Based on recommendations of or with input from the Executive Director, the Management Committee shall make recommendations to the Board on policies, long range plans, financial matters, Major Decisions, and any other matter it deems appropriate.

c. **Financial Oversight.** The Management Committee shall determine and approve the scope of the audit for TCC financial statements and may request other services be provided by the TCC auditor. The Management Committee shall also approve an accounting firm for audit of the tax collector financial statements in compliance with LTEA § 505(h). Although the Management Committee in performing its duties will rely substantially on information and advice from the TCC auditor and the Executive Director, the Management Committee shall have responsibility to oversee TCC finances and tax collector financial statements, including the following specific responsibilities: (1) review TCC internal monthly financial statements; (2) review TCC and tax collector annual audited financial statements; (3) ensure presentation of the TCC

and tax collector annual audited financial statements to the Board; (4) highlight for the Board any financial or other matters the Management Committee believes require attention or action; (5) ensure that the TCC has adequate internal controls relating to all financial matters; (6) establish the tax collector bond or theft protection insurance amounts; and (7) any other steps deemed appropriate for financial oversight.

d. **General Authority/Board Powers Retained.** Subject to these bylaws, the Management Committee may authorize TCC action on any matter other than the following items which are reserved for decision by the Board:

(1) Any Major Decision as defined in Article II, Section 7.

(2) Any matter committed by resolution of the Board exclusively to the Board itself, or to another committee.

(3) Amendment or repeal of any resolution of the Board.

(4) Any action that is contrary to any action directed by the Board, or that would cause total TCC expenses for the year to exceed total annual budgeted expenses.

e. **Delegation of Specific Powers to Management Committee.** Without limiting the general grant of authority to the Management Committee contained in subsection (d) but subject to these bylaws and directions of the Board, the Management Committee shall have authority to act on the following matters:

(1) Appointment of the tax collector and approval or termination of the tax collection agreement with the collector.

(2) Appointment or termination of the TCC Executive Director.

(3) Appointment or termination of the TCC solicitor.

(4) Appointment or termination of the accounting firm selected to audit the TCC annual financial statements.

(5) Appointment or termination of the TCC insurance agent.

(6) Approval of any contract not reserved for Board action as a Major Decision.

(7) Approval to amend the budget by transferring amounts budgeted in one expenditure category to another expenditure category when it is determined that the funds budgeted in the first category will not be needed.

(8) Approval of expenses not included within the current budget, provided that such specific unbudgeted expense approved for any one item or for payment to any one vendor does not exceed a specific amount established by Board resolution adopted pursuant to this section of these bylaws, and provided also that the expense approved will not cause total TCC expenses for the year to exceed total annual budgeted expenses.

(9) Approval of one or more banks or other financial institutions to serve as the primary depository for the TCC, or otherwise to accept TCC deposits or provide investments for the TCC, and approval of new accounts or signature authority with respect to accounts established at any previously approved bank or financial institution.

(10) Approval of credit cards to be used for payment of TCC expenses through any bank or other financial institution.

(11) Approval of employee or tax collector bond or theft protection insurance amounts.

(12) Directing actions by the Executive Director or any other employee.

(13) Approval or recommendation of compensation of the Executive Director or any other employee. However, the Management Committee shall approve compensation only to the extent funds for the compensation are provided in the current budget.

(14) Approval of TCC expense allocation among taxing authorities and calculation of organization expense assessments.

(15) Approval of the Department of Revenue Information Exchange Agreement.

(16) If there is vacancy in an office, on the Management Committee, or on the Tax Appeal Board between Board annual organization meetings, appointment of a replacement officer, Management Committee member, or Tax Appeal Board Member.

(17) Adoption of regulations, policies, and procedures for tax administration.

(18) Approval to open, relocate, or close any office.

(19) Approval of the sale of any TCC asset or combination of assets.

(20) Approval for the creation or dissolution of any new entity owned or controlled by the TCC other than a bureau created by the Board to collect tax within the TCC.

(21) Any other issue or matter as to which the Board in the future adopts a resolution delegating authority.

(22) Any other decision relating to TCC affairs which does not constitute a Major Decision.

ARTICLE V. Other Board Committees

Section 1. Board Committee Appointment: The Board or the Chairperson may establish one or more other committees to consist of one or more primary voting or alternate voting delegates appointed to the committee by the Board or the Chairperson.

Section 2. Board Committee Term: Each Board committee other than the Management Committee shall serve until the earlier of completion of the business for which formed, or until dissolved by action of the Board.

Section 3. Board Committee Meetings: A Board committee shall meet on dates and at times established by the committee.

Section 4. Quorum: A quorum of a Board committee shall consist of the presence of a majority of all committee members.

Section 5. Votes Required for Action: All action taken by any Board committee shall be by a majority vote of all committee members present.

Section 6. Other Board Committee Powers and Duties: Subject to these bylaws, any committee appointed by the Board shall have and may exercise all of the powers and authority granted by resolution of the Board.

ARTICLE VI. Rules Concerning Required Notices/ Meeting Participation/Meeting Place/Manner of Voting

Section 1. Required Meeting Notices:

a. The TCC shall give notice to all voting and nonvoting delegates and officers and other invited persons of all meetings of the Board. The TCC shall give at least 5 days advance notice of any regular or special Board meeting. If a delegate is unable to be present at a Board meeting, it is the responsibility of the delegate to advise the taxing authority's alternate delegate. The TCC shall give notice to all committee members and other invited persons of all meetings of committees of the Board. The TCC shall give at least 24 hours advance written notice to all committee members of any

regular or special committee meeting. Any person shall have the right to waive required notice.

b. A meeting notice shall at minimum specify the date, time, and address of the meeting.

c. For a public meeting, the Secretary shall also give public notice of the meeting in accordance with the Pennsylvania Sunshine Act.

Section 2. Manner of Giving Notice to Delegates, Officers, or Committee Members: Any notice or document required to be given to a delegate, officer, or committee member shall be given either by hand delivery, or by sending a copy thereof as follows:

a. Written notice may be given by first class or express mail, postage prepaid, or other courier service with charges prepaid, to the postal address supplied to the Board by such person for the purpose of notice. Notice given in this manner shall be deemed given when deposited in the U.S. mail or with a courier service for delivery.

b. Alternatively, written notice may be given by facsimile transmission, e-mail, or other electronic communication to the facsimile number or address for e-mail or other communication supplied to the Board for the purpose of notice. Notice given in this manner shall be deemed given when sent.

c. Alternatively, notice of a meeting required to be given to a delegate or officer may be given by telephone. Notice given in this manner shall be deemed to be given to the person when a telephone conversation occurs with the person, or when a voice mail is left on a recording at a telephone number supplied by the person to the Board for the purpose of notice.

Section 3. Manner of Giving Notice to Taxing Authorities: Any notice or document required to be given directly to a taxing authority shall be given either by hand delivery, or by sending a copy thereof as follows:

a. Written notice may be given by first class or express mail, postage prepaid, or other courier service with charges prepaid, to the taxing authority's postal address either supplied to the Board by such taxing authority or appearing on the relevant taxing authority's website. Notice given in this manner shall be deemed given to the taxing authority when deposited in the U.S. mail or with a courier service for delivery to the taxing authority.

b. Alternatively, written notice may be given by facsimile transmission, e-mail, or other electronic communication to the taxing authority's facsimile number or address for e-mail or other communication supplied to the Board by such taxing authority

or appearing on the relevant taxing authority's website. Notice given in this manner shall be deemed given to the taxing authority when sent.

Section 4. Manner of Giving Notice to DCED: Any notice or document required to be given to DCED may be given by first class or express mail, postage prepaid, or other courier service with charges prepaid, to DCED's official address. Notice may also be given to DCED in any other manner established by DCED.

Section 5. Meeting Participation by Conference Telephone or Electronic Technology: A delegate or committee member may participate in a meeting by means of conference telephone or other electronic technology by means of which all persons participating in the meeting can hear each other. Participation in a meeting in this manner shall constitute presence at the meeting. If a person participates in this manner, a log-on, log-off record shall be maintained.

Section 6. Meeting Place: Although multiple individuals may participate in a meeting by means of conference telephone or other electronic technology, a public meeting shall always be convened at a specific geographic location with at least one delegate or officer present, in order to allow for public participation in the meeting.

Section 7. Manner of Voting: Except as otherwise stated in these bylaws, voting at any public meeting of the Board, Management Committee, or Board committee may be done by voice vote or roll call or any other means determined appropriate by the Chairperson. Voting by mail or proxy is not permitted at Management Committee or Board committee meetings. However, voting by proxy at a public meeting of the Board is permitted as contemplated in these bylaws.

Section 8. Proxy Voting at Board Meetings: A delegate may vote at a public meeting of the Board by means of proxy if the delegate executes a proxy on the form prescribed by the Management Committee and complies with the other requirements set forth in this Section. No proxy shall be valid unless: (a) the delegate submitting the proxy lists in the proxy his or her name, the name of the taxing authority the delegate represents and is voting on behalf of, and the meeting at which the proxy is to be voted; and (b) the proxy is returned to the Management Committee designee listed on the proxy form not less than fifteen (15) days prior to the meeting at which the proxy is to be voted. A proxy sent by regular mail shall be deemed "returned" to the Management Committee's designee on the date when postmarked by the United States Postal Service. A proxy sent by e-mail shall be deemed "returned" to the Management Committee's designee on the date a complete, accessible, and legible copy of the proxy is received by the designee. A proxy will only be valid for the meeting listed in the proxy. If a single individual serves as delegate for more than one taxing authority and wishes to vote by proxy for more than one taxing authority, the delegate shall submit a separate proxy for each such taxing authority. A delegate representing more than one taxing authority may vote by proxy in the same manner or in a different manner for each such taxing authority.

A delegate may revoke a proxy at any time prior to commencement of the meeting at which the proxy is to be voted by giving written notice to the Management Committee's designee. However, if a proxy is revoked, no subsequently submitted proxy shall be valid unless returned to the Management Committee's designee not less than fifteen (15) days prior to the meeting at which the proxy is to be voted.

ARTICLE VII. Finances and Contracts

Section 1. **Fiscal Year:** The TCC fiscal year will begin on January 1 and end on December 31.

Section 2. **Bond:** All TCC employees and officers shall be bonded or covered by crime insurance in amounts and with such coverage as determined by the Management Committee.

Section 3. **Budget:**

a. **Budget Adoption:** The proposed annual budget of the TCC for the next fiscal year shall be prepared by the Chairperson or the Chairperson's designee and distributed to delegates at least 10 days prior to the Board meeting at which the budget is expected to be presented for adoption. A special meeting may be called for advance discussion of the proposed budget. The budget will generally be presented for adoption at the Board annual organization meeting. However, the budget may be presented for adoption at an earlier or later meeting. As set forth in Article II, Section 8, Board approval of the budget shall require the affirmative vote of a 51% majority of all delegate votes that could be cast if all delegates were present.

Promptly after Board adoption of the budget, a copy of the budget shall be given to each taxing authority that levies Tax.

b. **Budget Amendment:** Because the TCC likely will not have a large annual budget, and the TCC might incur unanticipated expenses during the fiscal year, the TCC may amend the annual budget during the fiscal year to reflect unanticipated expenses. The budget may be amended at any Board meeting. As set forth in Article II, Section 8, Board approval of a budget amendment shall require the affirmative vote of a 51% majority of all delegate votes that could be cast if all delegates were present.

Section 4. **TCC Operating Expense Allocation and Payment:**

a. **Expense Shares:** The expense of operating the TCC shall be shared among and paid by all taxing authorities within the TCD that are represented or entitled to be represented by voting delegates. The share of each taxing authority shall be in direct proportion to Tax revenue collected for the taxing authority in comparison to Tax revenue collected for all taxing authorities within the TCD.

b. **Budget Funding Prior to Act 32 Collector Commencement Date – Taxing Authority Direct Payment:** Prior to the date on which the tax collector appointed by the TCC begins collecting Tax pursuant to a tax collection agreement with the TCC, which will be either January 2011 or January 2012 ("Act 32 Collector Commencement Date"), TCC operating expenses will be calculated and paid by each taxing authority as follows: (1) The initial payment assessment for 2009 and 2010 for those taxing authorities that are entitled to be represented by voting delegates on or before the initial 2009-2010 budget share payment due date will be calculated using the "Proportional EIT Revenue" % for each school district and municipality as shown in the DCED Act 32 Weighted Vote Calculation Spreadsheet for the TCD. (2) For 2011, each taxing authority's budget share will be calculated in direct proportion to Tax revenue collected for the taxing authority for a period of one year ending on a date selected by the Management Committee and based on revenue reported by the tax collector serving the taxing authority as collected during such year.

The budget will be funded by one annual payment made directly by each taxing authority to the TCC, with payments due on a budget share payment date established by the Board or by the Management Committee.

If a budget amendment is adopted increasing the budget amount during the fiscal year, the increased amount will be funded by a payment made directly by each taxing authority to the TCC, with the payment due on a date established by the Board as part of adopting the budget amendment or by the Management Committee. Promptly after Board adoption of the budget or a budget amendment, the Chairperson or the Chairperson's designee shall notify each taxing authority of its required payment and the payment due date.

c. **Budget Funding After Act 32 Collector Commencement Date – Payment Through Tax Collector:**

(1) **Certain Payments Through Tax Collector:** If the tax collector appointed by the TCC begins collecting Tax on the Act 32 Collector Commencement Date for some but not all taxing authorities that are represented or entitled to be represented by voting delegates (because some but not all have elected to have 2011 Tax collected by the Act 32 collector), the budget will be funded by one annual payment from each taxing authority. Each taxing authority's budget share will be calculated in direct proportion to Tax revenue collected for the taxing authority for a period of one year ending on a date selected by the Management Committee and based on revenue reported by the tax collector serving the taxing authority as collected during such year.

For those taxing authorities for which the tax collector begins collecting Tax on the Act 32 Collector Commencement Date, the tax collector will deduct budget share payments owed by these taxing authorities from the next distribution due these taxing authorities after the budget share payment date established by the Board or by the Management Committee and specified in the TCC payment notice. The tax collector will pay the amounts deducted directly to the TCC at the same time the distribution is made to the taxing authorities.

For all other taxing authorities, budget share payments will be due on a budget share payment date established by the Board or by the Management Committee and will be paid directly by these taxing authorities to the TCC.

If a budget amendment is adopted increasing the budget amount during the fiscal year, the increased amount will be funded by a payment made by each taxing authority to the TCC, with the payment due on a date established by the Board as part of adopting the budget amendment or by the Management Committee.

Promptly after Board adoption of the budget or a budget amendment, the Chairperson or the Chairperson's designee shall notify each taxing authority of its required payment, and shall notify the tax collector of the amount that must be deducted from each taxing authority for which the tax collector began, or will begin, collecting Tax on the Act 32 Collector Commencement Date.

If some but not all taxing authorities decide to accelerate commencement of the tax collector's services into 2011, this subsection 1 will be effective from January 1, 2011 through December 31, 2011, and subsection 2 below will become effective January 1, 2012. If all taxing authorities decide to accelerate commencement of the tax collector's services into 2011, this subsection 1 is inapplicable.

(2) **All Payments Through Tax Collector:** Once the tax collector appointed by the TCC begins collecting income tax throughout the entire TCD pursuant to a tax collection agreement with the TCC, whether on January 1, 2011 or January 1, 2012, the budget will be funded by deducting a percentage of each distribution due each taxing authority and direct payment to the TCC of the amounts deducted. The percentage to be deducted from all taxing authority distributions to fund the budget will be the same and will be established by the Management Committee based on its estimate of the percentage amount required to fund the budget. Prior to the date on which the tax collector begins collecting Tax throughout the TCD, and from time to time thereafter, the TCC shall notify the tax collector of the percentage of taxing authority distributions that must be deducted to fund the budget and the time period the deduction relates to, and the tax collector will pay the amounts deducted directly to the TCC at the same time as distributions are made to each taxing authority.

If all taxing authorities decide to accelerate commencement of the tax collector's services into 2011, this subsection 2 will become effective January 1, 2011. If some but not all taxing authorities or if no taxing authorities decide to accelerate commencement of the tax collector's services into 2011, this subsection 2 will become effective January 1, 2012.

d. **Notice Compliance:** The tax collector shall comply with all notices from the TCC to deduct budget share payments, or any organization expense assessment due under Article VIII below, from distributions otherwise due the taxing authorities, and shall incur no liability in doing so. If for any reason the tax collector fails to comply with such notice, the TCC may require one direct payment from a taxing authority for the taxing authority's entire annual share of the budget in the manner payments were required prior to the Act 32 Collector Commencement Date.

e. **Application:** This section applies to the allocation of TCC operating expenses. It does not apply in any manner to the allocation of the cost of tax collection. Tax collection cost allocation will be decided by the TCC and documented in a tax collection agreement with an appointed tax collector or otherwise as appropriate.

Section 5. Enforcement of Taxing Authority Obligation to Pay TCC Operating Expense Share and Organization Expense Assessment: If a taxing authority fails to make any required payments, or if the tax collector fails to comply with TCC written notice to make deductions and make payment directly to the TCC, the Secretary will give written notice to the taxing authority specifying the payment amount due. Upon receipt of this notice, the taxing authority shall immediately pay to the TCC the amount specified in the notice. The taxing authority will also be obligated to pay any TCC legal and other expenses incurred in connection with enforcement of taxing authority payment obligations. Expenses payable by the taxing authority include TCC attorney fees and other expenses, whether or not legal proceedings are filed. The Secretary will give written notice to the taxing authority specifying the amount of legal or other expenses due. Upon receipt of this notice, the taxing authority shall immediately pay to the TCC the amount specified in the notice. If a taxing authority fails to pay any amount specified in a TCC written notice within 20 days after the notice is given, the TCC shall have the right to: (1) pursue any and all legal remedies against the taxing authority; and (2) if the TCC is able and chooses to do so, notify the tax collector to deduct the amount due from any distribution otherwise owed to the taxing authority and to promptly pay directly to the TCC the amount deducted.

Section 6. Board Ratification of Expenditures: At each annual organization meeting, the Chairperson or the Chairperson's designee will present to the Board for ratification all TCC expenditures paid or incurred during the prior fiscal year.

Section 7. **Independent Auditor:** The Management Committee will appoint an independent accounting firm to audit the TCC annual financial statements and to perform other auditing, control, or finance or consulting tasks designated by the Board, the Management Committee, or the Executive Director.

Section 8. **Financial Reports:** Promptly after completion or receipt and within any deadlines established by applicable law, the Chairperson or the Chairperson's designee shall provide to each delegate, alternate delegate, and taxing authority copies of monthly reports of tax distributions, the TCC annual audited financial statements, and the tax collector annual audited financial statements.

Section 9. **Contracts:** After required approvals have been obtained in accordance with these bylaws, contracts may be signed by the Executive Director, Chairperson, Vice-Chairperson, or any other person authorized by resolution of the Board or the Management Committee. Contract signatures may but are not required to be attested to by the Secretary.

ARTICLE VIII. Adding Taxing Authorities/ Assuming Jurisdiction Over Other Tax

Section 1. **Procedure:** Each taxing authority that imposes an income tax for the first time after June 30, 2009 or for which the TCC will assume jurisdiction over any tax other than income tax shall promptly sign documentation required by the TCC for collection of the tax and provide the TCC with all information and documents necessary for TCC operation and tax collection as requested by and in a form satisfactory to the TCC, including certified copies of the taxing authority's tax enactments, the names and contact information of all delegates appointed to represent the taxing authority, and all other information requested by the TCC.

Section 2. **Effective Date:** Upon the TCC Secretary's receipt of such information and documents, the taxing authority's delegate will be entitled to participate on the Board as a voting delegate in accordance with these bylaws.

Section 3. **Organization Expense Assessment/Budget Share:**

a. **Organization Expense Assessment Amount:** Each taxing authority that is added to the TCC pursuant to this Article after the initial 2009-2010 budget share payment date, or for which the TCC will assume jurisdiction over any tax other than income tax, will pay an organization expense assessment – as its initial 2009-2010 budget share, as an additional budget share to reflect collection of tax other than income tax, or as an additional payment to share in the 2009-2010 organization expense if the taxing authority is added to the TCC in a later year. The amount of the organization expense assessment will be established by the Management Committee

based on its estimate of the budget share the taxing authority responsible for the organization expense assessment would have paid if the taxing authority was part of the TCC before the initial 2009-2010 budget share payment date or if the tax other than income tax was used in calculation of the initial 2009-2010 budget share. In calculating organization expense assessments, the Management Committee will use its judgment in determining a reasonable methodology. Management Committee calculation of an organization expense assessment is final and is not subject to challenge by any taxing authority.

b. **Payment:** Before a taxing authority is added to the TCC or the TCC assumes jurisdiction over a tax other than income tax pursuant to this article, the Chairperson or Chairperson's designee shall notify the taxing authority of the amount of its organization expense assessment, its initial year budget share if the taxing authority is added to the TCC after 2010, and the payment due date.

ARTICLE IX. Tax Appeal Board

Section 1. Tax Appeal Board Purpose: The Tax Appeal Board shall hear appeals of taxpayers, employers, taxing authorities, and other TCCs from determinations of the tax collector relating to the assessment, collection, refund, withholding, remittance, or distribution of Tax.

Section 2. Tax Appeal Board Members: The Tax Appeal Board shall be comprised of three (3) regular members and two (2) alternate members appointed by the Board. All Tax Appeal Board members shall be primary voting or alternate voting delegates.

Section 3. Tax Appeal Board Member Qualifications: No member of the Tax Appeal Board may be an employee, agent, or attorney of the tax collector. The Board may prescribe other qualifications for Tax Appeal Board members in accordance with applicable law and in consultation with the Solicitor.

Section 4. Term of Office: Each Tax Appeal Board member shall hold office for a term of one (1) year commencing January 1, or commencing at the time of election if the annual organization meeting is held after January 1, and until a successor has been elected, or earlier death, resignation, or removal.

Section 5. Tax Appeal Board Procedures: Tax Appeal Board procedures will be developed by the Board or the Tax Appeal Board in consultation with the Solicitor.

ARTICLE X. Bylaw Amendments

A copy of any proposed amendment to these bylaws shall be given to all delegates at least ten (10) days prior to the Board meeting at which it will be presented for adoption.

Any such proposed amendment may be adopted in the form given to the delegates or with such clarifying or other amendments as the Board determines appropriate at the meeting at which the proposed amendment is presented for adoption. If the proposed amendment sets forth a restatement of the bylaws in their entirety, there shall be no limitation on the nature or content of clarifying or other amendments that may be made before final adoption. However, if the proposed amendment relates only to one or more particular sections of the bylaws and is not presented in the form of restatement of the bylaws in their entirety, the clarifying or other amendments made before final adoption shall not materially enlarge the purpose as set forth in the copy of the proposed amendment provided to delegates prior to the Board meeting. As set forth in Article II, section 8, approval of a bylaw amendment by the delegates shall require the affirmative vote of a 51% majority of all delegate votes that could be cast if all delegates were present.

EXHIBIT A

CHESTER TAX COLLECTION DISTRICT

AVON GROVE S D
- AVONDALE BORO
- FRANKLIN TWP
- LONDON BRITAIN TWP
- LONDON GROVE TWP
- NEW LONDON TWP
- PENN TWP
- WEST GROVE BORO

COATESVILLE AREA S D
- CALN TWP
- COATESVILLE CITY
- EAST FALLOWFIELD TWP
- MODENA BORO
- SADSBURY TWP
- SOUTH COATESVILLE BORO
- VALLEY TWP
- WEST BRANDYWINE TWP
- WEST CALN TWP

DOWNINGTOWN AREA S D
- DOWNINGTOWN BORO
- EAST BRANDYWINE TWP
- EAST CALN TWP
- UPPER UWCHLAN TWP
- UWCHLAN TWP
- WALLACE TWP
- WEST BRADFORD TWP
- WEST PIKELAND TWP

GREAT VALLEY S D
- CHARLESTOWN TWP
- EAST WHITELAND TWP
- MALVERN BORO
- WILLISTOWN TWP

KENNETT CONSOLIDATED S D
- EAST MARLBOROUGH TWP
- KENNETT SQUARE BORO
- KENNETT TWP
- NEW GARDEN TWP

OWEN J ROBERTS S D
- EAST COVENTRY TWP
- EAST NANTMEAL TWP
- EAST VINCENT TWP
- NORTH COVENTRY TWP
- SOUTH COVENTRY TWP
- WARWICK TWP
- West Vincent TWP

OXFORD AREA S D
- EAST NOTTINGHAM TWP
- ELK TWP
- LOWER OXFORD TWP
- OXFORD BORO
- UPPER OXFORD TWP
- WEST NOTTINGHAM TWP

PHOENIXVILLE AREA SD
- EAST PIKELAND TWP
- PHOENIXVILLE BORO
- SCHUYLKILL TWP

TREDYFFRIN-EASTTOWN S D
- EASTTOWN TWP
- TREDYFFRIN TWP

TWIN VALLEY S D
- CAERNARVON TWP
- NEW MORGAN BORO
- ROBESON TWP
- ELVERSON BORO
- HONEY BROOK BORO
- HONEY BROOK TWP
- WEST NANTMEAL TWP

UNIONVILLE-CHADDS FORD S D
- BIRMINGHAM TWP
- EAST MARLBOROUGH TWP
- NEWLIN TWP
- PENNSBURY TWP
- POCOPSON TWP
- WEST MARLBOROUGH TWP
- CHADDS FORD TWP

WEST CHESTER AREA S D
- EAST BRADFORD TWP
- EAST GOSHEN TWP
- THORNBURY TWP
- WEST CHESTER BORO
- WEST GOSHEN TWP
- WEST WHITELAND TWP
- WESTTOWN TWP
- THORNBURY TWP

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Chester County Tax Collection Committee

Proxy Voting Form

A. **Print Name of TCC Delegate:** _____

B. **Name of Taxing Authority Represented:** _____

C. **TCC Board Meeting at which proxy is to be voted:** _____, 2_____

Please indicate your Taxing Authority's vote on the following matters by checking the appropriate box under each numbered item listed below. If you do not check a box for a matter, you will be deemed as having abstained from voting on the matter in this proxy.

1. **[List action item – for example, "Ratification of 2012-2013 Expenditures"]**

_____ Yes _____No _____Abstain

2. **[List action item]**

_____ Yes _____No _____Abstain

3. **[List action item]**

_____ Yes _____No _____Abstain

4. **[List action item]**

_____ Yes _____No _____Abstain

5. **[List action item]**

_____ Yes _____No _____Abstain

[Add additional numbered action items and voting lines as needed.]

Important Notes: Per the TCC Bylaws, this proxy shall not be effective unless: (1) items "A" through "C" above are completed; and (2) the proxy is returned via regular mail to Management Committee designee Mr. Joseph Lubitsky, Director of Administrative Services, Chester County Intermediate Unit, 455 Boot Road, Downingtown, PA 19335, or via e-mail to Mr. Lubitsky at JoeL@cciu.org, at least fifteen (15) days prior to the meeting date listed above. A proxy sent by regular mail shall be deemed "returned" to Mr. Lubitsky on the date when postmarked by the United States Postal Service. A proxy sent by e-mail shall be deemed "returned" to Mr. Lubitsky on the date he receives a complete, accessible, and legible copy of the proxy. This proxy is only valid for the meeting listed above and for the Taxing Authority listed above. If you represent more than one Taxing Authority and wish to vote for more than one Taxing Authority by proxy, you must provide a separate proxy for each such Taxing Authority.

Intending to be legally bound, I hereby represent that I am the duly-authorized TCC voting delegate for the Taxing Authority listed above and am executing this proxy on behalf of such Taxing Authority.

Date: _____ _____

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CHESTER COUNTY TAX COLLECTION COMMITTEE

TCC Earned Income and Net Profits Tax Regulations

Effective January 1, 2012

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These Regulations supplement the Local Tax Enabling Act, 53 P.S. § 6924.501 *et seq.* (LTEA), and Regulations of the Pennsylvania Department of Community and Economic Development promulgated thereunder. These Regulations are promulgated under authority of LTEA, 53 P.S. § 6924.505(a.1)(7).

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ARTICLE I – DEFINITIONS

SECTION 101 – DEFINITIONS

All terms defined in the Enabling Act shall have the meanings set forth therein or herein. If any definition herein is more expansive than the definition in the Enabling Act, the definition herein shall control. The following terms shall have the meaning set forth herein, except where the context clearly indicates a different meaning.

A. *Collector* – The entity appointed as tax officer pursuant to the Enabling Act to collect Tax within the TCD.

B. *DCED* – Pennsylvania Department of Community and Economic Development.

C. *Domicile* – As defined in Section 203 of these Regulations.

D. *Employee* – Any individual who receives compensation from an Employer for performing an Occupation.

E. *Employer* – As defined in Section 301 of these Regulations

F. *Enabling Act* – The Local Tax Enabling Act, as set forth in 53 P.S. § 6924.101 *et seq.* and as amended in the future.

G. *Enactment* – An ordinance or resolution of a Taxing Authority or another Pennsylvania municipality or school district imposing or otherwise relating to the Tax.

H. *Nonresident* – A person or business domiciled outside a municipality or school district imposing the Tax.

I. *Nonresident Tax* – Tax levied by a municipality on a Nonresident based on earned income or net profits derived by an individual from an Occupation engaged in within the boundaries of the municipality. Nonresident Tax is owed to the municipality where the Workplace is located.

J. *Occupation* – Any work, business, profession, or activity of any kind, including domestic or other services, for which any compensation is received.

K. *Place of Business* – As defined in Section 301 of these Regulations.

L. *Regulations* – These Earned Income and Net Profits Tax Regulations.

M. *Resident* – A person or business domiciled within a municipality or school district imposing the Tax.

N. *Resident Tax* – The Tax levied by: (1) a municipality on a Resident of that municipality; or (2) a school district on a Resident of that school district.

O. *TCC* – Chester County Tax Collection Committee.

P. *TCD* – The tax collection district governed by the TCC under the Enabling Act.

Q. *Tax* – A tax on earned income or net profits, as defined in the Enabling Act.

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The Enabling Act currently defines "earned income" as compensation as required to be reported or as determined by the Pennsylvania Department of Revenue under the Pennsylvania Personal Income Tax Law, 72 P.S. § 7301(d), and § 7303(a)(1), and the Pennsylvania Department of Revenue Regulations, 61 Pa. Code § 101.6a. The Enabling Act expressly states that the amount of any housing allowance provided to a member of the clergy does not constitute "earned income."

The Enabling Act currently defines "net profits" as net income from the operation of a business other than a corporation as required to be reported or as determined by the Pennsylvania Department of Revenue under the Pennsylvania Personal Income Tax Law, 72 P.S. § 7303(a)(2). The Enabling Act expressly states that "net profits" does not include: (1) income which is not paid for services provided, and is in the nature of earnings from an investment. (2) Income which represents gain on the sale of farm machinery; gain on the sale of livestock held 12 months or more for draft breeding or dairy purposes; or gain on the sale of other capital assets of a farm.

R. *Tax Return* – A form provided by the Collector for reporting the amount of Tax deducted or owed.

S. *Taxing Authority* – A school district or municipality that has imposed a Tax and that is included in the TCD.

T. *Taxpayer* – Any individual on whom Tax is imposed.

U. *Workplace* – As defined in Section 201 of these Regulations.

ARTICLE II – IMPOSITION OF TAX

SECTION 201 – PERSONS SUBJECT TO TAX; TAX RATES

The persons subject to Tax and applicable Tax rates are as set forth in the applicable Enactment. Persons subject to Tax as set forth in the Enactment might include: (1) as to the Resident Tax, individuals who are Residents of a Pennsylvania municipality or school district; and (2), as to the Nonresident Tax, individuals who are not Residents of a Pennsylvania municipality with respect to any Occupation engaged in within the boundaries of the Pennsylvania municipality. The Nonresident Tax applies to all earned income or net profits derived by an individual who is not a Resident from any work, business, profession, or activity of any kind engaged in within the boundaries of the municipality.

For purposes of the Enabling Act and these Regulations, the "Workplace" generally determines the municipality in which an individual is considered to earn income for purposes of a Nonresident Tax. "Workplace" focuses on the place where work is performed or income is derived by an individual – in contrast to "Place of Business," which is defined in Section 301 and determines tax collection districts where an employer must register, file returns, and remit Tax. "Workplace" is defined as follows:

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1. If an individual generally works at the same fixed location within Pennsylvania during any calendar quarter, the Workplace is such fixed location for that calendar quarter.

2. If an individual generally works at more than one location during any calendar quarter, the Workplace for that calendar quarter is the location within Pennsylvania where the individual generally spends the most work time during that calendar quarter.

3. If there is no location within Pennsylvania that can be identified as the place where the individual generally spends the most work time during a calendar quarter as an employee of the same employer or as an individual subject to the Tax on Net Profits, the Workplace is the location within Pennsylvania where the individual regularly reports to work or from which the individual regularly receives work assignments from the employer during the calendar quarter, or if the individual is subject to the Tax on net profits the primary location from which the individual operates the business during the calendar quarter.

4. The main office to which a company officer reports or at which a company officer receives mail during a calendar quarter is the Workplace of such individual for that calendar quarter.

5. If neither 1, nor 2, nor 3, nor 4 above applies, the individual will be considered to have multiple Workplaces and the Nonresident Tax is owed to each Taxing Authority within which an Occupation is performed, with Tax owed to each Taxing Authority based on earned income or net profits derived from the Occupation engaged in within the boundaries of the Taxing Authority. Examples to which this category applies include: (a) An employee who works within different municipalities for different employers, whether during the same time period or different time periods. (b) An entertainer who earns income from a performance within a municipality. (c) A professional athlete who earns income from participating in an event within a municipality. (d) A speaker who earns income for speaking at an event within a municipality.

6. A Nonresident who performs substantially all of the duties of the Occupation outside of the municipality that imposes the Nonresident Tax will not be considered to have a Workplace within the municipality merely because the individual occasionally comes to a location within the municipality for short times and minimal duties incidental to the individual's primary duties, which are performed outside of the municipality. An example to which this category applies is a company officer whose main office is outside Pennsylvania, but who occasionally visits an office within the municipality for a meeting.

7. Whether or not an individual falls under 5 above, an individual may allocate income to multiple Workplaces based on a reasonable method of allocating income to the place from which derived. Such allocation shall be supported by a written statement explaining the basis for allocation. If the individual is required to file a tax return, the statement shall be filed with the individual's annual

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Nonresident tax return. If the individual is not required to file an annual Nonresident tax return because the individual is an Employee whose Employer withheld the full amount of Tax owed, the statement shall be filed with the Employer, and the Employer shall file the statement with the Employer's annual tax return.

8. All earned income or net profit derived from a source within Pennsylvania is Pennsylvania source income for purposes of the Pennsylvania personal income tax, and must be allocated to one or more Workplaces within Pennsylvania for purposes of the Tax.

Information concerning persons subject to Tax and applicable Tax rates in each municipality and school district can be obtained from the Collector internet website, DCED's internet website, or by contacting the Collector, DCED, or the municipality and school district where the person resides or works.

SECTION 202 – RULES GOVERNING TAX

Rules governing imposition, administration, and collection of the Tax are contained in multiple resources, including without limitation: (1) local Tax return forms and instructions; (2) the Enactments; (3) the Enabling Act; (4) these Regulations; (5) policies and procedures of the TCC and the Collector; (6) the Local Taxpayer Bill of Rights, 53 Pa.C.S.A. § 8421 *et seq.*; (7) DCED rules and regulations; and (8) the Pennsylvania personal income tax law as referenced in Section 204.

SECTION 203 – RESIDENCE DETERMINATION

A. Determination of whether a person is a Resident is based on the definition of "Domicile."

B. For purposes of the Enabling Act and these Regulations, "Domicile" means the place where a person lives and has a permanent home and to which the person has the intention of returning whenever absent. Actual residence is not necessarily Domicile, for Domicile is the fixed place of abode which, in the intention of the taxpayer, is permanent rather than transitory. Domicile is the voluntarily fixed place of habitation of a person, not for a mere special or limited purpose, but with the present intention of making a permanent home, until some event occurs to induce the person to adopt some other permanent home. In the case of a business, Domicile is that place considered as the center of business affairs and the place where its functions are discharged.

C. A person having a home within the TCD is presumed to have his or her Domicile at the place where the home is located. Any such person claiming Nonresident status has the burden of proving that his or her Domicile is elsewhere. Similarly, a person who is not a U.S. citizen but possesses a Green Card (evidence that a person who is not a U.S. citizen is authorized to live and work in the U.S. on a permanent basis) is presumed to have his or her Domicile in the U.S. Any such person claiming Domicile outside the U.S. has the burden of proving that his or her Domicile is outside the U.S.

D. The following questions are relevant to determining Domicile:

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1. What is the place to which the person has the intention of returning whenever absent?

2. What is the place the person intends as the person's permanent home?

3. How many days and nights has the person spent or does the person generally expect to spend at the home during a calendar year?

4. Does the person have another home? If yes, what is the address and purpose of the other home and number of days and nights the person has spent or generally expects to spend at the other home during a calendar year?

5. Does the person have a spouse or dependent children? If yes, where do they spend the largest number of days and nights during a calendar year?

6. Does the person own a home within the Taxing Authority? If yes, has the person claimed a homestead tax exemption for the home by filing with the County Tax Assessment Office? Has the person claimed a homestead tax exemption for a home in any other geographic area?

7. If the person changed the claimed Domicile from a home within the Taxing Authority to a home outside the Taxing Authority, did the person move furniture and other major items of personal property from the home within the Taxing Authority?

8. What address does the person use as residence for federal income tax returns?

9. Does the person file a Pennsylvania income tax return? If yes, what address is used as residence for this income tax return?

10. Does the person pay income or personal property tax to any government jurisdiction other than the IRS, PA, or the Taxing Authority?

11. What is the address shown on the person's bank account checks?

12. What is the address at which the person receives most personal mail?

13. What is the address stated on the person's passport? Driver license? Motor vehicle registration? Voter registration? Bank accounts? Brokerage accounts? Credit cards? Insurance policies – homeowner, liability, automobile, life, and other?

14. Does the person have a mortgage? If yes, what address is used by the bank for communications?

15. What is the nature of the person's work? Who is the Employer? Where is the Workplace? What address does the Employer record as the person's residence?

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16. Does the person belong to a church, club, or other organization? If yes, what are the names and addresses?

17. Where is the office of the person's primary doctor? Primary lawyer? Primary accountant?

18. Does the person have a telephone listing in a telephone directory for an address within the Taxing Authority?

E. Normally it is not difficult to determine the residence of a person because most of the determining factors usually point to only one conclusion. If a person has all of the foregoing factors point to one Taxing Authority as the Domicile, the person is a Resident of that Taxing Authority.

Of more difficulty is the situation of individuals to whom some of the factors point to one Taxing Authority and others point elsewhere. In these situations, each case must be determined based on its own facts. In order to make a residency determination, the Collector may require an individual to complete a sworn affidavit on a Collector provided form.

Residence is determined by all facts relevant to each case. Contrary to the law applicable to the Pennsylvania personal income tax, spending a specific number of days within the Taxing Authority does not alone make an individual a Resident of the Taxing Authority.

F. A person can have only one Domicile at any given time. Domicile does not change until an individual moves with the sincere intention of making a new permanent home and abandoning the previous permanent home.

If an individual moves, but intends to stay at the new location only for a fixed or limited time, Domicile does not change. If an individual leaves his or her Domicile to seek new employment intending to remain in the location only if he or she finds employment, there is no Domicile change. In order to establish a new Domicile, the following three conditions must be met:

1. There must be evidence of a firm and definite present intention of the individual to discontinue making the former Domicile as his or her primary home and base of operations.

2. There must be evidence of a firm and definite present intention of the individual to make the new Domicile his or her primary home and base of operations.

3. There must be evidence of actual physical presence and living in the new location.

SECTION 204 – WHAT IS TAXED

A. General Rule for All Income – Refer to Three Lines on Pennsylvania Personal Income Tax Return. Per the definition in Section 101, we refer to the local tax on earned income and net profits as "Tax," and the Enabling Act defines this term by reference to the

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Pennsylvania personal income tax. The Pennsylvania personal income tax applies to eight different categories of income. Although there are some exceptions, the general rule is that amounts are subject to the local Tax if reportable on a Pennsylvania personal income tax return of a Pennsylvania Resident or Nonresident under two of the eight categories: (1) Amounts reportable on the Pennsylvania return as **"gross compensation"** (currently PA-40 line 1a) are reportable on the local Tax return as **"earned income."** (2) Amounts reportable on the Pennsylvania return as **"net income from the operation of a business, profession, or farm"** (currently PA-40 line 4) are reportable on the local Tax return as **"net profits."**

In addition, amounts reportable on the Pennsylvania return as **"net income or loss from rents, royalties, patents, or copyrights"** (currently PA-40 line 6) are sometimes reportable on the local Tax return as **"net profits."**

The general rule is that amounts reportable on the Pennsylvania return under the other five categories are not subject to Tax. These items and some of the exceptions to the general rule are addressed below.

The general rule is that all payments received for or earnings generated from services or work by an individual within Pennsylvania are subject to Tax. Contrary to the Pennsylvania personal income tax, amounts considered investment income are not subject to Tax.

In order to determine what is subject to the local Tax, individuals and Employers should refer to the applicable 3 lines on their PA-40 Pennsylvania income tax return, namely the lines for **"gross compensation"** (currently PA-40 line 1a); **"net income from operation of a business, profession, or farm"** (currently PA-40 line 4); and **"net income or loss from rents, royalties, patents, or copyrights"** (currently PA-40 line 6). In addition, part of completing the Pennsylvania return and local earned income tax return, individuals and employers should refer to the Pennsylvania Personal Income Tax Law, 72 P.S. § 7301 *et seq.*, the Pennsylvania Department of Revenue Regulations, 61 Pa. Code § 101 *et seq.*, the Enabling Act, these Regulations, and the applicable Enactment. Guidance can also be obtained by reference to the Pennsylvania Personal Income Tax Guide, Pennsylvania income tax return instructions, and other information published by the Pennsylvania Department of Revenue. This information can be obtained from the Department of Revenue's internet website or by contacting the Department of Revenue. Some of this information might also be available on the Collector's internet website.

B. General Rule for Compensation. The general rule is that income reportable as "earned income" on the local Tax return is the same as "gross compensation" reportable on the Pennsylvania return. Generally, this will be the same as state W-2 compensation. However, the Enabling Act expressly states that the amount of any housing allowance provided to a member of the clergy does not constitute "earned income."

C. General Rule for Business Income. Although there are some exceptions, the general rule is that income reportable as "net profits" on the local Tax return is the same as "net income from operation of a business, profession, or farm" reportable on the Pennsylvania return. Generally, this includes income from a proprietorship, from a partnership, or

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from a limited liability company treated for tax purposes as a partnership, and also includes income characterized as "guaranteed payments." The exceptions generally relate to circumstances when amounts ***are not subject to Tax*** because they represent income from mere **"passive"** investments but might be reportable on the Pennsylvania return as "net income from the operation of a business, profession, or farm" (currently PA-40 line 4); or circumstances when amounts ***are subject to Tax*** because they represent income derived from personal services or work or **"active"** management of property or business and might be reportable on the Pennsylvania return as "net income from rents, royalties, patents, or copyrights" (currently PA-40 line 6). These exceptions are addressed in greater detail below.

The Enabling Act expressly states that "net profits" subject to Tax does not include: (1) income which is not paid for services provided, and is in the nature of earnings from an investment. (2) Income which represents gain on the sale of farm machinery; gain on the sale of livestock held 12 months or more for draft breeding or dairy purposes; or gain on the sale of other capital assets of a farm.

D. Subchapter S Corporations. Although reported on the Pennsylvania return as "net income from the operation of a business, profession, or farm," net income from a Subchapter S corporation is generally not subject to Tax, whether or not distributed as a dividend. However, W-2 compensation paid to an individual by a Subchapter S corporation is subject to Tax. In addition, if an individual providing services to or actively involved in management or conduct of the business of a Subchapter S corporation does not receive appropriate W-2 compensation for services rendered, Subchapter S income allocated to the individual is subject to Tax to the extent necessary to reflect appropriate compensation, whether or not distributed.

E. Limited Liability Companies. For purposes of Pennsylvania income tax law, a limited liability company (LLC) may elect treatment as a Subchapter C corporation, a Subchapter S corporation, or if there are multiple members as a general partnership. A single member LLC is a disregarded entity unless it elects treatment as a Subchapter C corporation or a Subchapter S corporation. Income from a single member LLC owned by an individual is reported on the Pennsylvania return as "net income from the operation of a business, profession, or farm," and is reported on the local Tax return as "net profits." If an LLC elects treatment as a Subchapter C or S corporation, income of the LCC members will be treated in the same manner as income from the type of corporation elected. If an LLC elects treatment as a general partnership, income from the LLC will be reported on the Pennsylvania return as "net income from the operation of a business, profession, or farm," and is reported on the local tax return as "net profits."

F. Limited Partnerships. Although reported on the Pennsylvania return as "net income from the operation of a business, profession, or farm," income from a limited partnership interest is generally not subject to Tax, whether or not distributed. However, if the individual is actively involved in management or conduct of the business of the company, the income is subject to Tax and reportable on the local Tax return as "net profits," whether or not distributed.

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G. Net Income from Rents, Royalties, Patents, and Copyrights. Amounts reported on the Pennsylvania return as "net income from rents, royalties, patents, or copyrights" (currently PA-40 line 6) might or might not be subject to Tax.

As to rents, the amount is subject to Tax if the individual is actively involved in management of the property, in which case the amount is generally reportable on the Pennsylvania return as "net income from the operation of a business, profession, or farm" and on the local Tax return as "net profits." However, the amount is not subject to Tax if the individual is a mere passive owner not actively involved in management of the property, in which case the amount is generally reportable on the Pennsylvania return as "net income from rents, royalties, patents, or copyrights." Generally, amounts will be considered rents not subject to Tax if derived from mere passive or investment ownership of property without the furnishing by the owner of significant services. Generally, paying for heat, lighting, electric service, elevators, cleaning of public access and exit areas, trash collection, and property maintenance are not significant services. The Pennsylvania personal income tax publications provide additional guidance on applying these rules.

Amounts reported on the Pennsylvania return as "net income from royalties, patents, or copyrights" are considered "net income from the operation of a business, profession, or farm" subject to Tax and reportable on the local Tax return as "net profits" if the income is derived from intellectual property developed by the individual Resident or Nonresident to whom the amounts are payable. For example, royalties and other fees received by authors, composers, and inventors are subject to Tax and reportable on the local Tax return as "net profits" even though reported on the Pennsylvania return as "net income from royalties, patents, or copyrights."

H. Income Not Taxed. The following five categories of income are subject to Pennsylvania personal income tax but generally not subject to Tax: interest income (currently PA-40 line 2); dividend and capital gain distribution income; net gain from sale, exchange, or disposition of property (currently PA-40 line 3); estate or trust income (currently PA-40 line 7); and gambling or lottery winnings (currently PA-40 line 8).

SECTION 205 – LOSSES AND DEDUCTIONS

A. Except as set forth below, for purposes of determining "net profits," a loss from the operation of one business may be used to offset net income from the operation of another business.

B. Losses resulting from activities the income from which is not subject to Tax may not be used to offset net income. This includes losses from a Subchapter S corporation, a limited liability company, a limited partnership, property rental, and other activities where the individual is a mere "passive" owner or investor and is not "actively" involved in the management or conduct of the business.

C. A loss from the operation of a business conducted by one spouse may not be used to offset net income from the operation of a business by another spouse.

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D. A loss may not be used to offset net income if the loss is incurred in connection with an activity that is a hobby or otherwise is not a true business conducted with the intent to generate a source of income.

E. A loss in one year may not be carried backward or forward to another year.

F. A loss from the operation of a business may not be used to offset "earned income."

G. Deductions are allowed only to the extent allowed as deductions against "compensation" or "net income from the operation of a business, profession, or farm" on the Pennsylvania personal income tax return.

SECTION 206 – RESIDENT AND NONRESIDENT TAX EXEMPTION OR CREDITS

A. Resident and Nonresident Tax. The Enactments impose Tax on "earned income" or "net profits." As to the Resident Tax, Tax applies without regard to the place where the income was earned. However, tax exemptions or credits might apply to potentially reduce or eliminate the amount of Tax owed. As to the Nonresident Tax, the Tax is based on the Workplace where income is earned. However, tax exemptions or credits might apply to potentially reduce or eliminate the amount of Tax owed.

B. Credit to Pennsylvania Residents Against Nonresident Tax for Tax Paid to Municipality or School District of Residence. Subject to the limits in Section 206F and in this Section 206B, Tax on income paid to a municipality or school district by a Resident thereof shall be credited to and allowed as a deduction from the Nonresident Tax owed by such person to a municipality that taxes Nonresidents. The credit is limited to the combined Resident Tax rate levied under the Enabling Act Chapter 3 by a municipality and school district that tax the Resident times the Taxpayer's income taxed by the municipality that taxes Nonresidents. The credit shall be applied only to the extent that the income taxed by the municipality or school district of the Taxpayer's residence represents earned income or net profits.

Example Municipality A imposes a 1.5% Nonresident Tax (1% under Enabling Act Chapter 3 + .5% under Act 47)
Municipality B + School District C impose a combined 1% Resident Tax (under Enabling Act Chapter 3)
Taxpayer X lives in B/C; works/earns $100,000 in B/C; and works/earns $100,000 in A
Taxpayer X owes B/C $2,000 Resident Tax
Taxpayer X owes A $1,500 Nonresident Tax - $1,000 credit = $500

Note: Based on the limits in Section 260F, the credit would remain at $1,000 even if B/C impose an additional .5% Resident Tax under Act 24.

C. Credit to Pennsylvania Residents Against Resident Tax for Philadelphia Tax. Subject to the limits in Section 206F and in this Section 206C, Tax on income paid by a Resident of a Taxing Authority to Philadelphia shall be credited to and allowed as a deduction from the Resident Tax owed by such person to the Taxing Authorities where the Resident is

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domiciled. The credit is limited to the combined Resident Tax rate levied under the Enabling Act Chapter 3 by the Taxing Authorities where the Resident is domiciled times the Taxpayer's income derived from Philadelphia or elsewhere.

Example #1 Philadelphia imposes a 3.94% nonresident tax
Municipality B + School District C impose a combined 1% Resident Tax (under Enabling Act Chapter 3)
Taxpayer X lives in B/C; works/earns $100,000 in B/C; and works/earns $100,000 in Philadelphia
Taxpayer X owes Philadelphia $3,940 nonresident tax
Taxpayer X owes B/C $2,000 Resident Tax - $2,000 credit = zero

Note: Based on the limits in Section 260F, the credit would remain at $2,000 even if B/C impose an additional .5% Resident Tax under Act 24.

Example #2 Philadelphia imposes a 3.94% nonresident tax
Municipality B + School District C impose a combined 1.5% Resident Tax (1% under Enabling Act Chapter 3 and .5% under Act 24)
Taxpayer X lives in B/C; works/earns $100,000 in B/C; and works/earns $100,000 in Philadelphia
Taxpayer X owes Philadelphia $3,940 nonresident tax
Taxpayer X owes B/C $3,000 Resident Tax - $2,000 credit = $1,000

Note: Based on the limits in Section 260F, the credit is limited to $2,000 because the Philadelphia tax credit applies only against tax levied under the Enabling Act Chapter 3, whereas the Act 24 tax is levied under the Enabling Act Chapter 4.

D. Credit to Pennsylvania Residents Against Resident Tax for Tax Paid to Political Subdivisions Located in Other States. Subject to the limits in Section 206F and in this Section 206D, Tax paid on income by a Resident of a Taxing Authority to any political subdivision located outside Pennsylvania shall be credited to and allowed as a deduction from the Tax owed by such person to the Taxing Authorities where the Resident is domiciled. The credit is limited to the combined Resident Tax rate levied under Enabling Act Chapter 3 by the Taxing Authorities where the Taxpayer is domiciled times the Taxpayer's income taxed in the out-of-state political subdivision. The credit shall be applied only to the extent that the income taxed by the out-of-state political subdivision represents income subject to Tax. This credit is available regardless of whether the state in which the out-of-state political subdivision is located is a reciprocal state.

Example Municipality D in another state imposes a 1.25% nonresident tax
Municipality B + School District C impose a combined 2% Resident Tax (1% under Enabling Act Chapter 3 + 1% under Act 24)
Taxpayer X lives in B/C; works/earns $100,000 in D
Taxpayer X owes D $1,250 nonresident tax
Taxpayer X owes B/C $2,000 Resident Tax - $1,000 credit = $1,000

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Note: Based on the limits in Section 260F, credit may be taken against the 1% Resident Tax imposed under Enabling Act Chapter 3 but not the 1% Resident Tax imposed under Act 24.

E. Credit to Pennsylvania Residents Against Resident Tax for Tax Paid to Other States. Subject to the limits in Section 206F and in this Section 206E, Tax on income paid by a Resident of a Taxing Authority to another state of the United States shall be credited to and allowed as a deduction from the Tax owed by such person to the Taxing Authorities where the Resident is domiciled. The credit is limited to the combined Resident Tax rate levied under Enabling Act Chapter 3 by the Taxing Authorities where the Resident is domiciled times the Taxpayer's income taxed in the other state. The credit shall be applied only to the extent it exceeds the amount of the credit that can be taken against the Resident's Pennsylvania income tax for tax on income paid to the other state, and only to the extent that the income taxed by the other state represents income subject to Tax.

Example
State E is a nonreciprocal state and imposes a 4% nonresident tax
Municipality B + School District C impose a combined 1% Resident Tax (under Enabling Act Chapter 3)
Taxpayer X lives in B/C; works/earns $100,000 in E
Taxpayer X owes E $4,000 nonresident tax
Taxpayer X receives credit of $3,070 against PA income tax
Taxpayer X owes B/C $1,000 – ($4,000 - $3,070) credit = $70

A state that has a reciprocal income tax agreement with Pennsylvania (a "reciprocal state") excuses a Pennsylvania resident from paying income tax to the reciprocal state on compensation subject to employer withholding and earned in the reciprocal state. Accordingly, this credit is not available for compensation subject to employer withholding earned by a Pennsylvania resident in a reciprocal state such as Maryland. Except for compensation subject to employer withholding earned by a Pennsylvania resident in a reciprocal state, this credit is available regardless of whether the other state is a reciprocal state.

F. Other Rules Relating to Credits.

1. A Taxpayer is not entitled to a payment if the Taxpayer has total available credits in an amount that exceeds the Taxpayer's Tax.

2. Evidence of payment is required in order to take any tax credit.

3. No credit is allowed for Tax paid by Residents of Taxing Authorities based on income earned in Pittsburgh. A Taxpayer who works in Pittsburgh but lives elsewhere will be subject to withholding under Section 303.

4. No credit is allowed for tax paid to other countries.

5. Based on 53 P.S. § 6926.323(b), the credits described in Sections 206 B and C apply, but the credits described in Sections 206 D and E do not apply against the amount of additional income tax levied after June 27, 2006 by school districts or

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Taxpayer liability incurred after June 27, 2006 pursuant to the Taxpayer Relief Act, Act 1 of 2006, 53 P.S. § 6926.101 *et seq.* Except as stated in the preceding sentence, based on 53 P.S. § 6924.317, the credits described in Sections 206 B, C, D, and E apply only against income tax amounts levied and otherwise payable under authority of Chapter 3 of the Enabling Act, and do not apply against additional income tax amounts levied pursuant to other authority such as Act 24 (occupation tax conversion), Act 442 (open space tax), Act 177 (home rule tax), and Act 47 (distressed municipality tax). Based on 53 P.S. § 6924.317, the credit described in Section 206B is available only for payment of a Resident Tax amount levied under authority of Chapter 3 of the Enabling Act and not for payment of a Resident Tax amount levied pursuant to other authority such as Act 24 (occupation tax conversion), Act 442 (open space tax), Act 177 (home rule tax), and Act 47 (distressed municipality tax).

6. Because the maximum tax rate permitted to be levied under the Enabling Act Chapter 3 is 1%, except in the case of credit against a tax levied by a school district under the Taxpayer Relief Act, the tax credit amount can never exceed 1% of income (or any lower combined rate imposed by the applicable school district and municipality under the Enabling Act Chapter 3). In the case of credit for Philadelphia tax, the income used to determine the tax credit amount is the income earned in Philadelphia or elsewhere. In the case of credit for out of state tax, the income used to determine the tax credit is the income earned out of state. The credit for out of state tax does not reduce Tax owed based on income not earned out of state.

G. Exemptions. Although credits and deductions against Tax are permitted under certain circumstances as provided in applicable law and regulations, individuals are generally not exempt from Tax based on age, income, or other factors. Any exemption from Tax provided for in a Taxing Authority's Enactment and known to the TCC is listed in **Exhibit A**.

ARTICLE III – EMPLOYER WITHHOLDING AND REMITTANCE

SECTION 301 – EMPLOYER REGISTRATION

Within 15 days after becoming subject to these Regulations, every Employer shall register with the Collector the name and address of the employer and such other information as the Collector may require.

An Employer is subject to these Regulations if the Employer: (1) has a Place of Business within the TCD; and (2) employs one or more persons, other than domestic servants, for compensation.

For purposes of the Enabling Act and these Regulations, "Place of Business" determines the tax collection districts where an Employer must register, file returns, and remit Tax. "Place of Business" focuses on the Employer – in contrast to "Workplace," which is defined in Section 201 and determines the municipality in which an individual is considered to earn income for purposes of Nonresident Tax. "Place of Business" is defined to include, without limitation:

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(1) any location at which any property of the Employer, including, without limitation, inventory, samples, computers, or other electronic devices, is regularly located, held, stored, or maintained; and (2) any location from which an Employee regularly conducts business for the Employer including without limitation, an Employee's home if the Employer regularly mails or emails directions to the Employee at the home, or the Employee regularly mails or emails business communications to the Employer, Employer customers, or Employer vendors from the home.

The Enabling Act defines "Employer" to include every person or entity employing one or more persons, other than domestic servants, for any type of compensation. For purposes of the Enabling Act and these Regulations, "Employer" includes certain persons or entities not considered common law employers. (1) "Employer" includes a person or entity who or which engages a person who does not have a regular fixed workplace within Pennsylvania, such as an entertainer, professional athlete, or speaker, to perform services at a location within Pennsylvania. The owner or operator of a club, theater, or other venue that provides entertainment or conducts events shall be deemed the Employer of the person performing the services if such person or entity engages the person performing the services. If the owner or operator has leased or otherwise made the venue available to another person or entity who or which engages the person performing the services, such other person or entity shall be deemed the Employer of the person performing the services. Such Employer must register and deduct the Tax from the compensation paid to the person performing the services. (2) "Employer" also includes a person or entity who or which engages the services of an individual considered a "statutory employee" under the Internal Revenue Code, 26 U.C.S. § 3121, such as certain corporate officers, commission vehicle drivers, full-time traveling salespersons, full-time life insurance sales agents, and home workers, even though such individuals might be considered common law independent contractors.

SECTION 302 – EMPLOYEE CERTIFICATE OF RESIDENCY

Every Employer subject to these Regulations shall require each Employee who is or becomes domiciled in Pennsylvania or has a Workplace within Pennsylvania to complete a certificate of residency on a Collector provided form, which shall be an addendum to the Federal Employee's Withholding Allowance Certificate (Form W-4). The Employer shall also require any such Employee who changes address or Domicile to complete a new certificate of residency. The certificate of residency form shall be as provided by the Collector. The Employer shall retain certificate or residency forms and provide a copy to the Collector upon request.

SECTION 303 – EMPLOYER REQUIRED WITHHOLDING

Every Employer subject to these Regulations, at the time of payment shall deduct from the compensation due each Employee who is domiciled within the TCD or has a Workplace within the TCD: the greater of the Employee's combined Resident Tax or the Employee's Nonresident Tax determined from the official register published by DCED on its Internet website. "Workplace" is defined in Section 201.

SECTION 304 – EMPLOYER VOLUNTARY WITHHOLDING

When not required to withhold under Section 303 and not required to withhold and remit to the Collector for another tax collection district, an Employer may voluntarily withhold and remit to

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Collector the Resident Tax or Nonresident Tax owed by an Employee. For example, this would apply to an Employer whose only places of business are outside Pennsylvania, within Philadelphia, or within a tax collection district that has not appointed a county-wide tax collector.

SECTION 305 – EMPLOYER QUARTERLY RETURNS

Except as set forth in Section 306, within 30 days following the end of each calendar quarter, every Employer subject to these Regulations shall file a quarterly return on a Collector provided form and pay to the Collector the amount of Tax deducted during the preceding calendar quarter to the Collector.

SECTION 306 – MULTI-SITE EMPLOYER OPTION; MONTHLY RETURNS

Notwithstanding Section 305, the provisions of this Section 306 shall apply if an Employer has more than one Place of Business in more than one tax collection district. Within 30 days following the last day of each month, the Employer may file the return otherwise required by Section 305 and pay the total amount of Tax deducted from Employees at all Workplaces within a tax collection district during the preceding month to the Collector for either the tax collection district in which the Employer's payroll operations are located or authorized by DCED regulation. The return and Tax deducted shall be filed and paid electronically. The Employer must file a notice of intention to file combined returns and make combined payments with the tax collector for each Workplace at least one month before filing its first combined return or making its first combined payment. The Employer must comply with additional requirements of DCED regulations. This Section shall not be construed to change the location of an Employee's Workplace for purposes of Nonresident Tax liability.

SECTION 307 – DELINQUENT EMPLOYERS; MONTHLY RETURNS

Any Employer who, for two of the preceding four quarterly periods, has failed to deduct the proper amount of Tax, or has failed to pay over the proper amount of Tax as required by Section 305, may be required by the Collector to file returns and remit Tax monthly. In such cases, payments of Tax shall be made to the Collector on or before the last day of the month succeeding the month for which Tax was required to be withheld.

SECTION 308 – EMPLOYER ANNUAL RETURNS AND WITHHOLDING STATEMENTS

On or before February 28 of the succeeding year, every Employer shall file with the Collector:

A. An annual return showing, for the period beginning January 1 of the current year and ending December 31 of the current year, the total amount of compensation paid, the total amount of Tax deducted, the total amount of Tax paid to the Collector and any other information required by the Collector.

B. An individual withholding statement, which may be integrated with the Federal Wage and Tax Statement (Form W-2), for each Employee employed during all or any part of the period beginning January 1 of the current year and ending December 31 of the current year, setting forth the Employee residence address and Social Security number, the amount of compensation paid to the Employee during the period, the amount of Tax

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deducted, the amount of Tax paid to the Collector, the numerical code prescribed by DCED for the TCD, and any other information required by the Collector. Every Employer shall furnish one copy of the individual withholding statement to the Employee for whom it is filed.

C. With respect to any Employee who has elected to allocate income to multiple Workplaces under Section 201 above, the Employee's written statement explaining the basis for allocation shall be filed with the Employer's annual tax return.

SECTION 309 – EMPLOYER DISCONTINUANCE OF BUSINESS

Any Employer who discontinued business prior to December 31 of the current year shall, within 30 days after the discontinuance of business, file returns and withholding statements required under this Section and pay all Tax due.

SECTION 310 – EMPLOYER AND OFFICER LIABILITY

An Employer who willfully or negligently fails or omits to make the deductions required by this Article shall be liable for payment of Tax which the Employer was required to withhold to the extent that Tax has not been recovered from the Employee. If the Employer is a partnership, the partners thereof, and if the Employer is a corporation, limited liability company, or other organization or entity, all officers thereof, and any other person responsible for tax matters, shall have the same liability as the Employer. The failure or omission of any Employer to make the required deductions shall not relieve any Employee from payment of Tax or from complying with the requirements for filing of returns.

SECTION 311 – PAYROLL SERVICE ELECTRONIC FILING REQUIREMENT

Firms engaged by Employers to process payroll and tax remittances for 10 or more Employer accounts shall submit tax information and payments on or before the required due date in an electronic format prescribed by the Collector.

ARTICLE IV – INDIVIDUAL RETURNS

SECTION 401 – ANNUAL RETURNS BY RESIDENT TAXPAYERS

A. On or before April 15 of each year every person domiciled within the TCD at any time during the previous calendar year and having earned income or net profits shall file with the Collector an annual return for the previous calendar year on a Collector provided form showing all earned income and net profits received or earned.

B. Every such person shall file a return even if the compensation was subject to tax withholding by an Employer and even if no additional tax remains due.

C. If a person resides in more than one Tax Collection District during the calendar year, the person must file an annual return with the tax collector for each Tax Collection District.

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D. The taxable income subject to Resident Tax of a Taxpayer who resides in a political subdivision for only a portion of the calendar year shall be an amount equal to the Taxpayer's taxable income multiplied by a fraction, the numerator of which is the number of calendar months during the year that the individual resides in the political subdivision, and the denominator of which is 12. A Taxpayer shall include in the numerator any calendar month during which the Taxpayer resides for more than half the calendar month. A day that a Taxpayer's Domicile changes shall be included as a day the individual is in the new Domicile and not the old Domicile. If the number of days in the calendar month in which the individual lived in the old and new Domicile are equal, the calendar month shall be included in calculating the number of months in the new Domicile.

E. The Taxpayer shall file with the annual return the information specified in Collector's tax return instructions or otherwise requested by Collector. Annual return information Collector may request includes, but is not limited to, verification documentation that is incidental to the processing or audit of the Taxpayer's tax return such as copies of the PA 20-S, supporting schedules, and declarations. In addition to filing with the annual return all information specified in Collector's return instructions or otherwise requested by Collector, any Taxpayer declaring on an annual return income that is not reported on a W-2 prepared by an Employer shall file with the annual return a copy of the first two pages of Taxpayer's Pennsylvania personal income tax return.

F. After filing with the Collector a copy of the federal or Pennsylvania approval for filing on a fiscal year basis, a Taxpayer may file returns and pay tax on the same fiscal year basis used for Pennsylvania income tax purposes. When a return is made for a fiscal year, the return shall be filed within 105 days from the end of the fiscal year.

SECTION 402 – ANNUAL RETURNS BY NONRESIDENT TAXPAYERS

A. Nonresident Tax is owed by a Nonresident on earned income or net profits derived by the individual from an Occupation engaged in within the boundaries of a Taxing Authority that imposes Nonresident Tax. Nonresident Tax is owed to the Taxing Authority where the Workplace is located.

B. A Nonresident subject to Nonresident Tax is required to file a tax return if, and only if, the Nonresident is not entitled to a tax credit for Resident Tax that negates the full amount of the Nonresident Tax that would be owed in the absence of the credit and: (1) the Nonresident is an Employee whose Employer has not withheld the full amount of Nonresident Tax owed based on earned income; or (2) the Nonresident owes Nonresident Tax based on net profits. Examples of individuals required to file a Nonresident Tax return include: (a) An Employee who is a Nonresident and whose Employer's only places of business are outside Pennsylvania, within Philadelphia, or within a tax collection district that has not appointed a county-wide tax collector, and whose Employer has declined to voluntarily withhold and remit Nonresident Tax. (b) An Employee who is a Nonresident and whose Employer has for some other reason failed to withhold Nonresident Tax or the proper amount of Nonresident Tax. (c) A self-employed individual who is a Nonresident and who has a Workplace within a Taxing Authority that imposes Nonresident Tax but whose residence is within an area where a Resident Tax on

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earned income and net profits is not imposed. (d) A self-employed individual who is a Nonresident and who has a Workplace within a Taxing Authority that imposes Nonresident Tax at a rate higher than the Resident Tax rate applicable where the individual resides.

C. Nonresidents who owe Nonresident Tax are required to file with the Collector annual and quarterly returns on a Collector provided form at the same times as applicable to Resident Taxpayers.

SECTION 403 – REQUIREMENT TO AMEND RETURNS

If the amount of "net compensation," "net income from the operation of a business, profession or farm," or "net income from rents, royalties, patents, or copyrights" is changed (whether as a result of an amended return, assessment, audit, or otherwise) in a manner resulting in an increase in income for purposes of Pennsylvania income tax for any period, the Resident or Nonresident shall, within 30 days after such change, file an amended annual return with the Collector reflecting additional Tax owed for the corresponding period.

SECTION 404 – INDIVIDUAL QUARTERLY RETURNS

Every Taxpayer with earned income or net profits not subject to Employer withholding shall file by April 15 a declaration of estimated income not subject to withholding during the year. The Taxpayer shall file quarterly returns on April 15, June 15, and September 15 of the current year, and January 15 of the succeeding year, and pay to the Collector in four equal quarterly installments the Tax due on the estimated income. A Taxpayer who first anticipates any such income after April 15 shall file the declaration on or before the first quarterly return due date that follows the date on which the Taxpayer first anticipates such income. Quarterly returns are not required if the individual's total income subject to Tax for a year is less than $12,000 or, if DCED promulgates a regulation under Enabling Act, 53 P.S. § 6924.502(c)(3) specifying a quarterly return exemption threshold amount that is different than $12,000, then quarterly returns shall not be required if the individual's total income subject to Tax for a year is less than the threshold amount specified in such DCED regulation.

As provided in Section 503, a Taxpayer who fails to file quarterly returns and make required quarterly payments is subject to interest, penalties, and fines as set forth in the Enabling Act, 53 P.S. § 6924.509(i). The interest and penalty amount shall be applied based on the requirement to pay in four equal quarterly installments Tax owed for the year. However, an individual shall not be subject to interest, penalties, or fines if: (1) the individual has paid in each quarterly installment an amount equal to 90% of the Tax owed for the year, divided by 4, minus any Tax payments for the year made by Employer withholding; (2) the individual has paid in each quarterly installment an amount equal to 100% of the Tax owed for the prior year, divided by 4, minus any Tax payments for the year made by Employer withholding; or (3) quarterly installments represent Tax owed on the actual amount of income earned during each calendar quarter.

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SECTION 405 – MULTIPLE TAX RATES

Multiple tax rates might apply to a Taxpayer during a calendar year due to a tax rate change by a Taxing Authority, or a Taxpayer moving between areas with different rates or working in different municipalities with different rates.

ARTICLE V – ADMINISTRATION

SECTION 501 – TAXPAYER AND EMPLOYER RECORDS

Taxpayers and Employers are required to keep records sufficient to allow filing accurate returns and to justify all information reported on returns in the event of a request for information or audit by the Collector. Such records shall be preserved for at least 6 years after the end of the calendar year to which the records apply.

SECTION 502 – FAILURE TO RECEIVE FORMS

Failure of a Taxpayer or Employer to receive returns or other forms shall not excuse failure to file any required returns or information or to pay Tax owed.

SECTION 503 – INTEREST, PENALTIES, AND FINES

Taxpayers and Employers are subject to interest, penalties, and fines as set forth in the Enabling Tax, 53 P.S. § 6924.509(i).

SECTION 504 – DELINQUENT TAX COLLECTION COSTS

Taxpayers and Employers are required to pay delinquent tax collection costs according to a schedule of delinquent tax collection costs that has been approved by the TCC and as otherwise authorized by applicable law. The schedule of delinquent tax collection costs that has been approved by the TCC is attached at **Exhibit B**.

SECTION 505 – REFUNDS

A Taxpayer who has made an overpayment may request a refund on the annual tax return that shows the overpayment. In addition, a Taxpayer may request a refund by written request explaining the facts relating to the overpayment. A refund request must be made within the later of: (1) Three (3) years after the due date for filing the return for the Tax for which the refund is requested. (2) One (1) year after actual payment of the Eligible Tax for which the refund is requested. Taxpayers are encouraged, but are not required, to file a simple written request for a refund prior to filing a formal tax refund petition with the Tax Appeal Board. Refunds will only be made in the amount of $1.00 or more.

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SECTION 506 – TAXPAYER AND EMPLOYER RIGHTS AND OBLIGATIONS

Additional rights and obligations of Taxpayers and Employers are explained in a Taxpayer Bill of Rights Disclosure Statement available on the Collector internet website or by written request to the Collector.

SECTION 507 – RULINGS AND APPEALS

A Taxpayer or Employer may submit to the Collector a written request for interpretation of the applicable Enactment or these Regulations, or a determination with respect to an obligation of or amount owed by the Taxpayer or Employer. If a Taxpayer or Employer is dissatisfied with a decision of the Collector relating to the assessment, collection, refund, or withholding of Tax, the Taxpayer or Employer may file an appeal to the TCC Tax Appeal Board. Any such appeal must be filed in accordance with the rules set forth in the TCC Tax Appeal Board Regulations (including use of the form of Tax Appeal Petition attached to the Tax Appeal Board Regulations). The Tax Appeal Board Regulations are available on the Collector internet website and will also be mailed or emailed to any person on written request.

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Exhibit A: Exemptions from Tax

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Exhibit B: Delinquent Tax Collection Costs

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CHESTER COUNTY TAX COLLECTION COMMITTEE

Taxpayer Penalty and Interest Abatement Policy

1. **Policy Scope and Legal Authority.** The Local Tax Enabling Act (LTEA), 53 P.S. § 6924.509(i)(2), authorizes the Chester County Tax Collection Committee (TCC) to adopt a policy under which a TCC-appointed Tax Collector may abate interest or penalties owed by a taxpayer. The purpose of this policy is to establish rules for abatement of penalty and interest.

   For purposes of this policy, "Taxpayers" include individuals, entities, and employers required to pay or withhold tax owed to any of the school districts and municipalities within the Chester Tax Collection District (TCD).

   LTEA provides in various sections for interest and penalties owed by Taxpayers.

   As to income tax, 53 P.S. § 6924.509(i)(1) provides that if income tax is not paid when due, the Taxpayer is required to pay interest plus a penalty on the unpaid amount. Concerning interest, interest is owed at the rate established under the Pennsylvania Fiscal Code, 53 P.S. § 806. Under this section, the Pennsylvania Secretary of Revenue in January of each year announces an interest rate applicable for that calendar year. For example, the interest rate applicable for calendar year 2011 is 3% per annum. Concerning penalty, the Taxpayer owes an additional civil penalty of 1% of the unpaid amount for each month or fraction of a month during which the tax remains unpaid, subject to a maximum additional penalty of 15% of the unpaid tax amount.

   As to taxes other than income tax, 53 P.S. § 6924.706 authorizes establishment of any reasonable penalties for failure to pay tax when due.

   In addition, 53 P.S. § 6924.509(j)(1) provides potential criminal penalties for all taxpayers of up to $2,500 for each offense and imprisonment for failure to pay fines and costs, and 53 P.S. § 6924.509(j)(2) provides potential criminal penalties for employers who willfully fail to collect or account for and distribute income taxes up to $25,000 or imprisonment up to 2 years, or both.

2. **Penalty Waiver for Individual Taxpayer.** The Tax Collector shall waive civil penalty amounts owed by an individual Taxpayer if the Taxpayer establishes to the satisfaction of the Tax Collector that: (a) the earliest date on which a delinquent tax amount was owed is no more than 3 years prior to the date when the Taxpayer pays the tax in full; (b) the Taxpayer moved into, or began work in, the school district or municipality to which the tax is owed within the foregoing time period; and (c) at the time when the tax was due, the Taxpayer was unaware of the tax. The Tax Collector shall waive the penalty amount but not interest owed by such Taxpayer.

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3. **Penalty Waiver for Employer.** The Tax Collector shall waive civil penalty amounts owed by an employer for failure to withhold and remit employee tax if the employer establishes to the satisfaction of the Tax Collector that: (a) the employer employs less than 20 employees within the school district or municipality that imposes the tax; (b) the employer did not use a payroll service in connection with payments to employees at the time when the tax was required to be withheld; (c) the earliest date on which a delinquent tax amount was owed is no more than 1 year prior to the date when the employer remits the tax in full to the Tax Collector; (d) the employer first established a work site within the school district or municipality to which the tax is owed within the foregoing time period; and (e) at the time when the employer was obligated to withhold and remit, the employer was unaware of the tax. The Tax Collector shall waive the penalty amount but not interest owed by such employer.

4. **Penalty, Interest, or Collection Cost Waiver.** The Tax Collector shall waive civil penalty, interest, or delinquent collection cost if: (a) the Tax Collector concludes that such waiver is necessary in order to obtain settlement and payment from a Taxpayer concerning a disputed tax amount, or that such waiver is appropriate as a result of Taxpayer hardship in connection with an installment payment plan agreed between the Taxpayer and the Tax Collector; or (b) the waiver is pursuant to a TCC-approved amnesty program.

   In accordance with 53 Pa.C.S.A. § 8428(b)(1), the Tax Collector shall waive the portion of any civil penalty, interest, or delinquent collection cost attributable to erroneous advice furnished to an individual taxpayer or employer in writing by the Tax Collector or the school district or municipality that imposes the tax if: (a) the written advice was reasonably relied upon by the individual taxpayer or employer and was in response to a specific written request of the individual taxpayer or employer, and (b) the portion of the civil penalty, interest, or delinquent collection cost did not result from a failure of the individual taxpayer or employer to provide adequate or accurate information.

5. **Amnesty Program.** The Tax Collector shall from time to time provide recommendations to the TCC on implementation for limited periods of time of an amnesty program that may involve penalty, interest, or collection cost waiver for qualifying individual Taxpayers or employers.

6. **Delinquent Tax Collection Costs.** Waiver of civil penalty does not release an individual Taxpayer or employer from obligation to pay delinquent tax collection costs assessed by a tax collector under 53 P.S. § 6924.707 or 53 P.S. § 7106 (sometimes referred to as "Act 192 fees" or "Act 20 fees").

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CHESTER COUNTY TAX COLLECTION COMMITTEE

Tax Collector Interest Payment/Claim Policy

1. **Policy Scope and Legal Authority.** Under the Local Tax Enabling Act ("LTEA"), 53 P.S. § 6924.501 *et seq.*, the general rule is that every Pennsylvania employer must withhold local income tax from every employee subject to tax, and pay the tax to the tax collector for the place of employment, even if the tax is owed elsewhere. Per 53 P.S. § 6924.513, collectors for each tax collection district must distribute tax to collectors for other tax collection districts within specified time periods. If a collector finds that tax owed to taxing authorities represented by the collector has been paid to another collector and not distributed as required, the collector may make a claim against the other collector. The other collector is required within 30 days to either pay the claim or respond in writing as to reasons why the claim cannot be paid. Per 53 P.S. § 6924.513(b)(2), if a collector does not distribute tax owed to another collector, the collector to whom the tax is owed may file suit and claim the amount of tax owed plus interest from the date on which the tax was received by the other collector.

   In addition, 53 P.S. § 6924.510(a) authorizes suit to be filed for the amount of tax owed plus interest from the date the tax should have been distributed, a civil penalty, and attorney fees.

   Concerning interest, 53 P.S. § 6924.513(b)(2) states that interest is owed at the rate established under the Pennsylvania Fiscal Code, 72 P.S. § 806.1 ("statutory interest"). Under this section, the Pennsylvania Secretary of Revenue in January of each year announces an interest rate applicable for that calendar year. For example, the interest rate applicable for calendar year 2011 is 3% per annum.

   The purpose of this policy is to specify circumstances under which the TCC appointed tax collector will pay interest to other collectors and make claims for interest against other collectors.

2. **TCC Appointed Tax Collector Claims Against Other Collectors.** If the TCC appointed tax collector becomes aware that a tax amount was collected by another collector and is owed to the TCC appointed tax collector, the TCC appointed tax collector shall promptly make a written claim against the other collector requesting payment of the tax amount owed plus statutory interest from the date the other collector received the tax amount. The TCC appointed tax collector shall take all steps necessary or appropriate, including legal proceedings, to collect the tax amount owed and the interest. However, the TCC appointed tax collector shall waive the requirement for payment of interest if: (a) the other collector pays to the TCC appointed tax collector the full amount of tax owed within 90 days after receiving the claim from the TCC appointed tax collector providing sufficient information to demonstrate the tax amount is owed to the TCC appointed tax collector; and (b) the other collector establishes to the satisfaction of the TCC appointed

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tax collector that prior to receipt of the claim from the TCC appointed tax collector, the other collector had insufficient information to determine that the tax amount was owed to the TCC appointed tax collector. When the TCC appointed tax collector collects interest or a civil penalty from another collector, the TCC appointed tax collector will credit and distribute this interest to the school district or municipality to which the tax is owed.

3. **Other Collector Claims Against TCC Appointed Tax Collector.** If the TCC appointed tax collector receives a written claim from another collector requesting payment of a tax amount owed to the other collector plus interest, the TCC appointed tax collector shall promptly review the claim and make payment of the amount of tax owed. The TCC appointed tax collector shall process claims for payment of interest in accordance with 53 P.S. §§ 6924.510(a) and 6924.513(b)(2). Interest or a civil penalty paid to another collector will not be charged by the TCC appointed tax collector to the TCC or any school district or municipality within the tax collection district.

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CHESTER COUNTY TAX COLLECTION COMMITTEE

TCC General Records Policy

1. **Policy Scope, Policy Application, and Legal Authority.** The Chester County Tax Collection Committee (TCC) is a government entity created and organized under Act 32 of 2008, 53 P.S. § 6924.501 *et seq.*, for the purpose of appointing and supervising a tax collector that will collect income and possibly other taxes throughout the Chester Tax Collection District. In carrying out this purpose, the TCC will need to retain various records. The purpose of this policy is to provide rules for the retention of TCC records other than tax collector Tax Records. This policy applies to records stored in every format, including electronic records. Legal authority and rules pertaining to this policy include: LTEA, 53 P.S. §§ 6924.501 and 6924.509(e); the Municipal Records Act, 53 Pa.C.S.A. § 1381 *et seq.*; and the Pennsylvania Local Government Records Committee Statements of Policy – Local Government Records, 46 Pa. Code § 15.1 *et seq*. Tax collector Tax Records are governed by the TCC Tax Records Policy for Tax Collector.

2. **Annual Review.** The TCC shall review this Policy annually to determine whether the retention schedule provided herein continues to be lawful and practical.

3. **Retention Schedule.** TCC records will be retained according to the following schedule –

Administrative Records	**Retention Schedule**
TCC Bylaws and TCC Rules and Regulations (including Tax Appeal Board Rules and Regulations)	Permanently or, if revoked, 6 years after revocation
TCC Board or Board Committee meeting agendas and minutes	Permanently
Public meeting notices and proofs of publication	10 years after meeting
Contracts and related documents (including advertisements, bids and proposals, bid summaries, tabulation sheets, bidder instructions, specifications, and supporting work papers)	6 years after contract expiration
Insurance policies, claims, and related documentation	Retain policies for 6 years after expiration provided any claims under policy are settled. Retain all claim information for 6 years after final settlement.
Ethics Commission Statements of Financial Interest	6 years after filing
Legal Issue Files	Retain closed files as long as of administrative or legal value. Retain closed files of precedential value and legal opinions permanently.
Property and equipment inventories	6 years after property or equipment is disposed

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General Financial Records	Retention Schedule
Annual budgets and related records	6 years after applicable year
Financial statements and audits	Retain TCC financial statements permanently. Retain tax collector financial statements for 6 years after cessation of the tax collector's service to the TCC.
Bonds, letters of credit, and insurance information from tax collector	10 years after expiration
Investment records	3 years after end of investment
Accounts payable files and ledgers; balance sheets; bills; cancelled checks; check registers; personnel expense reports; invoices; purchase order files	6 years after year to which related
Bank statements and reconciliations; cash records; deposit slips	3 years after year to which related

Records Received from Tax Collector	Retention Schedule
Records the tax collector is required to give the TCC under the tax collection agreement, Act 32, or the LTEA such as monthly reports, annual reports, data breach reports, and other records. Does not include records subject to another retention schedule in this Policy.	10 years after year to which related

Miscellaneous Records	Retention Schedule
Any record in possession of the TCC which is not otherwise subject to a retention schedule in this Policy.	As long as the record has administrative or legal value

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Department of the Treasury
Internal Revenue Service
Ogden, UT 84201

In reply refer to: 0442780586
Dec 08, 2009 LTR 147C
27-1441559

CHESTER COUNTY TAX COLLECTION COMMITTEE
% DAVID KIRKNER
1214 HORSESHOE PIKE
DOWNINGTOWN PA 19335

Taxpayer Identification Number: 27-1441559

Form(s):

Dear Taxpayer:

This letter is in response to your telephone inquiry of December 8th, 2009.

Your Employer Identification Number (EIN) is 27-1441559. Please keep this number in your permanent records. You should enter your name and your EIN, exactly as shown above, on all business federal tax forms that require its use, and on any related correspondence documents.

If you have any questions regarding this letter, please call our Customer Service Department at 1-800-829-0115 between the hours of 7:00 AM and 10:00 PM. If you prefer, you may write to us at the address shown at the top of the first page of this letter. When you write, please include a telephone number where you may be reached and the best time to call.

Sincerely,

Mr. Egan

Mr. Egan
29-86179
Customer Service Representative

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CHESTER TAX
COLLECTION
COMMITTEE

TCC Notice to DCED Concerning Tax Collector Appointment

July 29, 2010

Center for Local Government Services
Community Affairs and Development
Pennsylvania Department of Community and Economic Development
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225

Re: 2011 Earned Income Tax Collector Appointment

Dear Ladies and Gentlemen:

Act 32 § 507(a) requires each County Tax Collection Committee (TCC) by September 15, 2010 to appoint a tax collector to collect earned income tax and possibly other taxes throughout the Tax Collection District (TCD). Under § 507(a), the TCC must notify DCED of the name, address, and telephone number of the appointed tax collector within 10 days of the appointment. Our appointed tax collector's name and contact information is as follows:

Name:	Keystone Collections Group
Address:	546 Wendel Road
City & State:	Irwin, PA 15642
Phone:	(724) 978-0300

Keystone Collections Group will collect earned income and local service tax for all members within the Chester Tax Collection District effective January 1, 2011 (early implementation).

Sincerely,

Joseph Lubitsky
TCC Administrator

cc: Jason Confair, Esquire
Joseph Lazzaro, Keystone Collections Group

455 Boot Road, Downingtown, PA 19335 (484) 237-5043 (484) 237-5081 fax

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CHESTER TAX COLLECTION COMMITTEE

Tax Collection Agreement

with

Kratzenberg & Associates, Inc. d/b/a Keystone Collections Group

Effective September 17, 2010

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CHESTER TAX COLLECTION COMMITTEE

Tax Collection Agreement

Effective September 17, 2010

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CHESTER TAX COLLECTION COMMITTEE

Tax Collection Agreement

Effective September 17, 2010

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CHESTER TAX COLLECTION COMMITTEE

Tax Collection Agreement

This Agreement is made September 17, 2010 (**"Effective Date"**) between the **Chester Tax Collection Committee (**"**TCC**"), and **Kratzenberg & Associates, Inc.**, a business corporation organized under the Pennsylvania Business Corporation Law of 1988 and doing business as **Keystone Collections Group** (**"Collector"**).

Background. The Local Tax Enabling Act (**"LTEA"**), 53 P.S. § 6924.101 *et seq.*, authorizes school districts and municipalities to levy income tax and other taxes on individuals and entities. The TCC is a government entity created and organized under Act 32 of 2008, which amended and restated the LTEA. Under Act 32, the TCC is required to appoint a tax collector to collect income tax and possibly other taxes throughout the Chester Tax Collection District (**"TCD"**), and to oversee the appointed tax collector's collection within the TCD.

The school districts and municipalities included in the TCD are listed in **Exhibit A.** These school districts and municipalities are referred to in this Agreement as **"Taxing Authorities."** The Taxing Authorities that levy taxes as of the Effective Date that will be collected by Collector and the specific taxes Collector will collect for each Taxing Authority are noted in **Exhibit A.** The ordinances or resolutions of the Taxing Authorities that levy or otherwise relate to the taxes to be collected by Collector are referred to in this Agreement as the **"Enactments."**

Intending to be legally bound, and in consideration of the mutual covenants contained in this Agreement and other valuable consideration, the parties agree as follows:

1. **Designation as Tax Collector.**

a. ***Exclusive Tax Collector.*** Except as otherwise expressly stated in this Agreement, the TCC designates Collector as the exclusive collector of tax throughout the TCD from individuals, entities, and employers required to pay or withhold tax (**"Taxpayers"**).

b. ***Commencement Date.*** Collector will commence tax collection under this Agreement on January 1, 2011 for certain Taxing Authorities as noted in Exhibit A, and will commence tax collection throughout the entire TCD on January 1, 2012.

2. **Tax.** The tax for which Collector is appointed as the exclusive collector is:

a. ***Tax.***

(1) ***Income Tax.*** All income tax imposed by Taxing Authorities or other political subdivisions on TCD residents or on nonresidents working within the TCD.

(2) ***Local Services Tax.*** All local services tax imposed on individuals working within those Taxing Authorities that have elected to have Collector collect local services tax under this Agreement.

b. ***Fines, Penalties, and Interest.*** Collector will also collect all fines, penalties, and interest paid by a Taxpayer related to any of the taxes specified in this Section 2.

c. ***Tax Definition.*** The taxes, fines, penalties, and interest specified in this Section 2 are collectively referred to in this Agreement as the **"Tax."**

d. ***Delinquent Tax.*** The tax for which Collector is appointed collector includes tax currently owed and Delinquent Tax, except as otherwise expressly stated in this Agreement. **"Delinquent Tax"** is Tax that is not paid by a Taxpayer within 60 days after the applicable payment deadline.

e. ***Related Amounts.*** Collection costs and other miscellaneous amounts related to or derived from the Tax are referred to in this Agreement as **"Related Amounts."**

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f. ***Updated Tax List.*** The TCC will endeavor to complete **Exhibit A** as soon as is practical after the Effective date. The TCC will update Exhibit A to reflect any changes in the earned income tax or local services tax Collector will collect for each Taxing Authority under this Agreement. Collector will throughout the term of this Agreement collect the tax as reflected in the tax list in the latest version of Exhibit A of which the TCC has notified Collector.

3. **Term of Agreement.**

a. ***Term.*** The term of this Agreement will begin on the Effective Date. Unless earlier terminated under Section 9 (Termination) below, the term will end at midnight on December 31, 2014.

b. ***Extension of Term.*** If the term of this Agreement is extended, the provisions of this Agreement will govern the extended term, except for any written modification executed by the TCC and Collector (whether in the document memorializing the extension or otherwise).

c. ***Automatic Extension.*** Unless earlier terminated under Section 9 (Early Termination) below, the term of this Agreement will automatically be extended for successive one (1) year terms beginning on January 1 and ending on December 31 of each year. The term of this Agreement will not be extended if either the TCC or Collector notifies the other in writing of the intent not to extend the term at least six (6) months prior to the end of the then-current term. Such notice will be effective to terminate this Agreement as of midnight on December 31 of the last year of the then-current term.

4. **Ongoing Duties and Covenants of Collector.** Collector agrees to the following:

a. ***General Duties.*** Collector will collect, reconcile, administer, enforce, and receive the Tax and Related Amounts, including performance of all tax officer duties specified in LTEA, 53 P.S. § 6924.509. Collector will perform all duties and have all powers granted for this purpose by the LTEA, regulations promulgated by the Pennsylvania Department of Community and Economic Development (**"DCED"**), other applicable law, the Enactments, TCC policies, and this Agreement.

b. ***Best Interests/Legal Compliance.*** Collector will at all times act in the best interests of the TCC and the Taxing Authorities. Collector will 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, other applicable law, and TCC policies.

c. ***Tax Collector Financial Statements.***

(1) ***Required Annual Financial Statements and Reports.*** As soon as available, but in any event by April 30 of each year, Collector will deliver to the TCC and each Taxing Authority that levies Tax: (i) Collector's annual certified public accountant audit report with financial statements, including consolidated balance sheet reflecting Collector assets, liabilities, and equity as of the end of the prior calendar year, related consolidated statements of income, and cash flows for such calendar year. In each case, the financial statements will set forth in comparative form the corresponding figures for the prior calendar year, and will be in reasonable detail, including footnotes, prepared in accordance with generally accepted accounting principles applied on a consistent basis and certified without exception or qualification by the independent certified public accounting firm selected by Collector and approved by the TCC (the **"CPA"**). (ii) The CPA letter to management with respect to the audit.

(2) ***Separate Information Related to Collector Business, Aggregate Trust Funds, and TCC Trust Funds.*** The annual financial statements will separately state: (i) Collector business assets, liabilities, equity, income, and cash flows. (ii) Aggregate trust fund assets, liabilities, and cash flows relating to all customers for which Collector collects funds. (iii) Aggregate trust fund assets, liabilities, and cash flows relating to funds collected or held by Collector under this Agreement. In addition, Collector will provide a supplemental schedule showing trust fund assets, liabilities, and cash flows separately stated for each Taxing Authority for which Tax is collected.

If Collector wishes, Collector may provide the financial statements relating to Collector business assets and revenues ("Collector Business Financial Statements") in a separate packet. Collector Business Financial Statements are required for various reasons, including TCC assessment of Collector financial strength. However, TCC

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understands that Collector prefers to avoid public dissemination of Collector Business Financial Statements and believes Collector Business Financial Statements constitute "confidential proprietary information" under the Pennsylvania Right-to-Know Law, 65 P.S. § 67.102 and § 708(11). In response to Collector concerns, the parties agree that if Collector provides Collector Business Financial Statements in a separate packet and labels them "Confidential Proprietary Information": (i) With respect to the Right-to-Know Law, unless ordered to do otherwise by an administrative agency or court, TCC will not release Collector Business Financial Statements in response to a Right-to-Know request, and will base the denial on the exception for "confidential proprietary information." (ii) TCC will share and disclose the Collector Business Financial Statements on a need to know basis as determined by TCC, which may include disclosure to TCC delegates and representatives. (iii) When TCC shares a copy of the Collector Business Financial Statements with any individual, TCC will advise the recipient of Collector's position that the contents represent "confidential proprietary information," and will request care in protecting the confidentiality of the information. (iv) TCC will request that Taxing Authorities and TCC and Taxing Authority delegates and representatives act in a manner similar to the TCC commitments in this paragraph. Notwithstanding the foregoing, the provisions of this paragraph shall not be construed to prevent any TCC or Taxing Authority delegate or representative from making a statement at a public meeting or otherwise concerning Collector qualifications to serve as tax collector as determined with reference to Collector Business Financial Statements.

(3) ***Additional Annual Audit and Financial Statement Content Requirements.*** In addition to the items set forth above, the annual audit and financial statements will comply with all requirements of LTEA, 53 P.S. § 6924.505(h), the American Institute of Certified Public Accountants, and DCED, and the annual audit and audit report will include and address: (i) Examination of Collector records relating to receipt, deposit, investment, and disbursement of funds received or held under this Agreement and funds received or held on behalf of or under an agreement with any customer for which collector collects funds. (ii) Reconciliation of Collector monthly and annual reports to the TCC with funds received and payable to the Taxing Authorities or Taxpayers within the TCD; and also with funds received and payable to others. (iii) Collector compliance with the provisions of this Agreement relating to bonding, deposits, investments, collateral for investments, monthly and annual reports, distributions, tax records, unidentified funds, and calculation and deduction of Collector's compensation. (iv) Collector compliance with all LTEA requirements, and any CPA findings of noncompliance with the LTEA.

(4) ***Annual Filing with DCED.*** Collector will file with DCED by September 1 of each year a copy of Collector's annual audit report and letter to management.

(5) ***Selection and Approval of Collector CPA.*** LTEA, 53 P.S. § 6924.505(h)(1), requires that the TCC approve the CPA.

(i) ***Initial Year CPA.*** The CPA auditing Collector's financial statements for the 2011 calendar year will be Boyer & Ritter, 211 House Avenue, Camp Hill, PA 17011.

(ii) ***Future Year CPA Approval.*** On or before May 1 of each year, Collector will notify the TCC in writing of any intended change in the CPA for the following calendar year, including background information on the proposed new CPA satisfactory to the TCC. On or before September 1 of each year, the TCC will notify Collector in writing if the TCC disapproves of Collector's use of the prior calendar year CPA or any proposed new CPA. Any disapproval notice must be signed by the TCC and include a statement that sets forth facts, occurrences, deficiencies, or unanswered questions supporting the disapproval, and a statement signed by the TCC auditor that in the auditor's opinion the TCC decision is a reasonable decision based on the TCC reported facts, occurrences, deficiencies, or unanswered questions. If the TCC gives Collector a disapproval notice that complies with this Agreement and sets forth a reasonable basis for its disapproval of the Collector's CPA or proposed CPA, Collector will propose a new CPA and provide background information on the new CPA satisfactory to the TCC, and the TCC and Collector will endeavor to reach agreement on TCC approval of a new CPA by September 30. If agreement is not reached on or before September 30, the TCC may terminate this Agreement by written notice given to Collector on or before October 31. If the TCC does not give such termination notice, the Collector-proposed new CPA will be used as the CPA for the next calendar year.

(iii) ***CPA Background Information.*** Collector and any current or proposed CPA will promptly provide any information concerning the CPA at any time reasonably requested by the TCC. In any event, the CPA background information provided by Collector to the TCC will include: (a) General information concerning the CPA firm, including office locations, number of employees in various described positions, number of years in business, geographic area served, and other clients that are tax collectors or that demonstrate experience

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relevant to tax collector audits. (b) Information on all professional licenses, certifications, or peer review reports received by the CPA firm or its accounting staff. (c) Information concerning professional liability insurance carried by the CPA, including name of company, coverage limits, deductibles, and any material exclusions. (d) Any legal proceeding (other than a summary offense or driving under the influence), including any arbitration or court action, involving a claim in excess of $10,000, criminal prosecution, or government investigation filed or commenced against or relating to the CPA or any of its owners within the last ten (10) years. (e) Other information that demonstrates proficiency in conducting audits of tax collection operations or similar audits. (f) Information concerning any relationship between Collector and the CPA firm, including without limitation: any family or personal relationship between any officer, director, employee, or owner of Collector and any officer, director, employee, or owner of the CPA firm; any client of the CPA firm that is an officer, director, or owner of Collector; and any client of the CPA firm of which any officer, director, or owner of Collector is an officer, director, employee, or owner. The CPA is required to comply with PICPA and AICPA independence rules. In addition, this subsection on CPA Background Information requires that the CPA provide information on relationships that goes beyond the independence rules. The purpose of providing this information is to allow the TCC to determine whether there is any concern arising from relationships that do not lead to disqualification under the independence rules. For purposes of this Agreement, "**family**" means: a parent, foster parent, parent-in-law, step-parent, spouse, child, foster child, son- or daughter-in-law, step-child, sibling, foster sibling, sibling-in-law, step-sibling, grandparent, grandchild, nephew, niece, first cousin, uncle, or aunt. For purposes of this Agreement, "**personal relationship**" means: engagement, dating, engaging in intimate relations, living together, business partnership, ongoing social relationship, and other relationships a reasonable person in the community might consider to be a personal relationship. Collector and the CPA will annually on request sign a form disclosing any relationship between Collector and the CPA firm. (g) Other information deemed relevant by Collector, the CPA, or the TCC.

(iv) ***TCC Review of Collector Financial Records.*** The TCC may at any time engage an accounting firm to examine Collector's financial records relating to collection of funds received or held by Collector under this Agreement or received or held on behalf of or under an agreement with any customer for which Collector collects funds, reconciliation of Collector monthly and annual reports, or any other matter the accounting firm deems relevant to verifying compliance with this Agreement. If the TCC exercises this right, Collector will make requested records available for examination, arrange for review of Collector CPA audit work papers, and provide other cooperation as reasonably requested by the TCC accounting firm.

d. ***Tax Collector Bond.*** Collector will provide a bond or bonds complying with the requirements of LTEA, 53 P.S. § 6924.509(d), and this Agreement.

(1) ***Bond Amount.***

(i) ***Initial Bond Amount.*** The initial bond amount will be $14,500,000.00. This represents the amount estimated by the TCC and Collector as the highest amount of Tax and Related Amounts Collector will hold at any one time during the first calendar year during which Collector collects Tax under this Agreement, including Tax and Related Amounts payable to the Taxing Authorities or Taxpayers within the TCD, and also Tax and Related Amounts payable to political subdivisions other than the Taxing Authorities, to Taxpayers outside the TCD, and to other tax collectors.

(ii) ***Tax Collector Monthly Reports/Midyear Bond Account Modification.*** Collector's monthly reports to the TCC and each Taxing Authority that levies Tax will report the highest amount of Tax and Related Amounts held during the month, and also the amount of Tax and Related Amounts held at the end of the month, by Collector under this Agreement, including Tax and Related Amounts received from sources within or outside the TCD and payable to the Taxing Authorities or Taxpayers within the TCD, and also Tax and Related Amounts received from sources within the TCD and payable to political subdivisions other than the Taxing Authorities, to Taxpayers outside the TCD, and to other tax collectors. If any monthly report shows that the highest amount held during the month was more than 10% greater than the amount of the bond then in effect, Collector within 30 days after the date of the monthly report will increase the bond amount to the highest amount held during such month.

(iii) ***Annual Bond Review.*** No later than April 1 of each year, the bond amount will be increased or may be decreased to the highest amount held by Collector on any day during the preceding calendar year.

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(2) ***Possible Reduction in Bond Amount.*** The TCC may in its discretion authorize reduction in the bond amount to an amount less than the amount calculated under Section 4(d)(1) above. Any such determination to allow reduction of the bond amount will be based on Collector internal controls, insurance, or other risk management and loss prevention measures (such as a bank letter of credit) the TCC deems sufficient to justify reduction of the bond amount. Factors that might be considered in connection with a requested reduction in bond amount include: (i) Collector capitalization and financial strength as demonstrated through audited financial statements. (ii) Collector internal crime insurance or other insurance protection. (iii) Strong Collector internal controls verified by the CPA. Any reduction in the bond amount must comply with any applicable DCED guidelines.

(3) ***Permissible Bonding Companies.*** Collector's bond must be issued by an insurance company that is licensed in Pennsylvania, listed as a certified company acceptable for federal bonds as determined and published by Financial Management Service, a bureau of the U.S. Department of Treasury, rated at least "A" from A.M. Best or another nationally recognized rating agency, and otherwise acceptable to the TCC. The amount of the bond may not exceed the maximum net exposure per fidelity or surety risk as published by the Pennsylvania Insurance Department.

(4) ***Bond Form Requirements.*** In addition to all other requirements of LTEA, 53 P.S. § 6924.509(d) and DCED, the tax collector bond will comply with the following requirements: (i) The bond will provide joint and several liability of Collector and the surety company issuing the bond. (ii) The obligee under the bond will be the TCC. However, the bond will state that a claim may be made under the bond by the TCC or any Taxing Authority that levies Tax, and also by any other tax collection committee or political subdivision outside of the TCD to the extent the claim relates to amounts payable to political subdivisions other than the Taxing Authorities, to Taxpayers outside the TCD, or to other tax collectors. (iii) The bond will apply to any event or omission that occurs when the bond is in effect, even if the event or omission is discovered or reported to the surety company after expiration or termination of the bond. (iv) The bond will be in form satisfactory to the TCC and will guarantee: (a) Collector's faithful accounting and payment over of all amounts paid to or received or held by Collector under this Agreement. (b) Collector's delivery to any successor tax collector appointed by the TCC of all tax records or other items held by Collector under this Agreement. (c) Collector's faithful execution of all duties required of it under this Agreement. (d) Advance written notice from the surety company issuing the bond to the TCC at least thirty (30) days prior to the effective date if the surety company terminates, reduces the amount of, or otherwise changes the terms of the bond.

(5) ***Bond Delivery.*** Collector will deliver to the TCC by October 29, 2010, the initial bond, properly executed by Collector and the surety company. Collector will deliver to the TCC any new bond or modification of a bond promptly after its effective date, properly executed by Collector and the surety company. Within thirty (30) days after such delivery to the TCC, Collector will give a copy of any bond in effect under this Agreement to each Taxing Authority that levies Tax. Within thirty (30) days of receiving a request, Collector will also provide, as required under LTEA, 53 P.S. § 6924.509(d)(10), a copy of any bond in effect under this Agreement to DCED, to any tax collection district other than the TCD seeking payment or distribution of Tax, and to any political subdivision other than the Taxing Authorities seeking payment or distribution of Tax. If any bond has an expiration date or any surety company issuing a bond notifies Collector of termination or change of terms of the bond, a new bond must be delivered to the TCC at least thirty (30) days before the effective date of the expiration, termination, or change in terms.

(6) ***Bond Continuing after Termination of Agreement.*** Collector will 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 term 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.

(7) ***Failure to Provide Bond.*** Without limiting any other remedies available to the TCC, if Collector at any time fails to provide a bond in accordance with the requirements of this Section 4(d), Collector will pay to the TCC a penalty in the amount of $1,000 for each day Collector is not in compliance, subject to a maximum payment of $50,000.

(8) ***Letter of Credit.*** In lieu of a bond, Collector may provide a letter of credit or other third party guaranty in form satisfactory to the TCC provided such substitution complies with any applicable DCED guidelines.

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e. ***Collector Office, Staff, Technology, Resources, and Safeguards.***

(1) ***Office and Staff.*** Collector's principal office is at the location set forth at the end of this Agreement after Collector's signature. Collector will at all times maintain at least one (1) office within the TCD that is open to Taxpayers and the public and has sufficient staff, technology, and resources to allow Collector to interact in person or by telephone with Taxpayers, to receive returns and payments in person and by other means, and to fulfill its obligations under this Agreement.

(2) ***Technology and Resources.*** Subject to the tax collector compensation provisions set forth below, Collector will perform all necessary work and supply all forms, equipment, computer hardware and software, facilities, and other materials necessary to efficiently fulfill its obligations under this Agreement. In this regard, it is understood that Collector's tax collection and tax management software are proprietary in nature, with all rights thereto exclusive to Collector.

(3) ***Taxpayer Assistance and Filing Options.*** Collector will provide assistance to Taxpayers through operation of a toll-free phone number during normal business hours, counter/walk-in assistance at Collector's principal office and at the office required under this Section 4(e), and a website to provide information to Taxpayers and that Taxpayers may use to make electronic check payments and credit card payments. Credit card payments are subject to Collector's payment and convenience rate policy as set forth on Collector's website. Collector's website will include the Taxpayer Bill of Rights; tax regulations, policies, and procedures; copies of tax returns and all other forms applicable to Taxpayers; and instructions on how to use Collector's internet filing system. Collector will also maintain the infrastructure and provide information necessary to receive tax returns and payments electronically.

(4) ***Collector Warranties and Safeguards.*** Collector warrants to the TCC that: (i) Collector will at all times have adequate technology and other resources 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" and to comply with all requirements of the LTEA and this Agreement. (ii) Collector will at all times 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, and avoiding a data breach or other improper disclosure of confidential information.

(5) ***Subcontractors.*** Collector may not assign or delegate any of its rights or responsibilities under this Agreement without prior written approval from the TCC.

f. ***Tax Revenue Deposit and Investment.***

(1) ***Deposit and Investment Policy.*** Collector has received a copy of the TCC Deposit and Investment Policy currently in effect. Collector will promptly deposit and invest, in accordance with the TCC Deposit and Investment Policy, as now or in the future in effect, all Tax and Related Amounts collected or held by Collector under this Agreement. Such Tax and Related Amounts belong to, are the property of, and will be held as a trust fund for the Taxing Authorities and other political subdivisions entitled to receive funds. Such Tax and Related Amounts will remain deposited and invested in accordance with the TCC Deposit and Investment Policy until distributed in accordance with this Agreement.

(2) ***Tax Collector Funds Not to Be Commingled.*** All deposits and investments made by Collector of funds subject to this Agreement will be deposited, invested, and held in one or more separate accounts with a financial institution or local government investment trust. Collector may not commingle such funds by placing such funds in the same account together with funds that belong to Collector.

(3) ***Accounting and Allocation of Funds.*** Collector will maintain an accounting system that accounts for all Tax and Related Amounts by allocating such amounts as promptly as possible to: (i) each Taxing Authority entitled to receive Tax and Related Amounts; (ii) political subdivisions in other tax collection districts entitled to receive Tax and Related Amounts; or (iii) funds that have not been sufficiently identified by Taxpayers to allow Collector determination of the Taxing Authority or other political subdivision to which the funds belong (**"Unidentified Funds"**). If Collector is collecting more than one type of tax for a Taxing Authority, the accounting system will further provide subaccounts for each different type of tax collected for each such Taxing Authority.

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(4) ***Investment Earnings Payment.*** Investment earnings derived from Tax and Related Amounts collected or held by Collector under this Agreement shall be retained by Collector.

g. ***Distributions.*** Collector will distribute Tax and Related Amounts in compliance with LTEA, 53 P.S. § 6924.513, and as follows:

(1) ***Distributions to Taxing Authorities Within TCD.*** Collector will distribute on a weekly basis all Tax and Related Amounts identified as legally due to each Taxing Authority, minus the compensation due Collector, with payments due to each Taxing Authority by a day and time of the week specified by the Taxing Authority. If a Taxing Authority does not specify a particular day of the week on which Collector will distribute Tax and Related Amounts due the Taxing Authority, Collector will distribute such Tax and Related Amounts by the end of the last business day of each week, minus the compensation due Collector.

(2) ***Distributions to Tax Collectors for Other TCDs.*** At the time of distributions to tax collectors for other tax collection districts, Collector will provide to such other tax collectors all information required in employer monthly and annual returns filed under LTEA, 53 P.S. §§ 6924.512(4),(5), and any other distribution information required by DCED.

(i) *General Rule Before April 1, 2013.* Collector will distribute to the appropriate tax collector all Tax identified as legally due to specific political subdivisions outside the TCD. Prior to April 1, 2013, Collector will make such distributions within sixty (60) days of the later of: (a) receipt; or (b) the general deadline for employer remittance, namely thirty (30) days following the end of each calendar quarter.

(ii) *General Rule Starting April 1, 2013.* Collector will distribute to the appropriate tax collector all Tax identified as legally due to specific political subdivisions outside the TCD. On or after April 1, 2013, Collector will make such distributions within thirty (30) days of the later of: (a) receipt; or (b) thirty (30) days following the end of each calendar quarter.

(iii) *Special Rule for Certain Multi-Site Employers.* Notwithstanding the foregoing, Collector will distribute to the appropriate tax collector no later than thirty (30) days after the last day of the month following receipt all Tax identified as legally due to specific political subdivisions outside the TCD and received electronically from employers that operate in more than one tax collection district and have filed a notice pursuant to LTEA, 53 P.S. § 6924.512(5), of intention to file combined returns and make combined payments with Collector.

(3) ***Manner of Making Distributions.*** If a Taxing Authority requests in writing and provides Collector with ACH electronic fund transfer instructions, Collector will make distributions by ACH transfer. In default of such request and instructions, Collector will distribute funds by check mailed to the Taxing Authority or by other means agreed between Collector and the Taxing Authority.

(4) ***Statutory Interest Owed to Tax Collectors for Other TCDs.*** If Collector pays interest at the statutorily prescribed rate to a tax collector for another TCD as a result of a claim of the other tax collector pursuant to LTEA, 53 P.S. § 6924.513(b)(2) or § 6924.510(a), the interest paid will not be charged to the TCC or any Taxing Authority. Neither the TCC nor Collector will be responsible for payment of interest on claims made by tax collectors for other TCDs or by political subdivisions outside the TCD for distribution of tax funds unless Collector has received the funds.

(5) ***Unidentified Funds and Receipts.*** If Collector receives Tax and is unable to identify the Taxing Authority or other political subdivision entitled to the Tax within two (2) years of receipt, and if Collector has taken steps mandated by applicable law and the **TCC Unidentified Tax Funds Policy**, as now or in the future in effect, Collector promptly thereafter will distribute the Tax to the municipality in which the Tax was collected. Neither the TCC nor Collector will be responsible for payment of interest, fines, or penalties on claims made for distribution of Unidentified Funds properly distributed by Collector in accordance with this paragraph.

(6) ***Corrections to Distributions.*** If Collector at any time, based on annual reconciliation of returns or otherwise, determines that a distribution was incorrect, Collector will make adjustments to distributions as required to make corrections.

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h. ***Deductions for Amounts Owed TCC.*** Collector will comply with TCC notice to deduct from any distribution otherwise due a Taxing Authority any amount the Taxing Authority owes the TCC, and will pay the amount deducted directly to the TCC.

i. ***Reports to TCC and Taxing Authorities.***

(1) ***Monthly Reports.*** Within twenty (20) days after the end of each calendar month, Collector will provide in electronic or written format a report, in form prescribed by DCED, with additional information provided in form satisfactory to the TCC. The report will include the information set forth in Sections 4(i)(1) and (2) until otherwise directed by the TCC, at which time Collector will follow such future direction. In the absence of other TCC direction, the report will set forth the following information, all of which is required by LTEA, 53 P.S. § 6924.509(b):

(i) Aggregate and itemized information applicable to the entire TCD, including:

(a) The aggregate amount of funds held at the beginning of the month under this Agreement.

(b) The amount of Tax and Related Amounts received during the month under this Agreement, including a separate listing of any collection expense recovered from or paid by Taxpayers during the month.

(c) The amount distributed to Taxing Authorities under this Agreement.

(d) The amount distributed to other tax collectors under this Agreement.

(e) The amount of Collector compensation commissions withheld from distributions during the month, and a separate listing of the amount of collection expense paid by Taxpayers that Collector has retained during the month under this Agreement as compensation for collection of Delinquent Tax.

(f) The amount of Taxpayer refunds paid during the month.

(g) The amount of all other sums spent on behalf of and chargeable to Taxing Authorities under this Agreement during the month.

(h) The amount deducted from Taxing Authority distributions during the month per TCC instructions to Collector under Section 4(h).

(i) The amount of funds held at the end of the month under this Agreement.

(ii) The same information (as relevant) under the subsections above broken down as to each Taxing Authority, each other tax collector, and unallocated amounts. Collector's reports to each Taxing Authority will include detail specific to each Taxpayer account. In addition, Collector's reports to each Taxing Authority will include the amount deducted from the Taxing Authority's distributions during the month to reimburse Collector for postage as provided for in Section 6(c).

(iii) The same information as under (ii) broken down as to each type of Tax that Collector collects under this Agreement.

(iv) Investment information in accordance with Section 11 of the **TCC Deposit and Investment Policy** and as required by LTEA, 53 P.S. § 6924.509(b).

(v) The same information as required above broken down for each Taxing Authority as to the amount attributable to the increased earned income tax rate, if any, levied by a municipality for open space

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(vi) All other information required in monthly reports by the LTEA, this Agreement, or DCED.

(vii) All other information reasonably requested by the TCC in order to understand receipts and distributions of Tax and Related Amounts, to assess Collector performance, and for other appropriate purposes.

(2) ***Information Concerning Returns, Enforcement, and for the Protection of the TCC and the Taxing Authorities.*** In addition to the foregoing, Collector's monthly report to the TCC Secretary and each Taxing Authority for which Tax was collected during the prior month will also specify:

(i) Tax Collector bond information required under Section 4(d)(1)(ii) (Tax Collector Bond) above.

(ii) Tax collection legal proceedings information required under Section 4(m)(8) (Enforcement Steps) below.

(iii) Any criminal charges (other than a summary offense or driving under the influence) filed against Collector or any owner, officer, director, or key employee of Collector; and any criminal charges filed against any employee relating to theft or dishonesty.

(iv) Any judgment for payment of money in excess of $10,000 rendered in any legal proceeding against Collector or any of its subsidiaries or affiliated companies. (This does not include a judgment for a refund claim amount owed to a Taxpayer.)

(v) Any legal proceeding (arbitration, court action, or complaint filed with or investigation by a government body) or claim filed, commenced, or made by any person, or any event that has occurred, in either case that could have a material adverse effect on Collector's financial strength.

(vi) Any change of control of Collector, which shall mean: (a) any sale, lease, exchange, or other transfer (in one transaction or series of related transactions) of all or substantially all of the assets of Collector; or (b) the acquisition by any person or persons other than current owners of Collector of the power, directly or indirectly, to vote securities or other ownership interests having more than fifty percent (50%) of the ordinary voting power to elect directors of Collector, or to direct the management of the affairs of Collector.

(vii) Failure by Collector to make any payment more than ten (10) days after when due to any financial institution or any other party with respect to borrowed money.

(viii) Any material adverse change in the financial or business condition of Collector.

(ix) The occurrence of any of the events or omissions specified in Section 9(a) (Termination) below.

(3) ***Annual Report.*** By February 1 of each year, Collector will provide a written annual report, in form satisfactory to the TCC. The report will be provided to the TCC Secretary, and to the secretary of each Taxing Authority for which Tax was collected during the prior year. The report will include all information required in monthly reports, except that the report will provide aggregate annual information. In accordance with Section 4(m)(7)(vi) below, the annual report will include a listing of all costs collected during the year from Taxpayers in connection with collection of Delinquent Tax. In addition, the annual report will also specify:

(i) Taxpayer information, including: (a) Number of individual tax returns filed during the prior year. (b) Number of individual non-filers identified during the prior year. (c) Number of individual tax returns processed during the prior year. (d) Number of individual tax returns remaining unprocessed, broken down by tax year. (e) Number of employer tax returns filed during the prior year. (f) Number of employer non-filers identified during the prior year. (g) Number of employer tax returns processed during the prior year. (h) Employer tax returns remaining unprocessed, broken down by tax year.

(ii) Any legal proceeding (arbitration, court action, or complaint filed with or investigation by a government body) filed, commenced, or made by a school district, municipality, other

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government body, employer, or Taxpayer against Collector that is open. (This does not include Taxpayer refund requests unless the Taxpayer claims wrongful action by Collector and liability of Collector other than the refund claim amount.)

(4) ***Certification of Reports.*** Collector's monthly and annual reports will include a certification that Collector is in compliance with this Agreement and said reports are accurate excepting any inaccuracy caused by inaccurate data received from former collectors and Taxing Authorities, and explanation of any noncompliance.

(5) ***Revenue Projection Assistance.*** On request from a Taxing Authority or the TCC, Collector will provide revenue projection estimates for future budget planning.

(6) ***Sterling Act Tax Credit Information for School Districts.*** By November 1 of each year, Collector will provide, in form satisfactory to school districts and the TCC, Sterling Act tax credit information that school districts are required to provide to the Pennsylvania Department of Education pursuant to the Taxpayer Relief Act, 53 P.S. § 6926.503(b)(2). The report will be provided to the TCC Secretary, and to the Secretary of each school district for which Tax was collected during the prior year.

(7) ***Data Breach Report.*** If at any time Collector experiences a "breach of the security of the system" requiring notice of breach to affected Taxpayers under the Pennsylvania Breach of Personal Information Notification Act, 73 P.S. § 2301 *et seq.*, Collector will provide notice of the breach to the TCC Secretary. The notice shall be provided as promptly as possible and no later than the date when notice is given to affected Taxpayers. Collector will be responsible for all costs incurred as a result of a breach, including the cost of notifying affected Taxpayers.

j. ***Tax Records.*** Collector has received a copy of the **TCC Tax Records Policy for Tax Collector** currently in effect. Collector will comply with the **TCC Tax Records Policy for Tax Collector** and will maintain at all times an updated Individual Taxpayer List and an Employer List and other Tax Records in accordance with LTEA, 53 P.S. §§ 6924.509(e) and 6924.513(a)(3), and the **TCC Tax Records Policy for Tax Collector**, as now or in the future in effect. Per LTEA, 53 P.S. § 6924.509(e), all Tax Records are the property of the TCC and the Taxing Authority in which the Tax was collected.

k. ***Refund Processing.*** Collector will refund under LTEA, 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 $10,000. Subject to the foregoing, Collector will process promptly all refund requests. Each Taxing Authority will at all times be responsible for the amount of any refund the Taxing Authority owes to any Taxpayer, whether such refunds relate to amounts collected during the term of this Agreement or prior to the term of this Agreement. Collector will deduct the refund amount from a distribution otherwise due the Taxing Authority responsible for the refund.

l. ***Ongoing Duty to Maximize Collections.*** Collector will endeavor to maximize Tax collections by ensuring that all Tax owed is paid, including the following steps:

(1) ***Taxpayer Identification.*** Collector will take steps to identify Taxpayers required to pay or withhold Tax or file returns. These steps will include the following:

(i) ***Pennsylvania Department of Revenue Agreement.*** Collector will obtain the information from state income tax returns made available by the state as a result of the information exchange agreement the TCC enters into with the Pennsylvania Department of Revenue pursuant to LTEA, 53 P.S. § 6924.509(g). The TCC will, if possible, provide Collector with a copy of the information exchange agreement in a mutually agreeable format. If the TCC fails to provide a copy by the date upon which Collector commences Tax collection under this Agreement, Collector will provide a written reminder to the TCC to provide a copy. Collector will compare Collector's Individual Taxpayer List against the Pennsylvania Department of Revenue list at least annually.

(ii) ***Dialogue with Taxing Authorities.*** Collector will engage in ongoing dialogue with Taxing Authorities concerning Taxpayer identification, and will annually ask each Taxing Authority that levies

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Tax whether it wishes to receive, review, and comment on Collector's list of employers operating within the Taxing Authority and Collector's list of individual Taxpayers residing within the Taxing Authority. Collector will promptly provide copies of such lists if requested by the TCC or a Taxing Authority that levies Tax, and will promptly review and adjust its lists based on information provided by Taxing Authorities. Collector will annually ask each Taxing Authority that levies Tax to provide a list of new employers known to the Taxing Authority to be operating within the Taxing Authority's boundaries.

(iii) ***Other Lists.*** Collector will annually compare Collector's individual Taxpayer list against the county real estate tax duplicate. Collector will also endeavor to obtain other lists of employers and individual Taxpayers for comparison to Collector's Individual Taxpayer List and Employer List.

(iv) ***Database Checks.*** During the initial two years after Collector commences tax collection throughout the entire TCD, and at least every two (2) years thereafter, Collector will research the skip-trace and other databases to which Collector subscribes and all other databases necessary to ensure that all employers within the TCD are included on Collector's Employment List.

(v) ***Decedents Estates.*** Collector will continuously monitor probate and estate filings in the Court of Common Pleas for Chester County, Pennsylvania and will file and monitor claims against the estates of decedents that owe Tax.

(vi) ***Bankruptcy Estates.*** Collector will continuously monitor bankruptcy filings in the United States Bankruptcy Court for the Eastern District of Pennsylvania and will file and monitor proofs of claim against the bankruptcy estates of debtors that owe Tax.

(2) ***Taxpayer Mailings.*** Collector will annually mail tax return forms to all known employers and individual Taxpayers who have not previously indicated to Collector that they intend to receive and/or access their tax return forms or information electronically and file and/or report electronically. Collector will also during the year mail tax returns and related information to any employer or individual Taxpayers identified through Taxpayer identification steps and not included in the most recent annual mailing. These mailings will include instructions on how to access Collector's internet filing instructions and internet filing system.

(3) ***Mass Mailings and Amnesty Programs.*** Collector will consider and when appropriate implement amnesty programs and mass mailings to identify Taxpayers and collect Tax owed. Any amnesty program will comply with the TCC policy on abatement of interest or penalties adopted under Section 4(p) below.

(4) ***Examination and Reconciliation of Tax Returns.*** Collector will by October 1 of each calendar year examine all tax returns for the prior calendar year or years received by May 1. Collector will as part of this process: (i) Determine if the correct amount of taxable income and Tax owed has been reported. (ii) Determine if the correct amount of Tax and any Related Amount has been paid, either directly by the Taxpayer or by an employer, subject to the further audit Collector conducts using the Department of Revenue State List comparative analysis. (iii) Compare taxable income and Tax owed as reported with Tax payments received from individuals, entities, and employers. (iv) Compare taxable income and Tax owed as reported with income information from state income tax returns provided by the Pennsylvania Department of Revenue. This phase of the annual examination and reconciliation process will begin after the Pennsylvania Department of Revenue releases Pennsylvania state income tax return information to the TCC or to Collector and, if released only to the TCC, then after the TCC provides this information to Collector. (v) Take other steps as appropriate to verify the correct amount of taxable income and Tax owed has been reported and paid. (vi) Determine if payments received during the year have been distributed to the correct Taxing Authority or other tax collector, and make adjustments to distributions as required to make corrections.

(5) ***Taxpayer Audits.*** If Collector knows or suspects, based on information available to it, that the correct amount of taxable income has not been reported or that an employer has not correctly withheld or reported withholdings, Collector will, in accordance with LTEA, 53 P.S. § 6924.509(f), conduct audits of the records of Taxpayers to determine Tax or Related Amounts owed and other violations.

(6) ***Claims Against Other Tax Collectors.*** Based on examination and reconciliation of tax returns and other available information, Collector will, in accordance with LTEA, 53 P.S. § 6924.513(b), initiate claims against tax collectors for other tax collection districts for Tax or Related Amounts owed. In addition to other

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steps, such claims may include appeals in accordance with LTEA, 53 P.S. § 6924.505(j), to the tax appeal board of another tax collection committee, and requests for DCED mediation pursuant to LTEA, 53 P.S. § 6924.505(k). If Collector collects statutory interest from another tax collector on Tax owed, Collector will credit and distribute this interest to the Taxing Authority entitled to the Tax.

(7) ***Delinquent Tax.*** Except for Taxpayers subject to enforcement steps at the time Collector commences collecting Tax within a Taxing Authority, Collector will be responsible, at its expense except as otherwise expressly stated in this Agreement, for collection of all Delinquent Tax, including Tax owed for tax years preceding the year during which Collector commences Tax collection under this Agreement. However, unless Collector and the Taxing Authority later agree that Collector will assume responsibility for collection, per LTEA, 53 P.S. § 6924.515(b)(4), Collector will not be responsible to collect Delinquent Tax owed for 2010 or prior tax years if Collector receives written notice from a Taxing Authority that the Taxing Authority has made prior arrangements for collection of such Delinquent Tax. As to Taxpayers subject to enforcement steps, any taxpayer account subject to legal proceedings, wage attachment, or payment plan commenced by the prior tax collector shall remain with the prior tax collector until such collection action is completed. Collector will aggressively pursue collection of Delinquent Tax with the exception of Delinquent Tax that Collector reasonably determines is uncollectible. Section 4(m)(7) below includes provisions relating to delinquent collection expenses.

m. ***Enforcement Steps.*** Collector will take all necessary and appropriate actions to collect Tax not paid when due and to ensure employer compliance, including without limitation when appropriate the following steps:

(1) ***Pursuit of Taxpayers.*** In addition to annual mailings to individuals and employers included on the Collector's Individual Taxpayer List and Employer List and mailings during the year to employers and individuals believed to be required to pay or withhold Tax or file returns, Collector will use follow-up mailings and telephone calls to obtain individual Taxpayer and employer compliance or to correct erroneous information.

(2) ***Authorization to File and Prosecute Legal Proceedings.*** Subject to the terms of this Agreement, the TCC authorizes Collector to appear before any court, district justice, arbitration panel, tax appeal board, or DCED mediator or mediation panel in which legal proceedings may be brought to enforce obligations related to the Tax. The TCC further authorizes Collector to compromise any Tax liability or otherwise settle legal proceedings brought by Collector to enforce obligations related to the Tax involving an amount in controversy of $10,000 or less without prior TCC approval. Collector must obtain the TCC's prior written approval before compromising or settling any Tax liability when the amount in controversy exceeds $10,000.

(3) ***Criminal Prosecutions.*** Collector will initiate criminal prosecutions against Taxpayers to enforce obligations related to the Tax. In addition to various provisions of the Crimes Code, 18 Pa.C.S.A. § 101 *et seq.*, criminal prosecution is available under LTEA, 53 P.S. § 6924.509(j), with respect to certain types of tax, for: (i) Taxpayer failure to file a required return; (ii) employer failure to register, keep records, deduct Tax from employees, or pay Tax deducted from employees; (iii) refusal to permit a Collector agent to examine records; (iv) knowingly making any incomplete, false, or fraudulent return; and (v) attempting to avoid full disclosure of income in order to avoid payment of Tax. In order to allow Collector's legal counsel to assume charge of criminal prosecutions, in accordance with Pennsylvania Rule of Criminal Procedure 454(C), Collector will take steps with the County District Attorney to obtain consent for this procedure. The TCC will cooperate with Collector by joining in such request or providing other information as appropriate.

(4) ***Wage Attachments.*** Collector will, in accordance with LTEA, 53 P.S. § 6924.702, attach wages to enforce individual Taxpayer obligations.

(5) ***Execution.*** To enforce obligations related to the Tax, Collector shall execute by any means available all civil judgments obtained against Taxpayers and employers.

(6) ***Civil Proceedings.*** Collector will, in accordance with LTEA, 53 P.S. §§ 6924.509(h), 6924.510(e), 6924.513(b)(2), and 6924.705, initiate civil proceedings to enforce obligations of Taxpayers, bonding companies, other tax collectors, or other persons or entities, related to the Tax. Any such legal proceedings will be initiated in the name of Collector as agent for a Taxing Authority or the TCC under this Agreement. Such proceedings include district justice actions and county court actions. Proceedings against employers may include not just actions to collect Tax, but also actions to enforce employer obligations to provide information required

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under the LTEA in order to identify the Taxing Authority or other political subdivision to which funds belong. Taxing Authorities shall have the right to intervene in any civil proceeding, and to revoke the authorization of Collector to prosecute a civil proceeding and thereafter prosecute the civil proceeding directly in its own name. In the event of revocation, Collector will reasonably cooperate with the Taxing Authority in transitioning responsibility for the proceeding to the Taxing Authority or its designees. In the event of intervention or revocation, Collector will be entitled to recover from the Taxpayer all Delinquent Tax collection costs approved by the TCC under LTEA, 53 P.S. § 6924.707 and Section 4(m)(7)(vi) of this Agreement and assessed by Collector against the Taxpayer prior to the date on which the intervention or revocation occurs. If a court of competent jurisdiction rules that Collector is not entitled to recover such approved costs from a Taxpayer that were assessed against the Taxpayer prior to the date on which the Taxing Authority intervenes in or revokes Collector's authority to prosecute a pending civil proceeding against the Taxpayer, the Taxing Authority to which the Taxpayer owes the Delinquent Tax that is subject to the civil proceeding shall pay those costs to Collector.

(7) ***Enforcement Steps Expenses.***

(i) ***Filing Fees.*** Collector will advance filing fees required and costs imposed by any court for any legal proceeding to enforce a Tax obligation. Unless and until paid by a Taxpayer, the Taxing Authority to which the Tax amount is owed is responsible for the filing fee or cost amount. Collector will deduct the filing fee or cost amount from a subsequent distribution to such Taxing Authority, and thereafter will credit the amount to the Taxing Authority if and when paid by a Taxpayer.

(ii) ***District Justice Action Attorney Services.*** Collector will provide for attorney services related to district justice actions by utilizing special counsel of Collector. Consequently, attorney fees will not be charged to the TCC or any Taxing Authority.

(iii) ***Attorney Services for Other Legal Proceedings.*** Collector will initiate or be involved in other legal proceedings, such as county court actions, bankruptcies, taxpayer refund requests, taxpayer or other appeals to the TCC Tax Appeal Board, and DCED mediation. For such proceedings, Collector will provide for attorney services. Consequently, attorney fees will not be charged to the TCC or any Taxing Authority.

(iv) ***Cases of General Interest to Multiple Taxing Authorities.*** If the TCC decides that a legal proceeding involves a matter of general interest to multiple Taxing Authorities, the TCC may instruct Collector 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.

(v) ***Claims Against Collector.*** Collector will be responsible for and pay Collector's legal fees (including attorney fees) or other expenses of any type related to claims by Taxing Authorities against Collector, claims by other tax collectors or political subdivisions outside the TCD for payment of Tax and Related Amounts believed owed to the other tax collector or political subdivision, and claims by Taxpayers against Collector. Collector will not be responsible for payment of interest on claims made by tax collectors for other TCDs or by political subdivisions outside the TCD for distribution of tax funds unless Collector has received the funds.

(vi) ***Taxpayer Payment of Delinquent Collection Expenses.*** Collector shall, in accordance with LTEA, 53 P.S. § 6924.707 (or "Act 192"), impose and collect from Taxpayers the reasonable costs incurred to provide notices of delinquency or to implement similar procedures to collect Delinquent Tax. Collector will submit to the TCC a proposed schedule of collection costs to be imposed on Taxpayers, and will collect such amounts from Taxpayers after TCC approval of the schedule. Collector's annual report under Section 4(i)(3) above to the TCC and the Taxing Authorities will include a listing of all costs collected during the prior year in connection with collection of Delinquent Tax. Collector may retain costs collected pursuant to the approved schedule, except when the amounts represent filing or attorney fees previously charged to a Taxing Authority.

(8) ***Monthly Reporting on Legal Proceedings.*** In addition to the other monthly reporting requirements in this Agreement, Collector's monthly reports to the TCC and certain Taxing Authorities will include: (i) A listing of all legal proceedings commenced by Collector under this Agreement during the prior month. (ii) All such legal proceedings commenced during prior months and closed during the month (including summary of the result of such proceedings). (iii) Any expenses incurred in connection with any such legal proceedings that will be assessed against any Taxing Authority. (iv) The amount of costs collected from Taxpayers in connection with collection of Delinquent Taxes. (v) All other information reasonably requested by the TCC related to legal

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proceedings. For purposes of monthly reports, legal proceedings will include claims against other tax collectors, criminal prosecutions, wage attachments, liens, and civil proceedings. The report will identify the Taxpayer against whom or which the legal proceeding was commenced, except that names of Taxpayers will be omitted in listing audits.

(9) ***Invalidity.*** If an Enactment is challenged in court, Collector will continue to collect the Tax levied under the Enactment until the Enactment is finally adjudicated as being invalid, unless otherwise enjoined by court order or otherwise directed by the TCC.

(10) ***TCC and Taxing Authority Rights Preserved.*** The TCC and Taxing Authorities reserve the right to initiate, or to intervene in as permitted by applicable law and in accordance with Section 4(m)(6) of this Agreement, legal proceedings in its or their names for enforcement of obligations related to the Tax. At the TCC's request, Collector will consult with the TCC on any pending legal proceeding. If the TCC or a Taxing Authority initiates a legal proceeding to enforce obligations related to Tax, the TCC or Taxing Authority will give Collector notice of the initiation.

(11) ***Defense of Enactments.*** Collector is not responsible to defend the validity, legality, or constitutionality of Enactments. If the legality of an Enactment is challenged in response to a legal proceeding filed by Collector, Collector will immediately notify the TCC and applicable Taxing Authority in writing and if requested and agreed by Collector, Collector 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.

n. ***TCC Tax Appeal Board.*** Collector will participate in, and as appropriate defend against, appeals filed with the TCC Tax Appeal Board.

o. ***DCED Mediation.*** Collector will participate in DCED mediation when a dispute is properly submitted to DCED mediation.

p. ***Abatement of Interest or Penalties/Amnesty Programs.*** Collector will recommend to the TCC 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 Tax, which policy shall apply if the Taxpayer voluntarily files delinquent returns and pays the Tax in full. The TCC may adopt a policy on abatement of interest or penalties subject to any rules or regulations promulgated by DCED pursuant to LTEA, 53 P.S. § 6924.509(i)(2). The policy may incorporate provisions allowing an amnesty program for a limited period of time.

q. ***Amounts Collected.*** Collector will at all times act in the best interests of the TCC and the Taxing Authorities, will aggressively pursue collection of Tax, and will use all reasonable efforts to collect all Tax or Related Amounts owed to the Taxing Authorities. However, Collector does not guarantee that it will collect any particular amount for any Taxing Authority in any given tax year and does not guarantee collection of all Tax or Related Amounts owed. Collector is not required to collect any Tax or Related Amounts that Collector with the exercise of reasonable judgment determines uncollectable.

r. ***Meetings with TCC.*** At least annually, and more frequently if requested by the TCC, Collector will meet with TCC representatives to report on and discuss Tax collection activities, issues, and performance.

5. **Ongoing Duties and Covenants of the TCC.** The TCC agrees to the following:

a. ***Authorized Representatives.*** The TCC will notify Collector 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 Collector.

b. ***Enactments.*** The TCC has provided or promptly hereafter will provide or cause the Taxing Authorities to provide to Collector 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.

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6. **Tax Collector Compensation.**

a. ***Compensation.*** Collector will receive compensation for its services under this Agreement as provided for in this Section 6. Collector will retain its compensation from the proceeds of Tax collected, and the compensation will not be transmitted to Taxing Authorities with distributions.

b. ***Commission Amount.*** Except as otherwise provided for collection of Delinquent Tax in Section 6(e) below, Collector will receive a commission equal to **1.35%** of the Tax distributed by Collector to the Taxing Authorities (without subtracting amounts paid to the TCC under Section 4(h) above). The commission applies solely to distributions of Tax, and not to distributions of Related Amounts. The commission applies solely to distributions to the Taxing Authorities, and not to distributions to tax collectors for other tax collection districts. The commission represents payment for Collector's current Tax collection services and materials including, but not limited to, expenses for equipment, supplies, and personnel, but excluding items, if any, for which Collector is to be reimbursed as expressly stated elsewhere in this Agreement.

c. ***Expense Reimbursement.*** Collector shall be reimbursed for postage expenses necessary to collect Tax that is not Delinquent Tax. Each Taxing Authority is responsible for postage expenses advanced by Collector on behalf of the Taxing Authority. Collector shall deduct postage expense from a subsequent distribution otherwise due the Taxing Authority responsible for the postage expense. The TCC will authorize reimbursement for the cost of postage, paper, and printing in connection with additional mass mailings associated with any amnesty program or other non-routine enforcement efforts authorized by the TCC.

d. ***Tax Rate Increases.*** If any Taxing Authority increases the rate of any Tax with the result that the annual Tax revenue collected for the Taxing Authority will increase by more than $500,000, the TCC and Collector will agree on an equitable reduction in the applicable Tax collection commission.

e. ***Delinquent Tax Collection Compensation.*** As compensation for collection of Delinquent Tax, Collector shall be entitled to retain the Delinquent Tax collection costs that are proposed by Collector, approved by TCC resolution pursuant to LTEA, 53 P.S. § 6924.707 and Section 4(m)(7)(vi) of this Agreement, and recovered from delinquent Taxpayers. Collector will not receive the commission amount set forth in Section 6(b) above or any other compensation on Delinquent Tax collected and distributed to Taxing Authorities.

7. **Confidentiality.** All information obtained by Collector as a result of Taxpayer declarations, returns, investigations, or verifications related to Tax collection is confidential. Collector will 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 Collector or disclosure in a legal proceeding.

8. **Liability and Indemnification.**

a. ***Enactment Compliance.*** Collector will not be liable or responsible for failure of an Enactment to comply with applicable legal requirements.

b. ***Collector Indemnification.*** Collector will 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) Collector 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 Collector. (2) Collector failure to comply with any applicable law or regulation. (3) Collector breach of this Agreement. (4) Collector failure to take any action when the failure constitutes breach of a legal duty. (5) Collector acts or omissions of any nature except for any action the TCC by written communication expressly and specifically directs Collector to take under circumstances when Collector 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 Collector does not constitute a TCC direction to take such action. (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 8(b). Collector 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,

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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 such as a Taxing Authority's failure to provide accurate Tax records.

c. ***TCC Indemnification.*** To the extent permitted by the Pennsylvania Political Subdivision Tort Claims Act and other applicable law, the TCC will hold harmless and indemnify Collector, its directors, 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 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) Collector's compliance with a TCC notice to withhold and pay to the TCC amounts that would otherwise be distributed to the Taxing Authority. (5) Any investigation, legal proceeding, administrative action, or other action relating to or alleging any of the matters referred to in items (1) to (5) set forth in this Section 8(c). 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.

d. ***Collector Insurance.*** Collector shall purchase from and maintain with a company lawfully authorized to do business in Pennsylvania insurance of the types and amounts listed in **Exhibit B**. Collector 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.

9. **Early Termination.**

a. ***TCC Early Termination Rights.*** The TCC may end the term of this Agreement prior to the end of the term set forth in Section 3 (Term of Agreement) above by giving written termination notice to Collector if Collector violates any of the standards set forth in LTEA, 53 P.S. § 6924.506(b). In addition, the TCC may end the term of this Agreement as specified in the preceding sentence if: (1) Collector or any owner, officer, or key employee of Collector is charged with a crime involving fraud, extortion, or dishonesty, or that reflects adversely on the credibility or integrity of Collector or the owner, officer, or employee. Notwithstanding the foregoing, if an employee of Collector who is not also an owner or officer of Collector is charged with a crime referenced in the preceding sentence, the TCC shall not have the right to terminate this Agreement if Collector immediately suspends the employee until such charges are withdrawn or dismissed or such employee is found not guilty or, alternatively, immediately terminates the employee. (2) Collector fails to meet any annual mandatory education requirements prescribed by DCED under LTEA, 53 P.S. § 6924.508(e). (3) Collector fails to satisfy the requirements for appointment prescribed by DCED under LTEA, 53 P.S. § 6924.508(f). (4) Collector has misrepresented any material fact in Collector's response to the TCC RFP for Tax Collection Services. (5) The TCC does not approve of Collector's auditor in accordance with Section 4(c)(5) (Financial Statements) above. (6) Any Tax Collector bond expires or is terminated, and a new bond has not been delivered to the TCC in accordance with Section 4(d) (Tax Collector Bond) above. (7) The occurrence of any of the events or omissions specified in Sections 4(i)(2)(iii), (v), (vi), (vii), or (viii) (Reports to TCC and Taxing Authorities) above. (8) Collector is in material breach of any provision of this Agreement. (9) Collector's insolvency, bankruptcy, or cessation of business operations. (10) Any legislative or regulatory action or enactment or court decision occurs, which has the effect of prohibiting, preventing, inhibiting, or materially restricting Collector's ability, power, or authority to collect Tax.

b. ***Collector Notice to TCC.*** Collector will give prompt written notice, in any event no later than the next monthly report, to the TCC if Collector becomes aware of any event or omission which could provide grounds for TCC termination under Section 9(a) above. After giving notice, Collector will comply with all TCC requests to provide further information regarding the event or omission specified in the notice.

c. ***TCC Notice to Collector.*** A TCC termination notice under Section 9(a) above shall specify the reason for the termination and the termination effective date. If the sole cause for termination is material breach of this Agreement, and none of the other causes for early termination set forth in Section 9(a) applies, the termination effective date shall be at least thirty (30) days after the date of the termination notice, and Collector shall have thirty (30) days after the date of the termination notice within which to cure the breach or to take substantial steps to cure the breach to the satisfaction of the TCC. If Collector does not cure the breach or take substantial steps to cure the

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breach to the satisfaction of the TCC within thirty (30) days after the date of the termination notice, the termination will be effective on the termination effective date specified in the termination notice.

10. **Effect of Termination.** When the term of this Agreement ends, except as otherwise agreed in writing between the TCC and Collector, the following provisions will apply:

a. ***Tax Collector Status Ends.*** Collector will cease to be the exclusive collector of Tax throughout the TCD, and the exclusive collector of Tax throughout the TCD after the termination effective date will be the new tax collector designated by the TCC.

b. ***Collector Announcement.*** Collector will promptly post an announcement on its website that Collector is no longer designated as tax collector for the TCC, which announcement will include the name of the new tax collector as specified in written notice from the TCC to Collector.

c. ***Collector Communications.*** When Collector is contacted in its capacity as tax collector for the TCC, Collector will advise that Collector is no longer designated as tax collector for the TCC and will advise of the name of the new tax collector as specified in written notice from the TCC to Collector.

d. ***TCC Notice to Taxpayers.*** The TCC will notify, or cause the new tax collector for the TCC to notify, in writing, Taxpayers and other tax collectors that after the termination effective date all Tax and communications concerning Tax should be directed to the new tax collector, including Tax attributable to time periods before the termination effective date. This includes processing tax returns related to activities, earnings, or withholding prior to the termination effective date.

e. ***Funds and Communications Received After Termination Effective Date.*** Collector will promptly after receipt transfer to the new tax collector any checks, electronic fund transfers, tax returns, or other communications received by Collector in its capacity as tax collector for the TCC.

f. ***Unidentified Funds.*** Collector will promptly transfer to the new tax collector any Unidentified Funds collected or held by Collector in its capacity as tax collector for the TCC, together with all information in Collector's possession relating to the Unidentified Funds.

g. ***Tax Records Transfer.*** Collector will promptly transfer all Tax Records to the new tax collector as directed by the TCC and in accordance with the **TCC Tax Records Policy for Tax Collector**. Collector may keep a copy of Tax Records for Collector reference as needed for Delinquent Tax matters Collector will continue to handle or in case of any dispute that continues or arises after the end of the term.

h. ***Collector Summary Report.*** Collector will promptly provide the TCC with a report summarizing the status of: (1) Open Taxpayer audits. (2) Open claims against other tax collectors. (3) Taxpayers then identified as delinquent. (4) Open legal proceedings, wage attachments, payment plans, and liens filed and not yet satisfied. (5) All other information reasonably requested by the TCC or the new tax collector.

i. ***Taxpayers Subject to Enforcement Steps.*** Unless directed otherwise by the TCC, any Taxpayer account subject to legal proceedings, wage attachment, or payment plan commenced by Collector shall remain with Collector until such collection action is completed, and Collector will be compensated for such collections as provided under this Agreement. Collector will 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.

j. ***Collector Cooperation.*** Collector will cooperate and take all other steps necessary or appropriate for smooth transition of Tax collection services from Collector to the new tax collector.

k. ***Collector Financial Statements.*** Collector will deliver required financial statements and reports, in accordance with Section 4(c) (Tax Collector Financial Statements) above, for the calendar year in which the termination effective date occurs.

l. ***Collector Bond.*** Collector will provide a bond for a period of six (6) months in accordance with the requirements of Section 4(d) (Tax Collector Bond) above, and in the amount required under Section 4(d)(6).

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m. ***Collector Deposit of Funds.*** Collector will deposit funds held by Collector in its capacity as tax collector for the TCC in accordance with Section 4(f) (Tax Revenue Deposit and Investment) above.

n. ***Collector Distributions.*** As to funds received prior to the termination effective date, Collector will make distributions in accordance with Section 4(g) (Distributions) above.

o. ***Collector Monthly Reports.*** Collector will file monthly reports, in accordance with Sections 4(i)(1), (2) (Reports to TCC and Taxing Authorities) above, until Collector has filed a final monthly report accounting for all funds held by Collector in its capacity as tax collector for the TCC.

p. ***Collector Annual Report.*** Collector will provide a written annual report, in accordance with Section 4(i)(3) (Reports to TCC and Taxing Authorities) above, for the final year during which monthly reports have been filed.

q. ***Surviving Provisions of Tax Collection Agreement.*** In addition to all provisions in this Section 10, the provisions of Sections 4(b) (Best Interests/Legal Compliance), 4(h) (Deduction for Amounts owed TCC), 4(j) (Tax Records), 7 (Confidentiality), 8 (Liability and Indemnification) above, and Sections 11 (Dispute Resolution), 12 (Notices), 14 (Miscellaneous) below, and any other provisions relating to obligations of the parties after the end of the term, will survive the end of the term of this Agreement.

r. ***Release.*** In the event the TCC ends the term of this Agreement under Section 9(a) (Termination) above with the reasonable belief that grounds exist for such action, Collector releases the TCC from all liability to Collector arising from or related to the termination. Notwithstanding the foregoing, Collector will be entitled to all compensation for Tax collected before or for which Collector is authorized to collect after the termination effective date.

11. **Dispute Resolution.**

a. ***Choice of Law.*** This Agreement shall be governed by Pennsylvania law.

b. ***DCED Mediation.*** Any dispute arising from or related to this Agreement subject to mandatory DCED mediation will first be submitted to DCED in accordance with LTEA, 53 P.S. § 6924.505(k). Other disputes may be submitted for DCED mediation if all parties agree.

c. ***Jurisdiction.*** Any dispute arising from or related to this Agreement that is not resolved by discussion or mediation will be submitted to the jurisdiction of the Chester County Court of Common Pleas in West Chester, Pennsylvania.

12. **Notices under this Agreement.** All communications and notices under this Agreement will be in writing and will 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).

13. **Transition to Collection under this Agreement.** Collector agrees to take the following steps as part of the transition to tax collection under this Agreement:

a. ***Tax Records Procurement or Creation.*** Promptly after the Effective Date, Collector will use best efforts to obtain from the current tax collector 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 Collector** and all other data necessary for Collector to perform its duties and responsibilities under this Agreement. To the extent such information cannot be obtained from the then-current tax collector, Collector will use best efforts to obtain such information from the Taxing Authority. If Collector is the then-current tax collector, Collector will create or maintain such information. Collector will also use best efforts to obtain or maintain copies of such information updated to the date Collector will commence tax collection under this Agreement, so that Collector will have all information needed to begin collecting Tax on the date specified in Section 1(b) (Commencement Date) above.

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b. ***Advertising and Media Communication.*** On or before October 1, 2010, Collector will advertise in a newspaper of general circulation within the TCD general information concerning transition of tax collection to Collector. In addition, Collector will create and implement an appropriate media-communication plan to advertise its services. All such newspaper advertisements and media communications will include Collector's contact information, website address, toll free employer support hotline telephone number, and other information to help ensure Taxpayer communications and payments are directed to the correct tax collector.

c. ***Notice to Employers.*** On or about November 1, 2010, Collector will notify in writing all employers within the TCD. The notice will include Collector's contact information, website address, instructions on how to access Collector's internet filing instructions and internet filing system, toll free employer support helpline telephone number, and other information to help ensure employer communications and payments are directed to the correct tax collector. The notice will also include tax returns, any other required forms, a clear and concise summary of Act 32 employer withholding and reporting requirements, and an explanation of the easiest and most convenient ways to report and pay withholdings to Collector.

d. ***Notice to Individuals and Entities.*** On or about December 1, 2010, Collector will notify in writing all individuals residing in the TCD and entities having a place of business within the TCD that pay or are believed to owe Tax. The notice will include Collector's contact information, website address, instructions on how to access Collector's internet filing instructions and internet filing system, toll free employer support helpline telephone number, and other information to help ensure Taxpayer communications and payments are directed to the correct tax collector. The notice will also include tax returns, any other required forms, and an explanation of the easiest and most convenient ways to report and make payments to Collector.

e. ***Employer Education Seminars.*** Before the date on which employers in the TCD will be required to begin employee non-resident withholding under LTEA, 53 P.S. § 6924.512, Collector shall, in conjunction with one or more county-wide Chester County chambers of commerce or business and industry or other county-wide Chester County organizations, conduct at least three (3) education seminars for TCD employers to explain LTEA and Act 32 employer withholding and reporting requirements and to familiarize employers with Collector. The Collector will develop the education plan and serve as faculty for such seminars and will advertise the subject matter, locations, and times for each of these seminars at least one (1) week in advance in a newspaper of general circulation within the TCD and through any other media outlet or format Collector deems appropriate. Collector shall provide the TCC with copies of the education plan for each such seminar for TCC review and comment prior to the seminar date.

f. ***Fund Transfers from Prior Tax Collector.*** Collector will arrange with the prior tax collector for transfer to Collector of any checks, electronic fund transfers, tax returns, or other communications received by the prior tax collector after the date when Collector commences collecting Tax within a Taxing Authority served by the prior tax collector.

g. ***Transfer of Unidentified Funds from Prior Tax Collector.*** Collector will arrange with the prior tax collector for transfer to Collector of any Unidentified Funds collected or held by the prior tax collector in its capacity as tax collector for a Taxing Authority prior to the date Collector commences collecting Tax within the Taxing Authority.

h. ***Tax Return Processing.*** After the date when Collector commences collecting Tax within a Taxing Authority, except as otherwise provided for Taxpayers subject to enforcement steps, all Tax and Related Amounts and all tax returns will be filed with Collector, including Tax, Related Amounts, and tax returns relating to time periods before the date Collector commences collecting Tax.

i. ***Delinquent Tax.*** Collector will collect Delinquent Tax as specified in Section 4(l)(7) (Delinquent Tax) above.

j. ***Other Measures.*** Collector will take all other reasonable measures deemed necessary or appropriate by Collector or the TCC to educate Taxpayers about Collector's appointment, and about Act 32, LTEA, and Collector requirements, or to ensure smooth transition of tax collection services from the prior tax collector.

k. ***TCC Tax Collection Transition Plan.*** Collector will assist the TCC in developing, and will comply with other steps required by, any **TCC Tax Collection Transition Plan**.

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14. **Miscellaneous.**

a. ***Payment of TCC Costs to Enforce Agreement.*** Collector will pay all costs, including reasonable attorney fees and other expenses, incurred by the TCC in enforcing this Agreement irrespective of whether legal proceedings are filed.

b. ***Entire Agreement.*** This Agreement represents the entire Agreement between the TCC and Collector, supersedes any prior agreements between the TCC and Collector, and supersedes any prior agreements between any Taxing Authority and Collector related to collection of the Tax.

c. ***Modification.*** Any modification of this Agreement must be in writing and signed by the TCC and Collector to be valid.

d. ***Independent Contractor.*** Collector is providing tax collection services under this Agreement as an independent contractor. Collector has no 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. ***Assignment or Subcontracting.*** Collector will not assign, transfer, subcontract, or delegate any of its rights or responsibilities under this Agreement without prior written approval from the TCC. This provision shall not limit Collector's ability to engage special counsel for tax collection enforcement in the manner it determines prudent.

f. ***Successors.*** This Agreement is binding upon the parties' successors and assigns.

g. ***Severability.*** 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. ***Section Headings.*** The headings contained in this Agreement are for convenience of reference only and are not to be used in interpreting the Agreement.

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

15. **Definitions.**

a. ***Collector*** – as defined in the preface to this Agreement on Page 1.

b. ***CPA*** – as defined in Section 4(c)(1).

c. ***DCED*** – as defined in Section 4(a).

d. ***Delinquent Tax*** – as defined in Section 2(d).

e. ***Effective Date*** – as defined in the preface to this Agreement on Page 1.

f. ***Employer List*** – as defined in the **Tax Records Policy for Tax Collector**, as now or in the future in effect. The policy as now in effect is attached to this Agreement.

g. ***Enactments*** – as defined in the Background Section on Page 1.

h. ***Individual Taxpayer List*** – as defined in the **Tax Records Policy for Tax Collector**, as now or in the future in effect. The policy as now in effect is attached to this Agreement.

i. ***LTEA*** – as defined in the Background Section on Page 1.

j. ***Person*** – any individual, entity, corporation (including any non-profit corporation), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, labor union, or other governmental body.

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k. ***Political Subdivision*** – a city of the second class, city of the second class A, city of the third class, borough, town, township of the first class, township of the second class, school district of the first class A, school district of the second class, school district of the third class, school district of the fourth class, or municipal authority, located in the Commonwealth of Pennsylvania.

l. ***Related Amounts*** – as defined in Section 2(e).

m. ***Tax*** – as defined in Section 2(c).

n. ***Taxing Authorities*** – as defined in the Background Section on Page 1.

o. ***Taxpayers*** – as defined in Section 1(a).

p. ***Tax Records*** – as defined in the **Tax Records Policy for Tax Collector**, as now or in the future in effect. The policy as now in effect is attached to this Agreement.

q. ***TCC*** – as defined in the preface to this Agreement on Page 1.

r. ***TCD*** – as defined in the Background Section on Page 1.

s. ***Unidentified Funds*** – as defined in Section 4(f)(3).

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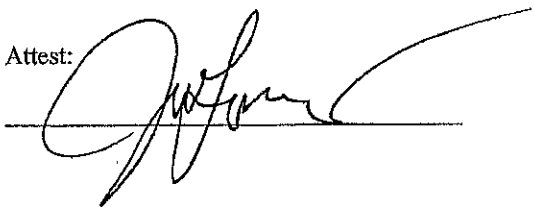
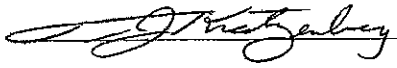
IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

Attest: 

COLLECTOR:

By: 

Title: President

Street Address:

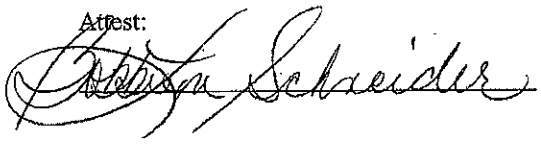
Keystone Collections Group

546 Wendel Road

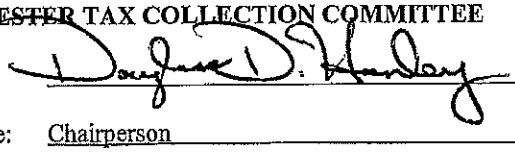
Irwin PA 15642

Facsimile Number: (724) 978-0339

Email Address: tkratzenberg@keystonecollects.com

Attest: 

CHESTER TAX COLLECTION COMMITTEE

By: 

Title: Chairperson

Phone Number: (610)-363-9450

Facsimile Number: (610)-363-0518

Email Address: dhanley@uwchlan.com

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Exhibit A

Taxing Authorities/Tax To Be Collected/Commencement Date/Commission Rate

Taxing Authority	EIT Rate Collector Will Collect	LST Rate Collector Will Collect	Collection Commencement Date	Collector Collection Commission Rate

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Exhibit B

Collector Minimum Insurance Requirements
(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)	$2,000,000 general aggregate
Vehicle liability (including owned, rented, non-owned, and uninsured and underinsured motorist coverage)	$1,000,000 aggregate
Excess/umbrella liability	$1,000,000 per occurrence $1,000,000 aggregate
Workers' compensation	As required under Pennsylvania law
Employee dishonesty, including third party funds and computer fraud (applicable to all employees and independent contractors)	$1,000,000 aggregate

1. ***The deductible under any insurance policy required hereunder shall not exceed $25,000.***

2. ***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.***

3. ***The Certificate of Insurance filed by Collector 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 TCC.***

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

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Notice to Collector of TCC Representatives

Until further notice from the TCC, the following are the individuals who will act as authorized representatives of the TCC to make requests of, consult with, and receive information from Collector.

1. TCC Primary Contact Person

Name:	Doug Hanley
Title:	Chairperson
Street Address:	715 North Ship Road
	Exton, PA 19341
Phone Number:	(610)-363-9450
Facsimile Number:	(610)-363-0518
Email Address:	dhanley@uwchlan.com

2. TCC First Alternate Contact Person

Name:	Joseph Lubitsky
Title:	Director of Administrative Services,
	Chester County Intermediate Unit
Street Address:	455 Boot Road
	Downingtown, PA 19335
Phone Number:	(484)-237-5070
Facsimile Number:	(484)-237-5081
Email Address:	JoeL@cciu.org

3. TCC Second Alternate Contact Person

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CHESTER TAX COLLECTION COMMITTEE

Date: September 17, 2010

By: _____

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CHESTER COLLECTION COMMITTEE

Deposit and Investment Policy

1. **Policy Scope and Legal Authority.** The Local Tax Enabling Act (LTEA), 53 P.S. § 6924.505(l), requires the Chester Tax Collection Committee (TCC) to adopt an annual budget and pay TCC operating expenses. LTEA, 53 P.S. § 6924.509(a)(6), requires the TCC to adopt an investment policy governing investments of tax funds held by a TCC appointed tax collector. The purpose of this policy is to provide for deposit and investment of all funds held by the TCC, and of all funds collected or held by a TCC appointed tax collector under a tax collection agreement between the TCC and the tax collector. All such funds shall be deposited and invested in accordance with this policy. Legal authority and rules pertaining to this policy include: LTEA, 53 P.S. §§ 6924.505(l), 6924.509(a)(6); Pennsylvania law applicable to pooled collateral, 72 P.S. § 3836-1 *et seq.*; and the Pennsylvania Intergovernmental Cooperation Act, 53 Pa.C.S.A. § 2301 *et seq.*

2. **Investment Objectives.** The primary objectives of deposit and investment shall be, in priority order:

   a. **Legality.** Deposits and investments shall be made in accordance with all applicable laws.

   b. **Safety.** Safety of principal shall never be compromised. Preservation of principal shall be ensured through minimizing credit risk and interest rate risk, and by thorough investigation and knowledge of all investment providers and professional advisors.

   c. **Liquidity.** Investments shall remain liquid at all times.

   d. **Yield.** Investments shall be made with the objective of attaining a market-average rate of return.

   e. **Minimize Uninvested Balances.** Investments shall be made so as to minimize uninvested balances.

3. **Deposit and Investment Account Ownership.**

   a. **TCC Funds.** All deposits and investments made by the TCC will be made in the name of the TCC.

   b. **Tax Collector Funds.** All deposits and investments made by the tax collector of funds subject to this policy will be made in the name of the tax collector in one or more accounts in accordance with this policy. Such amounts belong to, are the property of, and shall be held by the tax collector as a trust fund for taxing authorities located within the jurisdiction of the TCC and within the jurisdiction of other tax collection committees. Such amounts will remain deposited and invested in accordance with this policy until distributed in accordance with the tax collection agreement between the TCC and the tax collector.

4. **Tax Collector Funds Not to Be Commingled.** All deposits and investments made by the tax collector of funds subject to this policy will be deposited, invested, and held in one or more accounts with a financial institution or local government investment trust. The tax collector may not commingle such funds by placing such funds in the same account together with funds that belong to the tax collector.

5. **General Standard of Care.** In making deposits and investments, the TCC and tax collector shall observe the standard of care that would be observed by a prudent person dealing with property of another.

6. **Permitted Deposits and Investments.** Funds may be deposited and invested only in the following types of authorized accounts or investments.

   a. **Deposits.** Deposits in financial institutions insured by FDIC or another U.S. government instrumentality (amounts above insurance limit must be collateralized).

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b. **Local Government Investment Trust.** Deposits in investment pools established by the State Treasurer or established by local governments under the Intergovernmental Cooperation Act and related statutes, provided that the investment pools are rated in the highest category by a nationally recognized rating organization.

The tax collector may make deposits only in financial institutions or local government investment trusts selected and approved in writing by the TCC.

The tax collector may also invest funds in the following types of investments, but only if the tax collector obtains prior written approval to do so from the TCC:

a. **U.S. Government Obligations.** Short-term U. S. government obligations, and short-term obligations of U.S. government agencies or instrumentalities which are backed by the full faith and credit of the U.S. government or are rated in the highest category by a nationally recognized rating organization. For this purpose, short-term means having a maturity of 397 days or less from the time the investment is made.

b. **Repurchase Agreements.** Repurchase agreements which are fully collateralized by obligations of the U.S. government or its agencies or instrumentalities, which obligations are free from other liens and backed by the full faith and credit of the U.S. government or rated in the highest category by a nationally recognized rating organization.

The tax collector will not deposit or invest funds with or through a financial institution if the TCC has advised the tax collector that the financial institution is not acceptable to the TCC.

7. **Due Diligence Qualification and Annual Review of Investment Providers and Professional Advisors.**

Due Diligence – General

a. It is of utmost importance that when making a deposit or investment the TCC or tax collector have thorough knowledge of investment providers or professional advisors the TCC or tax collector engages to deal with funds subject to this policy. Selection of depository institutions, custodians, repurchase agreement providers, brokers, investment advisors or managers, and local government investment pools must be based on legality, quality of service, experience, reputation, integrity, creditworthiness, capitalization, and other relevant factors. The TCC and tax collector should deal only with those having substantial experience and a high level of capitalization.

b. The TCC or tax collector making a deposit or investment should carefully investigate all investment providers and professional advisors before starting a business relationship or engaging in an initial transaction, and should further review and investigate all providers and professionals at least annually. The TCC or tax collector should require submission of qualification information as part of the initial investigation, and updated information as part of the annual review.

c. The tax collector may not deposit or invest funds with or through a financial institution if the TCC has advised the tax collector that the financial institution is not acceptable to the TCC.

Due Diligence – Required Information

d. All depository institutions ***(except for fully insured deposits and except as stated in the last sentence of this paragraph)***, custodians, repurchase agreement providers, brokers, investment advisors or managers, and local government investment pools, shall be required to submit as part of the TCC or tax collector due diligence investigation: (1) Their rating, if any, from a nationally recognized rating agency. (2) Their most recent audited annual financial statements. (3) Information concerning any fidelity or other surety bonds, errors and omissions insurance, and any other insurance available to protect against possible loss, including names of insurance companies, coverage limits, and scope of coverage. (4) Information concerning the internal and external audit procedures applicable to

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investments, collateral, or investment services. (5) If a depository institution or custodian, a written statement that the institution is "well capitalized" as defined in applicable federal regulations. (6) Other information the TCC or tax collector deems relevant. ***For depository institutions or custodians with a high rating from a nationally recognized rating agency, the information submissions under this paragraph may be waived.***

e. Local government investment pools shall be required to submit copies of the trust or other documents establishing the pool and defining the structure and management of the pool, and a comprehensive information statement describing the pool.

Due Diligence – Minimum Requirements

f. Depository institutions are limited to financial institutions insured by FDIC or another U.S. government instrumentality. For deposits not fully insured by federal insurance, minimum requirements are that depository institutions shall have equity (capital and surplus) of more than $50,000,000; and shall be "well capitalized" as defined in applicable federal regulations. In addition, the TCC or tax collector making the investment or deposit shall determine, based on review of the information provided by the depository institution and other appropriate investigation, that the depository institution is financially strong.

g. Investments may be made in a local government investment pool only if the pool is rated in the highest category by a nationally recognized rating agency. The TCC and the tax collector may not invest in a local government investment pool until the legality of investment in the fund or pool has been approved by TCC legal counsel.

h. As to custodians for deposit collateral, Pennsylvania law limits such custodians to banks or trust companies. Custodians for collateral, or for any investment, shall be limited to banks or trust companies. Custodians shall be "well capitalized" as defined in applicable federal regulations. A custodian shall either have equity of more than $50,000,000; or alternatively shall provide, from a holding company that has equity of not less than $50,000,000, that is "well capitalized," and that owns the custodian, written assurance that if the custodian should have insufficient assets at any time to meet any obligation to the TCC or tax collector, the holding company will provide adequate capital to the custodian to enable it to meet all obligations to the TCC or tax collector. If a custodian is qualified based on a holding company assurance letter, the holding company shall provide all information required under this policy to be provided by a custodian. In addition, the TCC or tax collector making the investment or deposit shall determine, based on review of the information provided by the custodian and other appropriate investigation, that the custodian is financially strong.

8. **Deposit Collateral.**

a. Except for deposits fully insured by federal insurance, the TCC or tax collector making a deposit shall require that depository institutions provide collateral to secure repayment of the deposit.

b. Pooled collateral is permitted in accordance with the requirements of 72 P.S. § 3836-1 *et seq.*, and the following additional requirements:

(1) Prior to the TCC or tax collector making a deposit secured by pooled collateral, the TCC or tax collector shall require the depository institution to provide a written commitment documenting the collateral pledge. The commitment should include the following and other normal and appropriate terms: (a) A statement of the TCC or tax collector funds secured by the pool. (b) Identification of the custodian holding the pooled collateral, and prohibition against change of the custodian unless advance written notice is given to the TCC or tax collector making the deposit including the identity of the new custodian. (c) A copy of the current custodian and pledge agreement between the depository institution and the custodian holding the pooled collateral. (d) A statement of the minimum requirements for assets in the security pool. (e) A statement that the pool is pledged solely for the benefit of public bodies

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or entities holding public funds and maintaining with the depository institution deposit accounts secured by the pool of pledged assets. (f) A statement of the minimum excess collateral coverage, measured by market value, maintained by the depository institution over the amount of all public funds secured by the pool. (g) Authorization of immediate withdrawal of all TCC or tax collector funds together with accrued interest, without any penalty for early withdrawal, if the excess collateral coverage falls below the specified minimum excess collateral coverage. (h) A requirement that the depository institution maintain daily records of secured public funds and collateral maintained in the pool for public funds. (i) A requirement that the depository institution make reports on deposits and collateral to the TCC or tax collector making the deposit on request by the TCC or tax collector, including in the report the total amount of public funds on deposit and the total amount and market value of collateral in the pool to secure such public funds. (j) A requirement that the pooled collateral arrangements comply in all respects with applicable law.

(2) The TCC or tax collector making the deposit shall make periodic requests for collateral reports from all depository institutions holding funds that are subject to this policy. Reports should be requested at the inception of any deposit arrangement and at predetermined intervals thereafter.

c. If specific collateral is provided rather than pooled collateral, the collateral pledge agreement shall be in form satisfactory to TCC or tax collector legal counsel.

9. **Security Purchases, Securities Custody, and Monthly Reports.**

a. All security purchases will be made through a "delivery versus payment" transaction in which the TCC or tax collector pays for the securities after the securities are delivered to the custodian.

b. Securities purchased by the TCC or tax collector will be held by a custodian. There shall be a written custodian agreement. The agreement should generally include the following and other normal and appropriate terms: (1) The custodian shall send written confirmations to the TCC or tax collector making the deposit upon receipt of securities and send monthly reports to the TCC or tax collector listing securities held for the TCC or tax collector and other appropriate information. (2) Securities may be held in book entry form, or registered in a name other than the TCC or tax collector to the extent required by the custodian's regular system for holding customer securities. However, the records of the custodian shall in all events designate that the custodian is holding the securities as custodian for the TCC or tax collector. (3) The custodian is prohibited from granting a security interest or other lien in or on the securities. (4) The custodian shall remain fully responsible to the TCC or tax collector for delivery or transfer of the securities or proceeds of the securities upon sale or transfer by the TCC or tax collector, without limitation because of the manner in which ownership of the securities is registered or for any other reason. (5) The TCC or tax collector at any time may withdraw the property held by the custodian. In such event, any securities will be registered, as directed by the TCC or tax collector, in the name of, and all funds shall be transferred to, the TCC or tax collector or another custodian designated by the TCC or tax collector. (6) The custodian's internal and external auditors shall audit the custodian's custodial accounts as part of a regular audit process. (7) If the custodian agreement is a blanket custodian agreement (set up for application to multiple investors), there should be a clause indicating the right of the TCC or tax collector to make direct requests to and claims against the custodian, and the custodian should acknowledge in writing the custodian's direct obligations to the TCC or tax collector.

c. The custodian will provide the TCC or tax collector with monthly reports of securities held for the TCC or tax collector.

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10. **TCC Investment Officer or Treasurer Responsibilities.**

    a. The TCC will each year designate an Investment Officer. If the TCC fails to designate an Investment Officer, the TCC Treasurer shall serve as Investment Officer.

    b. The Investment Officer shall investigate and qualify investment providers and professional advisors for the TCC in accordance with this policy; select TCC deposits and investments; ensure TCC investments comply with this policy; and prepare periodic reports of deposits and investments for TCC review and approval.

11. **Tax Collector Monthly Reports.** The tax collector shall include in monthly reports to the TCC and taxing authorities a report on deposits and investments, including: (a) Type of permitted deposits or investments used during the month. (b) Amount invested in each type of permitted deposit or investment at the end of the month, specifying the amount held by each depository institution or local government investment trust. (c) Any investment vehicle or account used during the month and not in existence at the end of the month, explaining such investment. (d) Name of custodian holding collateral for uninsured deposits. (e) Assurance that the tax collector is currently complying with all provisions of this policy, including monitoring collateral for deposits. (f) Information and details about any non-compliance with this policy.

12. **Ethics/Disclosures/Fees.** All depository institutions, custodians, brokers, investment advisors or managers, and other investment providers shall disclose in writing to the TCC or tax collector: (1) any fees or other compensation paid to or received from a third party with respect to any TCC or tax collector investment; and (2) any ownership of or by a parent corporation which owns, any other depository institution, broker, investment advisor or manager, or other investment provider or professional advisor which does business with the TCC or tax collector.

13. **Legal Counsel.** TCC or tax collector legal counsel shall be requested to review investment agreements; documents establishing relationships with depository institutions, custodians, repurchase agreement providers, brokers, investment advisors or managers, and local government investment pools; and other documents as appropriate to ensure compliance with this policy and applicable law. Legal counsel need not review documents relating to opening standard bank accounts, specific certificates of deposit, or specific security transactions. However, legal counsel should be requested to review any unusual documents or circumstances. The rules set forth in this investment policy may be modified or waived with written approval by TCC legal counsel.

14. **Independent CPA Audit.** All deposit and investment transactions shall be subject to annual audit by the TCC and tax collector independent auditors. The audit shall include but not be limited to, as deemed necessary by the auditors: verification of amounts and records of all transactions; verification with depository institutions, issuers, local government investment pools, custodians or others as to investment amounts and terms; verification that deposits and investments are of the type authorized by this policy; and verification that values are properly reported at year end and on monthly investment reports that report values. The audit shall also include a verification that the TCC or tax collector making the deposit or investment has ensured that collateral is provided for deposits in accordance with this policy; review of TCC or tax collector internal controls, including separation of transaction authority from accounting and record keeping; review of custodian arrangements and agreements; review of securities transaction confirmations; review of record keeping relating to investments; and other issues deemed appropriate by the auditors. The auditors shall be required as part of the annual engagement to express an opinion concerning whether the TCC or tax collector complied with all provisions of this policy during the fiscal year and at fiscal year end.

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CHESTER TAX COLLECTION COMMITTEE

Tax Records Policy for Tax Collector

1. **Policy Scope and Legal Authority.** The Local Tax Enabling Act (LTEA), 53 P.S. § 6924.509(e), requires the Chester Tax Collection Committee (TCC) to adopt a tax records policy. The purpose of this policy is to provide for creation and maintenance of Tax Records by the Tax Collector. Legal authority and rules pertaining to this policy include: LTEA, 53 P.S. §§ 6924.501, 6924.509(e), and 6924.513(a)(3); the Municipal Records Act, 53 Pa.C.S.A. § 1381 *et seq.*; and the Pennsylvania Local Government Records Committee Statements of Policy – Local Government Records, 46 Pa. Code § 15.1, *et seq.*

2. **Definitions.** For purposes of this policy, the terms set forth below have the following meanings:

"DCED" means the Pennsylvania Department of Community and Economic Development.

"Delinquent Tax" is Tax that is not paid by a Taxpayer within 60 days after the applicable payment deadline.

"Enactment" means any ordinance, resolution, or regulation of a Taxing Authority that levies or otherwise relates to any Tax.

"Related Amounts" means collection costs and other miscellaneous amounts related to or derived from collection of Tax revenue by Tax Collector.

"Tax" means any tax collected by the Tax Collector, and also all fines, penalties, and interest paid by a Taxpayer related to any of such taxes.

"Tax Collector" means a TCC appointed tax collector in its capacity as tax collector under a Tax Collection Agreement with the TCC.

"Tax Record" is defined in LTEA, 53 P.S. § 6924.501, and for purposes of this policy includes tax returns and supporting schedules; correspondence with a Taxpayer, Taxpayer accountant, or other Taxpayer representative; and account books and other documents, obtained or created by the Tax Collector as part of administration or collection of Tax. The term includes Tax Receipt Information and Distribution Information required by LTEA, 53 P.S. §§ 6924.509(e) and 6924.513(a)(3), and includes paper records and electronic records. The term "electronic records" includes data and information inscribed on a tangible medium or stored in an electronic or other medium and which is retrievable in perceivable form.

"Taxing Authority" means any school district or municipality encompassed within the TCD.

"Taxpayer" means any individual, entity, or employer required to pay or remit Tax.

"TCC" means Chester Tax Collection Committee.

"TCD" means Chester Tax Collection District.

3. **Tax Records to be Created or Maintained.** All Tax Collectors will maintain a computer Tax Record database, containing at least the following Tax Records:

- Tax Receipt Information. Per LTEA, 53 P.S. § 6924.509(e) and the Enactments, for each type of Tax, a separate record showing: all Tax and Related Amounts received from or refunded to each Taxpayer, other tax collectors, and all other sources within or outside the TCD; dates of receipt; and any other Tax receipt information required by DCED. Per 32 P.S.§ 5007.1, for earned income tax, the amount of Tax received from each Taxpayer or other tax collector and attributable to the increased earned income tax rate, if any, levied by a municipality for open space lands.

- Distribution Information. Per LTEA, 53 P.S. § 6924.513(a)(3) and the Enactments, for each type of Tax, a separate record showing: all tax and Related Amounts distributed by Tax Collector, including all information required in employer quarterly, monthly, and annual returns filed under LTEA, 53 P.S. §§ 6924.512(4) and (5) and the Enactments; distribution dates; the Taxing Authority or tax collector to which Tax or Related Amounts are distributed; and any other distribution information required by DCED. Per 32 P.S.§ 5007.1, for earned income tax, the amount of Tax distributed to each Taxing

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Authority or tax collector and attributable to the increased earned income tax rate, if any, levied by a municipality for open space lands.

- Reports to TCC. Copies of all monthly and annual reports to the TCC and Taxing Authorities under Section 4(i) of the Tax Collection Agreement between the TCC and the Tax Collector.

- Enactments. Copies of all Enactments.

- Tax List. For each type of Tax collected, a separate list of the tax rate and any applicable exemption in each geographic jurisdiction.

- Delinquent Tax Collection Costs. A list showing Delinquent Tax collection costs authorized by the TCC to be assessed against Taxpayers pursuant to LTEA, 53 P.S. § 6924.707(a).

- Tax Returns. Copies of tax returns and supporting schedules, and correspondence with a Taxpayer, Taxpayer accountant, or other Taxpayer representative, filed with or received by Tax Collector.

- LST Exemption Certificates. For Local Services Tax, copies of all exemption certificates filed with Tax Collector.

- Other TCD Claims. Copies of claims filed by Tax Collector against tax collectors for other tax collection districts, claims filed by tax collectors for other tax collection districts against Tax Collector, and correspondence with tax collectors for other tax collection districts related to such claims.

- Bank Account Statements. Copies of bank account statements relating to accounts in which Tax or Related Amounts are deposited.

- State Lists. All lists of Taxpayers obtained from the Pennsylvania Department of Revenue.

- Individual Taxpayer List. For each type of Tax collected, a separate alphabetical list of all individuals or entities that paid or were required to pay Tax in the prior calendar year, and all individuals or entities that are currently required to pay Tax.

- Employer List. For each type of Tax, an alphabetical list of all employers that remitted or were required to withhold and remit Tax in the prior calendar year, and all employers that are currently required to withhold and remit Tax.

- Multi-Site Employer List. For income tax, an alphabetical list of all employers that have filed a notice of intention to file combined returns and payments with the Tax Collector pursuant to LTEA, 53 P.S. § 6924.512(5).

- Delinquent Payment Taxpayer List. For each type of Tax, a separate alphabetical list of all individuals or entities required to pay tax that have failed to pay tax when due.

- Delinquent Payment Employer List. For each type of Tax, a separate alphabetical list of all employers required to withhold and remit tax that have failed to withhold and remit tax when required.

- Delinquent Tax Return Individual List. For income tax, a separate alphabetical list for each tax of all Taxpayers who have failed to file required returns.

- Delinquent Tax Return Employer List. For each type of Tax, a separate alphabetical list of employers who have failed to file required returns.

- Enforcement Proceeding List. For each type of Tax, a separate alphabetical list of all individuals, entities, or employers currently subject to criminal or civil litigation, wage attachment, lien, payment plan, or other collection efforts, including notations as to the status of each such account.

- Other Legal Requirements. All other records a tax collector is required to create or maintain pursuant to LTEA, 53 P.S. § 6924.101 *et seq.*; DCED rules, regulations, or guidelines; or other applicable law.

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4. **Retention, Deletion, and Updating of Tax Records.** Tax Collector shall retain all Tax Records as electronic records for a period of at least 8 years after receipt or creation. Tax Records may be destroyed or deleted after this record retention period. The items listed in Section 3 above shall be continually updated as necessary to reflect the addition or elimination of individuals, entities, or employers, or the resolution of delinquencies or enforcement proceedings.

5. **Database Requirements.**

   a. Each different individual, entity, or employer listed in the database shall be assigned a single account number.

   b. The database shall be searchable by name and taxpayer identification number.

6. **Tax Records Satisfactory to TCC.** Tax Collector shall at all times maintain the database and all Tax Records in form reasonably determined by the TCC to be satisfactory.

7. **Electronic Tax Records.** If not received or initially created as electronic records, Tax Collector shall electronically image all Tax Records as soon as possible after receipt or creation and will store all electronically imaged Tax Records in the database.

8. **Tax Record Backup.** At least daily, Tax Collector shall backup the database of electronic Tax Records on tape. Tax Collector shall store backup tapes in an offsite fireproof location. Paper records may be destroyed after conversion to electronic records and backup in accordance with this Section.

9. **Recovery Plan.** Tax Collector will at all times have a database and Tax Record recovery plan that enables the tax collector to recover the entire database and all Tax Records and to restore the database to full operation within 24 hours. Collector will test the database recovery plan annually and will share the results of such tests with the TCC upon TCC request.

10. **Tax Record Ownership.** Per LTEA, 53 P.S. § 6924.509(e), the database and all Tax Records are the property of the TCC and the Taxing Authority in which the Tax was collected. Tax Collector shall provide a copy of any Tax Record at any time to one or more of the TCC representatives designated in the Tax Collection Agreement on request by the Taxing Authority or TCC.

11. **Tax Record Copies.** If copies of any Tax Record or the database are requested by the TCC, Tax Collector will deliver the Tax Record or database as directed by the TCC in a format specified by the TCC. If a Taxing Authority requests copies of any Tax Record relating to Tax collected by Tax Collector on behalf of the Taxing Authority, Tax Collector will deliver the Tax Record as directed by the Taxing Authority in the format specified by the Taxing Authority. Any time the TCC or a Taxing Authority specifies a digital format for delivery under this Section: (a) Data must be provided electronically in ASCII tab delimited format (.txt) or comma-separated values (.csv). Each file must contain a field name header recorder. (b) A file format must be provided for each file which cross references each field name in the data file. (c) The file format must contain field names, field descriptions, field lengths and field type (Text, Decimal, Integer, or Date). (d) Table definitions must be provided for each table used in the data file.

12. **Tax Record Transfer.** When the term of Tax Collector's appointment ends, Tax Collector will promptly transfer all Tax Records to the new tax collector as directed by the TCC. Tax Collector may keep a copy of Tax Records for reference as needed for Delinquent Tax matters Collector will continue to handle or in case of any dispute that continues or arises after the end of the term. If the Tax Collection Agreement expires or terminates at the end of a calendar year and the Tax Collector is obligated to collect tax for the fourth quarter of such calendar year, the Tax Collector shall provide individual Taxpayer payment data for said fourth quarter to the TCC as soon as the data is available.

13. **Independent CPA Audit.** The database and all Tax Records shall be subject to review at any time by designated TCC representatives or Tax Collector independent auditors.

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B-3

Chester County Tax Collection Committee

Tax Collection Agreement – Amendment #1

Background. The **Chester County Tax Collection Committee** (the "**TCC**") is a government entity created and organized under Act 32 of 2008, which amended and restated the Local Tax Enabling Act, 53 P.S. § 6924.101 *et seq.* Under Act 32, the TCC is required to appoint a tax collector to collect local earned income tax ("**EIT**") levied by the school districts and municipalities that are part of the Chester Tax Collection District (the "**TCD**") and to oversee the appointed tax collector's collections. The TCC appointed **Kratzenberg & Associates, Inc.**, a Pennsylvania business corporation doing business as "Keystone Collections Group" ("**Collector**"), to collect EIT throughout the TCD. In addition, as authorized by Act 32, the TCC retained Collector to collect local services tax ("**LST**") levied by certain school districts and municipalities that are part of the TCD. As required by Act 32, the TCC and Collector entered into a **Tax Collection Agreement** effective September 17, 2010. The parties would like to extend the term of, and make additional changes to, the Tax Collection Agreement.

Intending to be legally bound, the parties agree as follows:

1. **Extension of Term.** Section 3(a)(Term) of the Tax Collection Agreement is hereby amended so as to substitute "December 31, 2019" for "December 31, 2014." As a result, the term of the Tax Collection Agreement shall end at midnight on December 31, 2019 unless otherwise extended or terminated in accordance with the provisions of the Tax Collection Agreement. The time period beginning on January 1, 2014 and ending at midnight on December 31, 2019 is referred to herein as the "**Extended Term.**"

2. **Commission Amount.** If at any time while the Tax Collection Agreement is in effect, Collector agrees to charge any Tax Collection Committee a commission rate to collect a particular tax that is lower than the commission rate then charged by Collector to the TCC to collect that same type of tax, Collector will immediately notify the TCC of the lower rate and the Tax Collection Agreement shall be deemed amended such that the commission rate charged by Collector to the TCC for collection of the particular tax will equal the lowest commission rate that Collector has agreed to charge any Tax Collection Committee for collection of that same tax. All commission adjustments under this paragraph shall be effective on the date on which Collector gives notice that it has agreed to charge another Tax Collection Committee a lower commission rate than the rate then charged by Collector to the TCC. The commission rates Collector charges the TCC may be adjusted downward under this paragraph as many times as is necessary to ensure the TCC never pays a commission rate for collection of any particular tax that is higher than that which Collector has agreed to charge to another Tax Collection Committee. Absent the TCC's express prior written consent, once a commission rate is lowered under this paragraph, it cannot be raised.

3. **Controls Audit.**

a. ***Content.*** As soon as available, but in any event during the Fall of each year during the Extended Term, Collector shall deliver to the TCC a SSAE-16 controls audit report in

Type II form covering the prior calendar year and addressing the 5 key components on internal control as defined in AU-C §315: control environment; risk assessment; control activities; information and communication; and monitoring (**"Controls Report"**). Each such Controls Report shall be completed by a controls auditor experienced in performing SSAE-16 controls audits on tax collectors. Each Controls Report must include an unqualified opinion from the controls auditor. Upon request, Collector shall provide the TCC with background information on the controls auditor of the type consistent with the types of information outlined in Section 4(c)(5)(iii) of the Tax Collection Agreement. Under no circumstances shall the TCC be required to contribute to the cost of, or pay for a copy of, any Controls Report.

b. ***Disclosure.*** The TCC understands that Collector prefers to avoid public dissemination of Controls Reports and believes such reports constitute "confidential proprietary information" under the Pennsylvania Right-to-Know Law, 65 P.S. § 67.102 and § 708(11). The TCC has no opinion on that legal issue. However, in response to Collector concerns, the parties agree that if Collector provides a Controls Report directly to the TCC, then: (i) With respect to the Right-to-Know Law, unless ordered to do otherwise by an administrative agency or court, the TCC will not release any Controls Report in response to a Right-to-Know request, and will base the denial on the exception for "confidential proprietary information." (ii) The TCC will share and disclose a Controls Report on a need to know basis as determined by the TCC, which may include disclosure to TCC delegates and to accountants retained to audit Taxing Authority finances or collections of Tax and Related Amounts. (iii) When the TCC shares a copy of a Controls Report with any individual, the TCC will advise the recipient of Collector's position that the contents represent "confidential proprietary information," and will request care in protecting the information. (iv) The TCC will request that Taxing Authorities and TCC and Taxing Authority delegates and representatives act in a manner similar to the TCC commitments in this paragraph.

4. **Bond.**

a. ***Bond Amount – 2014.*** For 2014, the amount of the bond Collector is required to maintain under Section 4(d) of the Tax Collection Agreement shall be $5,000,000. Based on historical data and the fact that Collector is required under the Tax Collection Agreement to make weekly distributions of Tax and Related Amounts, the TCC and Collector believe the $5,000,000 bond amount represents a reasonable estimate of the maximum amount of Tax and Related Amounts that will be in Collector's possession at any given point during 2014. Collector shall deliver copies of the $5,000,000 bond in accordance with Section 4(d)(5) of the Tax Collection Agreement.

b. ***Annual Bond Review and Adjustment.*** By April 1 of 2015 and of each subsequent year during the Extended Term, the bond amount shall be reviewed and adjusted as follows. First, the CPA shall determine the highest amount of Tax and Related Amounts that the Collector had in its possession during each week of the most recently ended calendar year. Second, the CPA shall add together all the amounts determined under the prior sentence and divide the sum of those amounts by 52. Third, the CPA shall multiply the result of the division completed under the prior sentence by 1.5. The product of that multiplication shall be the bond amount until the next annual bond amount adjustment.

5. **Forms.** Upon request by the TCC or any Taxing Authority, Collector shall, at its expense, provide tax return forms and other forms, related information, and instructions on how to access Collector's internet filing instructions and internet filing system to government offices, libraries, and similar locations as designated by the party making the request.

6. **Effect.** Except to the extent modified herein, all terms and conditions of the Tax Collection Agreement remain in full force and effect and binding on the TCC and Collector. Capitalized terms that are used in this Amendment but that are not defined herein have the meanings provided in the Tax Collection Agreement. In reading this Amendment, the singular includes the plural and vice-versa.

7. **Execution.** This Amendment may be executed in counterparts, each of which shall be considered an original and all of which taken together shall be considered one document. Facsimile, electronic, and photocopied signatures on this Amendment shall be considered the same as original signatures for all purposes.

[Signatures appear on the following page.]

The parties hereby execute and make this Amendment effective on December 2, 2013.

TAX COLLECTOR

Attest:

By: _____

Title: President

Street Address:
Keystone Collections Group
546 Wendel Road
Irwin PA 15642
Facsimile Number: (724) 978-0339
Email Address: tkratzenberg@keystonecollects.com

CHESTER COUNTY TAX COLLECTION COMMITTEE

Attest:

By: _____

Title: Chairperson

Phone Number: (610) 363-9450
Facsimile Number: (610) 363-0518
Email Address: dhanley@uwchlan.com

B-4

OP ID: PM

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 12/04/13

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Gary E. Faye & Associates P.O. Box 745 Ligonier, PA 15658 Robert S Faye 724-238-5644 724-238-5630	CONTACT NAME: PHONE (A/C, No, Ext): FAX (A/C, No): E-MAIL ADDRESS: PRODUCER CUSTOMER ID #: KEYST-3
INSURED Kratzenberg & Associates, Inc. Keystone Collections Group Kratzenberg & Lazzaro Tom Kratzenberg 546 Wendel Road Irwin, PA 15642	INSURER(S) AFFORDING COVERAGE — NAIC # INSURER A : Peerless Insurance INSURER B : Philadelphia Insurance Company INSURER C : Liberty Mutual Surety INSURER D : INSURER E : INSURER F :

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	GENERAL LIABILITY						EACH OCCURRENCE	$ 1,000,000
A	X COMMERCIAL GENERAL LIABILITY	X	X	BKS55586308	08/31/13	08/31/14	DAMAGE TO RENTED PREMISES (Ea occurrence)	$ 1,000,000
	CLAIMS-MADE X OCCUR						MED EXP (Any one person)	$ 15,000
B	X EPLI			EPL1012729C	06/15/13	06/15/14	PERSONAL & ADV INJURY	$ 1,000,000
							GENERAL AGGREGATE	$ 2,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						PRODUCTS - COMP/OP AGG	$ 2,000,000
	POLICY PRO-JECT LOC						EPLI	$ 1,000,000
	AUTOMOBILE LIABILITY	X	X				COMBINED SINGLE LIMIT (Ea accident)	$ 1,000,000
A	X ANY AUTO			BA7207178	08/31/13	08/31/14	BODILY INJURY (Per person)	$
	ALL OWNED AUTOS						BODILY INJURY (Per accident)	$
	SCHEDULED AUTOS						PROPERTY DAMAGE (Per accident)	$
A	X HIRED AUTOS			BA7207178	08/31/13	08/31/14		$
A	X NON-OWNED AUTOS							$
								$
	X UMBRELLA LIAB X OCCUR						EACH OCCURRENCE	$ 6,000,000
A	EXCESS LIAB CLAIMS-MADE			USO55586308	08/31/13	08/31/14	AGGREGATE	$ 6,000,000
	DEDUCTIBLE							$
	X RETENTION $							$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N						X WC STATU-TORY LIMITS OTH-ER	
A	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? N (Mandatory in NH)	N/A		WC7323084	10/25/13	10/25/14	E.L. EACH ACCIDENT	$ 1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	$ 1,000,000
							E.L. DISEASE - POLICY LIMIT	$ 1,000,000
C	Emplyee Dishonesty			5090271	01/01/14	01/01/15	Blanket	1,000,000
C	Computer Fraud			5090271	01/01/14	01/01/15	Blanket	1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

All insurance is written on a primary basis

The TCC and its Taxing Authorities are named as Additional Insureds on the CGL, and Business Auto. Umbrella coverage is written on a Following Form.

CERTIFICATE HOLDER

CHESTE1

Chester County TCC
P.O. Box 2748
West Chester, PA 19380

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE
Robert S Faye

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The ACORD name and logo are registered marks of ACORD

Keystone Collections Group will hold harmless and indemnify the TCC, the Taxing Authorities, their delegates, directors, elected officials, officers, employees to and from and against any claim, loss, damage, liability, or expense.

B-5

Liberty Mutual

Interchange Corporate Center
450 Plymouth Road, Suite 400
Plymouth Meeting, PA. 19462-1644
Ph. (610) 832-8240

TAX COLLECTOR BOND

Bond Number: 5096212

Know all men by these presents: That we, Kratzenberg & Associates, Inc.d/b/a Keystone Collections Group as Principal and The Ohio Casualty Insurance Company, a corporation organized and existing under the laws of the State of Ohio and authorized to transact surety business in the Commonwealth of Pennsylvania as Surety, are held and firmly bound unto Chester Tax Collection Committee, as Obligee, in the penal sum of Fourteen Million Five Hundred Thousand Dollars ($14,500,000), lawful money of the United States of America, for the payment of which, well and truly to be made, we bind ourselves, our heirs, legal representatives, successor and assigns, jointly and severally, firmly by these presents.

WHEREAS, the above bounden Principal has entered into a Tax Collection Agreement with the Obligee beginning January 1, 2011 and ending on December 31, 2014 (the "Term") to collect taxes for the Chester Tax Collection District (the "TCD") (the "Agreement").

Now, Therefore, the condition of this Obligation is such, that, if the Principal shall well, truly and faithfully execute all of the duties required of the tax officer pursuant to: a) 53 P.S. § 6924.509 (d)(3) and b) the Agreement, during the Term of the Agreement and Maintenance Term, then this obligation shall be void; otherwise it shall remain in full force and effect.

Provided and subject to the following conditions precedent:

1. This Bond is for the Term set forth above.
2. Pursuant to paragraph 4(d)(6) of the Agreement, this Bond shall continue to cover obligations of the Principal referenced in paragraph 10(q) of the Agreement, for an additional six (6) month period following the earlier of: a) the cancellation or termination of the Agreement, or b) the date on which the Term expires (the additional six (6) month period as described above shall be referred to as the Maintenance Term). During the Maintenance Term, the penal sum set forth above shall be automatically reduced to twenty five percent (25%) of the Bond amount required immediately prior to the end of the Term, which shall cover losses which result as a breach of Principal's duties occurring during the Maintenance Term.
3. In no event shall the liability of the Surety exceed the penal sum of this Bond, regardless of the number of years the Bond shall continue in effect or the number of claims that are made under the Bond.
4. Neither non-renewal by the Surety, nor failure, nor inability of the Principal to file a replacement bond shall constitute a loss recoverable hereunder.
5. Any modification of this Bond, including but not limited to a change in the penal sum, the Term or any other condition of this Bond shall be accomplished through a rider issued by the Surety; such modification shall only become effective after such rider is received by Obligee.

6. This Bond may be cancelled by the Surety effective sixty (60) days from the date of written notice of such cancellation to the Principal and Obligee named herein at their last known address, provided no such cancellation shall affect or abridge the liability of the Principal or the Surety to the Obligee for losses which result as a breach of Principal's duties occurring prior to the effective date of cancellation or termination of this Bond.

7. If Principal has complied with Deposit and Investment Policy specifically attached to the Agreement and effective September 17, 2010, this Bond shall not cover and the Surety shall not be liable hereunder for loss of any public moneys or funds occurring through or resulting from the failure of, or default in payment by, any banks or depositories in which any public moneys or funds have been deposited, or may be deposited, or placed to the credit of the Principal, whether or not such banks or depositories were or may be selected or designated by the Principal or by other persons; or by reason of the allowance to, or acceptance by the Principal of any interest on said public moneys or funds, any law, decision, ordinance or statute to the contrary notwithstanding. In the event that the Deposit and Investment Policy dated September 17, 2010 is amended and/or modified and becomes a part of the Tax Collection Agreement between Principal and Obligee, the Obligee shall provide Surety a copy of same. In the event that the Surety consents to the Bond covering the amended Policy, such consent not to be unreasonably withheld, this Bond shall be modified by the Surety by rider to acknowledge Principal's duty to comply with such amended Policy.

8. This Bond shall be for the benefit of the named Obligee and for any other political subdivision or tax collection district for which taxes shall be collected or distributed pursuant to the Agreement.

Dated this 14th day of February, 2011.

Kratzenberg & Associates, Inc.
(Principal)

By: _____

The Ohio Casualty Insurance Company
(Surety)

By: _____
Attorney-in-Fact
Robert S. Faye

THIS POWER OF ATTORNEY IS NOT VALID UNLESS IT IS PRINTED ON RED BACKGROUND.

CERTIFIED COPY OF POWER OF ATTORNEY

THE OHIO CASUALTY INSURANCE COMPANY

WEST AMERICAN INSURANCE COMPANY

No. 43-873

Know All Men by These Presents: That THE OHIO CASUALTY INSURANCE COMPANY, an Ohio Corporation, and WEST AMERICAN INSURANCE COMPANY, an Indiana Corporation, pursuant to the authority granted by Article III, Section 9 of the Code of Regulations and By-Laws of The Ohio Casualty Insurance Company and West American Insurance Company, do hereby nominate, constitute and appoint: **Gary E. Faye, Robert S. Faye or Stacey L. Knupp of Ligonier, Pennsylvania** its true and lawful agent (s) and attorney (s)-in-fact, to make, execute, seal and deliver for and on its behalf as surety, and as its act and deed any and all BONDS, UNDERTAKINGS, and RECOGNIZANCES, not exceeding in any single instance **TWENTY MILLION ($20,000,000.00) DOLLARS**, excluding, however, any bond(s) or undertaking(s) guaranteeing the payment of notes and interest thereon.

And the execution of such bonds or undertakings in pursuance of these presents, shall be as binding upon said Companies, as fully and amply, to all intents and purposes, as if they had been duly executed and acknowledged by the regularly elected officers of the Companies at their administrative offices in Fairfield, Ohio, in their own proper persons.
The authority granted hereunder supersedes any previous authority heretofore granted the above named attorney(s)-in-fact.

In WITNESS WHEREOF, the undersigned officer of the said The Ohio Casualty Insurance Company and West American Insurance Company has hereunto subscribed his name and affixed the Corporate Seal of each Company this **25th day of October, 2010.**

SEAL SEAL

J. Timothy D'Errico, Assistant Secretary

STATE OF OHIO,
COUNTY OF BUTLER

On this **25th** day of **October, 2010** before the subscriber, a Notary Public of the State of Ohio, in and for the County of Butler, duly commissioned and qualified, came **J. Timothy D'Errico, Assistant Secretary** of THE OHIO CASUALTY INSURANCE COMPANY and WEST AMERICAN INSURANCE COMPANY, to me personally known to be the individual and officer described in, and who executed the preceding instrument, and he acknowledged the execution of the same, and being by me duly sworn deposes and says that he is the officer of the Companies aforesaid, and that the seals affixed to the preceding instrument are the Corporate Seals of said Companies, and the said Corporate Seals and his signature as officer were duly affixed and subscribed to the said instrument by the authority and direction of the said Corporations.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal at the City of Hamilton, State of Ohio, the day and year first above written.

Notary Public in and for County of Butler, State of Ohio
My Commission expires August 17, 2013.

This power of attorney is granted under and by authority of Article III, Section 9 of the Code of Regulations and By-Laws of The Ohio Casualty Insurance Company and West American Insurance Company, extracts from which read:

Article III, Section 9. Appointment of Attorneys-in-Fact. The Chairman of the Board, the President, any Vice-President, the Secretary or any Assistant Secretary of the corporation shall be and is hereby vested with full power and authority to appoint attorneys-in-fact for the purpose of signing the name of the corporation as surety to, and to execute, attach the seal of the corporation to, acknowledge and deliver any and all bonds, recognizances, stipulations, undertakings or other instruments of suretyship and policies of insurance to be given in favor of any individual, firm, corporation, partnership, limited liability company or other entity, or the official representative thereof, or to any county or state, or any official board or boards of any county or state, or the United States of America or any agency thereof, or to any other political subdivision thereof.

This instrument is signed and sealed as authorized by the following resolution adopted by the Boards of Directors of the Companies on October 21, 2004.

RESOLVED, That the signature of any officer of the Company authorized under Article III, Section 9 of its Code of Regulations and By-laws and the Company seal may be affixed by facsimile to any power of attorney or copy thereof issued on behalf of the Company to make, execute, seal and deliver for and on its behalf as surety any and all bonds, undertakings or other written obligations in the nature thereof, to prescribe their respective duties and the respective limits of their authority, and to revoke any such appointment. Such signatures and seal are hereby adopted by the Company as original signatures and seal and shall, with respect to any bond, undertaking or other written obligations in the nature thereof to which it is attached, be valid and binding upon the Company with the same force and effect as though manually affixed.

CERTIFICATE

I, the undersigned Assistant Secretary of The Ohio Casualty Insurance Company and West American Insurance Company, do hereby certify that the foregoing power of attorney, the referenced By-Laws of the Companies and the above resolution of their Boards of Directors are true and correct copies and are in full force and effect on this date.
IN WITNESS WHEREOF, I have hereunto set my hand and the seals of the Companies this 14th day of February, 2011

SEAL SEAL

Assistant Secretary

Not valid for mortgage, note, loan, letter of credit, bank deposit, currency rate, interest rate or residual value guarantees.

To confirm the validity of this Power of Attorney call 1-513-867-3671 between 9:00 am and 4:30 pm EST on any business day.

Harrisburg
275 Grandview Ave. Suite 102
Camp Hill, PA 17011
717-657-9641 Fax: 866-549-7985

Change Rider

To be attached to and form a part of surety bond number LSF017245 cross reference bond number 5096212 dated the 1st day of January, 2011 issued by The Ohio Casualty Insurance Company as surety (the "Surety"), on behalf of Kratzenberg & Associates, Inc. d/b/a Keystone Collections Group as principal (the "Principal"), in favor of Chester Tax Collection Committee, as obligee (the "Obligee").

The Principal and Surety hereby consent to changing the attached bond as follows:

The Bond Amount is changed from 14,500,000.00 to 5,000,000.00

This change is effective the 1st day of January, 2014

The attached bond shall be subject to all of its terms, conditions and limitations except as herein modified.

IN WITNESS WHEREOF, said Principal and Surety have caused these presents to be duly signed and sealed this 18th day of December, 2013

WITNESS / ATTEST _____

Kratzenberg & Associates, Inc. d/b/a Keystone Collections Group
(Principal)

By: _____ (Seal)
Title: Pres.
Date: 12/18/14

The Ohio Casualty Insurance Company
(Surety)

By: Timothy A. Mikolajewski
Title: Timothy A. Mikolajewski
Assistant Secretary
Liberty Mutual Surety
Date: December 18, 2013

THE OHIO CASUALTY INSURANCE COMPANY INCORPORATED 1919 NEW HAMPSHIRE

Chester Tax Collection Committee
(Obligee)

By: _____ (Seal)
Title: _____
Date: _____

_____
(Additional Obligee)

By: _____ (Seal)
Title: _____
Date: _____

Liberty Mutual. SURETY

West American Insurance Company

STIPULATION

To be attached to and form part of Bond No. 5096212

issued by West American Insurance Company on behalf of

Kratzenberg & Associates, Inc. d/b/a Keystone Collections Group

in favor of Chester Tax Collection Committee in the amount of

Five Million and No/Cents ($ 5,000,000.00)

Dollars, and dated 01-01-2014

WHEREAS, it is the desire of all parties that this bond be amended as hereinafter provided.

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED that said bond hereinbefore described is hereby amended as follows:

Bond original effective 01-01-2011 has been amended to expire December 2019

IT IS FURTHER STIPULATED AND AGREED that nothing herein contained shall vary, alter or modify any of the conditions of said bond except as herein expressly modified.

SIGNED, SEALED and DATED: 02-07-2014

Kratzenberg & Associates, Inc. d/b/a Keystone Collections Group
Principal

By: _____

West American Insurance Company

By: _____
Attorney-In-Fact

Agreed to and accepted by:

Chester Tax Collection Committee

By: _____

S-1812 Blank Stipulation
(Not to be used to change amount of bond)

Principal: Kratzenberg & Associates, Inc. d/b/a Keystone Collections Group

Obligee: Chester Tax Collection Committee

POWER OF ATTORNEY

WEST AMERICAN INSURANCE COMPANY

Agency Name: Gary E. Faye & Associates

Agent Code: 377224

Bond Number: 5096212

Know All Men by These Presents: That WEST AMERICAN INSURANCE COMPANY, an Indiana Corporation, pursuant to the authority granted by Article IV, Section 12 of the Code of Regulations and By-Laws of West American Insurance Company, do hereby nominate, constitute and appoint: Gary E. Faye, Robert S. Faye, Stacey L. Knupp of Ligonier, Pennsylvania its true and lawful agent(s) and attorney(ies)-in-fact, to make, execute, seal and deliver for and on its behalf as surety, and as its act and deed any and all BONDS, UNDERTAKINGS, and RECOGNIZANCES, excluding, however, any bond(s) or undertaking(s) guaranteeing the payment of notes and interest thereon.

And the execution of such bonds or undertakings in pursuance of these presents, shall be as binding upon said Company, as fully and amply, to all intents and purposes, as if they had been duly executed and acknowledged by the regularly elected officers of said Company at their administrative offices in Indianapolis, IN, in their own proper persons. The authority granted hereunder supersedes any previous authority heretofore granted the above named attorney(ies)-in-fact.

In WITNESS WHEREOF, the undersigned officer of the said West American Insurance Company has hereunto subscribed his name and affixed the Corporate Seal of said Company this 18th day of November, 2013.

WEST AMERICAN INSURANCE COMPANY INCORPORATED 1991 INDIANA

David M. Carey, Assistant Secretary

STATE OF PENNSYLVANIA
COUNTY OF MONTGOMERY

On this 18th day of November, 2013 before the subscriber, a Notary Public of the State of Pennsylvania, in and for the County of Montgomery, duly commissioned and qualified, came David M. Carey, Assistant Secretary of West American Insurance Company, to me personally known to be the individual and officer described in, and who executed the preceding instrument, and he acknowledged the execution of the same, and being by me duly sworn deposes and says that he is the officer of the Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of said Company, and the said Corporate Seal and his signature as officer were duly affixed and subscribed to the said instrument by the authority and direction of the said Corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal at the City of Plymouth Meeting, State of Pennsylvania, the day and year first above written.

TERESA PASTELLA COMMONWEALTH OF PENNSYLVANIA NOTARY PUBLIC

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Teresa Pastella, Notary Public
Plymouth Twp., Montgomery County
My Commission Expires March 28, 2017
Member, Pennsylvania Association of Notaries

Notary Public in and for County of Montgomery, State of Pennsylvania
My Commission expires March 28, 2017

This power of attorney is granted under and by authority of Article IV, Section 12 of the By-Laws of West American Insurance Company, extracts from which read:

ARTICLE IV - Officers: Section 12. Power of Attorney.
Any officer or other official of the Corporation authorized for that purpose in writing by the Chairman or the President, and subject to such limitation as the Chairman or President may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bond, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Corporation by their signature and execution of any such instruments and to attach thereto the seal of the Corporation. When so executed, such instruments shall be as binding as if signed by the President and attested to by the Secretary.

Any power or authority granted to any representative or attorney-in-fact under the provisions of this article may be revoked at any time by the Board, the Chairman, the President or by the officer or officers granting such power or authority.

This certificate and the above power of attorney may be signed by facsimile or mechanically reproduced signatures under and by authority of the following vote of the board of directors of West American Insurance Company effective on the 15th day of February, 2011:

VOTED that the facsimile or mechanically reproduced signature of any assistant secretary of the company, wherever appearing upon a certified copy of any power of attorney issued by the company in connection with surety bonds, shall be valid and binding upon the company with the same force and effect as though manually affixed.

CERTIFICATE
I , the undersigned Assistant Secretary of West American Insurance Company, do hereby certify that the foregoing power of attorney, the referenced By-Laws of the Company and the above resolution of their Board of Directors are true and correct copies and are in full force and effect on this date.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the Company this 7th day of February, 2014.

WEST AMERICAN INSURANCE COMPANY INCORPORATED 1991 INDIANA

Gregory W. Davenport, Assistant Secretary

C-1

Sample Earned Income Tax Resolution/Ordinance

[Drafting Note: This document was prepared by Kegel Kelin Almy & Lord LLP with the goal of providing a sample earned income tax resolution or ordinance for use by school districts and municipalities in complying with Act 32. The goal is to conform to Act 32 and to have a uniform tax enactment form used within the Tax Collection District. Bracketed items should be used and completed as appropriate for a particular municipality or school district. School districts should use this document as a "Resolution," and municipalities should use this document as an "Ordinance." Each school district and municipality should work with its solicitor in finalizing the tax enactment form. It is recommended that any substantive changes to the form be reviewed with the Tax Collection Committee solicitor.]

[_____ SCHOOL DISTRICT]

[_____ TOWNSHIP]

[_____ BOROUGH]

[_____ CITY]

EARNED INCOME TAX [RESOLUTION] [ORDINANCE]

[RESOLUTION] [ORDINANCE] LEVYING A TAX ON EARNED INCOME AND NET PROFITS; REQUIRING TAX RETURNS; REQUIRING EMPLOYERS TO WITHHOLD AND REMIT TAX; AND RELATED PROVISIONS.

[RESOLVED, by the Board of School Directors of _____ School District, under authority of the Local Tax Enabling Act, 53 P.S. § 6924.101 *et seq.*, and other applicable law, as follows:]

[ENACTED, by the _____ of _____ under authority of the Local Tax Enabling Act, 53 P.S. § 6924.101 *et seq.*, and other applicable law, as follows:]

Section 1. Definitions.

All terms defined in the Local Tax Enabling Act shall have the meanings set forth therein. The following terms shall have the meanings set forth herein:

a. Collector. The person or entity appointed as tax officer pursuant to the Local Tax Enabling Act to collect the Tax.

b. Effective Date. January 1, 2011.

c. Enactment. This **[Resolution] [Ordinance]**.

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d. Governing Body. **[The Board of School Directors of _____ School District.] [The_____ of _____.]** ***[Drafting Note: Must add here identification of the governing body.]***

e. Local Tax Enabling Act. The Local Tax Enabling Act, as set forth in 53 P.S. § 6901 *et seq.* while such numbering and provisions remain in effect under Act 32 of 2008, and as set forth in 53 P.S. § 6924.101 *et seq.* when such numbering and provisions become effective under Act 32, and as amended in the future.

f. TCD. Any tax collection district to which the Taxing Authority or any part of the Taxing Authority is assigned under the Local Tax Enabling Act.

g. TCC. The tax collection committee established to govern and oversee the collection of earned income tax within the TCD under the Local Tax Enabling Act.

h. Tax. The tax imposed by this Enactment.

i. Tax Return. A form prescribed by the Collector for reporting the amount of Tax or other amount owed or required to be withheld, remitted, or reported under this Enactment or the Local Tax Enabling Act.

j. Tax Year. The period from January 1 to December 31.

k. Taxing Authority. **[_____ School District.] [_____ Township.] [_____ Borough.] [_____ City.]**

Section 2. Imposition of Tax.

a. General Purpose Resident Tax. The Taxing Authority hereby imposes a Tax for general revenue purposes at the rate of **[____%]** on earned income and net profits of individual residents of the Taxing Authority. ***[Drafting Note: If a school district currently collects the same rate from residents in all geographic areas within the school district, the recommended general rule is that the school district should insert this uniform rate. If the school district currently collects a higher rate in one or more municipalities than collected in any other municipality, the recommended general rule is that the school district should insert the highest tax rate collected, recognizing this rate will not be collected in one or more municipalities due to the rate imposed by the municipality. For municipalities, the recommended general rule is that the municipality should insert the rate currently collected by the municipality from residents for general revenue purposes.]***

[***Drafting Note: If a municipality imposes additional tax for open space lands pursuant to voter referendum approval, the municipal ordinance should add*** – "Open Space Municipal Resident Tax. In addition to the Tax levied for general revenue purposes, the Taxing Authority hereby imposes a Tax for expenses related to open space lands under 32 P.S. § 5007.1 at the rate of **[____%]** on earned income and net profits of individual residents of the Taxing Authority. This tax for open space lands was previously authorized by voter referendum."]

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[Drafting Note: The Chester TCC Management Committee recommends that municipal ordinances add – "General Purpose Municipal Nonresident Tax. The Taxing Authority also imposes a Tax for general revenue purposes at the rate of **[____%]** on earned income and net profits derived by an individual who is not a resident of the Taxing Authority from any work, business, profession, or activity, of any kind engaged in within the boundaries of the Taxing Authority." ***Drafting Note: The recommended general rule is that the rate inserted should be the greater of 1% or any higher rate a municipality is permitted to collect as a result of converting an occupation tax to EIT under Act 24. The municipality should consult its solicitor on the proper rate permissible for non residents based on Act 24.]***

b. Ongoing Tax. The Tax shall continue at the above rates during the current Tax Year and each Tax Year thereafter, without annual re-enactment, until this Enactment is repealed or the rate is changed.

c. Combined Tax Rate Applicable to Residents. Currently, the total rate applicable to residents of the Taxing Authority, including the tax imposed by the school district and municipality in which the individual resides, is **[____%]**. ***[Drafting Note: If the total rate applicable to residents differs within various municipalities, the preceding sentence should be modified to reflect the facts.]***

d. Municipal Tax Rate Applicable to Nonresidents. Currently, the total rate applicable to non-residents working within the Taxing Authority based on the municipal non-resident tax rate is **[____%]**.

e. Local Tax Enabling Act Applicable. The Tax is imposed under authority of the Local Tax Enabling Act, and all provisions thereof that relate to a tax on earned income or net profits are incorporated into this Enactment. Any future amendments to the Local Tax Enabling Act that are required to be applied to a tax on earned income or net profits will automatically become part of this Enactment upon the effective date of such amendment, without the need for formal amendment of this Enactment, to the maximum extent allowed by 1 Pa.C.S.A. § 1937.

f. Applicable Laws, Regulations, Policies, and Procedures. The Tax shall be collected and administered in accordance with: (1) all applicable laws and regulations; and (2) policies and procedures adopted by the TCC or by the Collector. This includes any regulations, policies, and procedures adopted in the future to the maximum extent allowed by 1 Pa.C.S.A. § 1937.

Section 3. No Exemption from Tax. Although credits and deductions against Tax are permitted under certain circumstances as provided in applicable law and regulations, no individuals are exempt from Tax based on age, income, or other factors.

[Drafting Note: The Chester TCC Management Committee recommends no exemptions from Tax. The Management Committee strongly encourages all Chester County school districts and

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municipalities to follow this recommendation. Doing so will promote uniformity throughout the tax collection district and more cost efficient tax collection.]

Section 4. Individual Tax Returns and Payments.

Every individual receiving earned income or earning net profits in any Tax Year shall file Tax Returns and pay Tax in accordance with the Local Tax Enabling Act.

Section 5. Employer Withholding, Remittance, and Tax Returns.

Every employer shall register, withhold, and remit Tax, and file Tax Returns in accordance with the Local Tax Enabling Act.

Section 6. Tax Collector.

The Tax will be collected from individuals and employers by the Collector.

Section 7. Interest, Penalties, Costs, and Fines.

Individuals and employers are subject to interest, penalties, costs, and fines in accordance with the Local Tax Enabling Act, including costs imposed by the Collector in accordance with the Local Tax Enabling Act.

Section 8. Severability.

The provisions of this Enactment are severable and if any of its provisions are ruled by a court invalid or unconstitutional, such decision shall not affect or impair any of the remaining provisions of this Enactment. It is declared to be the intention of the Governing Body that this Enactment would have been adopted if such invalid or unconstitutional provision had not been included.

Section 9. Purpose/Amendment and Restatement/Repeal.

The primary purpose of this Enactment is to conform the earned income and net profits tax currently imposed to the Local Tax Enabling Act, as amended and restated by Act 32 of 2008, and to do so within the time frame required by Act 32. Any prior enactment imposing a tax on earned income or net profits of individuals is amended and restated in its entirety to read as stated in this Enactment. Any other prior enactment or part of any prior enactment conflicting with the provisions of this Enactment is rescinded insofar as the conflict exists. To the extent the same as any enactment in force immediately prior to adoption of this Enactment, the provisions of this Enactment are intended as a continuation of such prior enactment and not as a new enactment. If this Enactment is declared invalid, any prior enactment levying a similar tax shall remain in full force and effect and shall not be affected by adoption of this Enactment. If any part of this Enactment is declared invalid, the similar part of any prior enactment levying a similar tax shall remain in effect and shall not be affected by adoption of this Enactment. The provisions of this Enactment shall not affect any act done or liability incurred, nor shall such

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provisions affect any suit or prosecution pending or to be initiated to enforce any right or penalty or to punish offense under the authority of any enactment in force prior to adoption of this Enactment. Subject to the foregoing provisions of this Section, this Enactment shall amend and restate on the Effective Date any enactment levying a tax on earned income or net profits in force immediately prior to the Effective Date.

Section 10. Adoption.

This Enactment is adopted and enacted _____ _____, 20_____.

[ATTEST: **_____SCHOOL DISTRICT**

_____ By: _____

Secretary **President, Board of School Directors]**

[SCHOOL DISTRICT SEAL]

[Municipalities should modify signature area based on type of municipality]

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Sample Earned Income Tax Advertisement

111463.2
04/13/11

[_____ SCHOOL DISTRICT]
[_____ TOWNSHIP]
[_____ BOROUGH]
[_____ CITY]

Earned Income and Net Profits Tax Notice

Notice is given pursuant to the Local Tax Enabling Act that the _____ of _____ intends to adopt an **Earned Income Tax [Resolution][Ordinance]**, the caption and summary of which is as follows:

> **[RESOLUTION] [ORDINANCE]** LEVYING A TAX ON EARNED INCOME AND NET PROFITS; REQUIRING TAX RETURNS; REQUIRING EMPLOYERS TO WITHHOLD AND REMIT TAX; AND RELATED PROVISIONS.

The _____ intends to adopt this **[Resolution][Ordinance]** at a meeting to be held on or before **[November 30, 2011]**. It will impose a tax for general revenue purposes at a rate of ____% on earned income and net profit of individual residents. [***Drafting Notes:*** (1) If a municipality imposes additional tax for open lands pursuant to voter referendum approval, the notice should add – **"It will also impose a tax for expenses related to open space lands at the rate of ____% on earned income and net profits of individual residents."** (2) Municipal ordinances should add – **"It will impose a tax for general revenue purposes at the rate of ____% on earned income and net profits derived by non-residents from work within this municipality."** (3) School district resolutions should add – **"This tax is in addition to any tax on earned income and net profits imposed by any municipality within the school district."** (4) Municipal ordinances should add – **"This tax is in addition to any tax on earned income and net profits imposed by the school district within which this municipality is located."**] The **[Resolution][Ordinance]** will be effective January 1, 2012, and continues the tax previously imposed at the same rate. Changes have been made in the terms of the currently effective tax levy primarily to conform to requirements of Act 32 of 2008, which is a restatement of the Local Tax Enabling Act, 53 P.S. § 6924.101 *et seq*. The nature of the tax will be substantially the same as the earned income and net profits tax currently levied, subject to changes required by Act 32. The **[Resolution][Ordinance]** states that all provisions of the Local Tax Enabling Act that relate to a tax on earned income or net profits are incorporated into the **[Resolution][Ordinance]**. [***Drafting Note:*** If exemptions are provided, the exemptions should be mentioned. For example – "The **[Resolution][Ordinance]** provides an exemption from tax for individuals under age 16.] The tax will be collected by a collector appointed under Act 32. The reason for the new tax levy is to continue the same tax as previously imposed in order to provide revenue for the purposes stated above, and also to conform to Act 32 requirements. The estimated revenue to be derived from the tax during 2012 is $_____.

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Sample Earned Income Tax Advertisement

A copy of the full text of the proposed **[Resolution][Ordinance]** may be obtained by any citizen at the Business Office of the _____ located at _____, during regular business hours (Monday through Friday between _____ a.m. and _____ p.m.).

_____

[Secretary][Other Official]

[Important Note: The Resolution/Ordinance must be adopted at a meeting advertised and held in accordance with the Sunshine Law. If the meeting has not previously been advertised, additional information must be added to the above advertisement concerning the time and place of the meeting, in order to comply with the Sunshine Law.]

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C-3

[Sample] Taxing Authority Notice to DCED Concerning New EIT Enactment

[_____ SCHOOL DISTRICT]
[_____ TOWNSHIP]
[_____ BOROUGH]
[_____ CITY]

Center for Local Government Services
Community Affairs and Development
Pennsylvania Department of Community and Economic Development
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225

Re: **New EIT Enactment**

Dear Ladies and Gentlemen:

In accordance with requirement of the Local Tax Enabling Act, we are submitting to you a certified copy of an Earned Income Tax **[Resolution][Ordinance]** recently adopted. We are submitting this certified copy and providing you with notice for your Tax Register as required by LTEA § 6924.310 and §6924.511. This new tax enactment is essentially a continuation of the previously levied earned income tax. The new enactment was adopted to conform to the requirements of Act 32 of 2008.

The Register should reflect that we will collect earned income tax with a resident tax rate of ____% [and a non-resident tax rate of ____%].

Date: _____

Sincerely,

[Taxing Authority Officer Signature and typed name, street address, e-mail address, and phone number]

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[_____ SCHOOL DISTRICT]

[_____ TOWNSHIP]

[_____ BOROUGH]

[_____ CITY]

[Sample] Resolution Requesting TCC to Contract for Collection of Tax Other Than EIT

Background. Act 32 § 507 requires the Chester Tax Collection Committee ("TCC") to appoint and implement a master contract with a Tax Collector to collect earned income tax on a county-wide basis within the Chester Tax Collection District ("TCD"). Act 32 § 509(k) allows TCC to designate the Tax Collector to collect other taxes levied under the Local Tax Enabling Act, 53 P.S. § 6924.101 *et seq.*, or other statutory law. TCC is willing to contract for collection of local services tax levied by taxing authorities within the TCD that request TCC to do so, and that execute an agreement in form approved by TCC. The purpose of this Resolution is for **[_____ School District/Township/Borough/City]** ("Taxing Authority") to request that TCC contract for the collection of local services tax levied by Taxing Authority.

RESOLVED, by the governing body as follows:

1. TCC is requested to contract for collection of local services tax levied by Taxing Authority.

2. The TCC/Taxing Authority Contract for Collection of Tax Other Than EIT in form presented at this meeting is approved.

3. The Taxing Authority officers are authorized and directed to execute and deliver the TCC/Taxing Authority Contract for Collection of Tax Other Than EIT in substantially the form presented at this meeting, subject to approval of the final agreement form by the solicitor, and to take all other actions necessary or appropriate to carry out the purposes of this Resolution.

Certification of adoption. The undersigned certifies that the above Resolution was adopted at a public meeting on this date.

Date: _____ _____

Secretary

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CHESTER COUNTY TAX COLLECTION COMMITTEE

[_____] [SCHOOL DISTRICT] [TOWNSHIP] [BOROUGH] [CITY]

[Sample] TCC/Taxing Authority Contract for Collection of Tax Other Than EIT

[Drafting Note: This document was prepared by Kegel Kelin Almy & Lord LLP for use as a sample agreement between the TCC and a taxing authority providing for the TCC to contract with the Act 32 Tax Collector to collect tax other than earned income tax. This document is a starting point and must be adapted to the specific facts applicable to the TCC and taxing authority. It is very important that the TCC solicitor adapt this document to the specific facts, and that the TCC and taxing authority consult with their solicitors concerning this document and related steps.]

Background. Act 32 § 507 requires the [_____] County Tax Collection Committee ("TCC") to appoint and implement a master contract with a Tax Collector to collect earned income tax on a county-wide basis within the [_____] Tax Collection District. Act 32 § 509(k) allows TCC to designate the Tax Collector, pursuant to the master contract between TCC and the appointed Tax Collector, to collect other taxes levied under the Local Tax Enabling Act, 53 P.S. § 6924.101 *et seq.*, or other statutory law. TCC is willing to contract for collection of **[local services tax] [business privilege tax] [per capita tax] [real estate tax]** levied by **[_____ School District/Township/Borough/City]** ("Taxing Authority"). TCC has shared with Taxing Authority the results of a Tax Collector RFP ("RFP"). Although TCC has shared with Taxing Authority the Tax Collector expected to be appointed and expected terms of the Tax Collection Agreement, TCC may choose an alternate Tax Collector or vary the terms as the RFP process and finalization of the Tax Collection Agreement is completed by TCC, and Taxing Authority will be bound by Tax Collector appointment and terms incorporated in the Tax Collection Agreement as finalized and signed by TCC. TCC will provide a copy of the final Tax Collection Agreement to Taxing Authority promptly after signature by TCC and Tax Collector.

INTENDING TO BE LEGALLY BOUND, the parties agree as follows:

1. **Tax Collection Agreement.** Pursuant to a master contract between TCC and the Tax Collector appointed by TCC ("Tax Collection Agreement"), TCC shall contract for collection of **[local services tax] [business privilege tax] [per capita tax] [real estate tax]** levied by Taxing Authority and applicable within the jurisdiction of TCC.

2. **Term.** The term of this Agreement begins on this date and shall end on the date when the term of the Tax Collection Agreement ends, unless this Agreement is terminated earlier in accordance with Section 3 below. Collection of tax as provided in this Agreement will begin January 1, **[2011] [2012]**.

3. **Early Termination.** TCC may terminate this Agreement as to any or all taxes listed in Section 1 of this Agreement by giving thirty (30) days written notice of the termination effective date to Taxing Authority if TCC determines there has been a change in applicable law or other circumstance that limits or interferes with TCC's obligations under this Agreement or Tax Collector's collection of tax as provided in this Agreement. Either party may terminate this Agreement at the end of the original term of the Tax Collection Agreement or on December 31 of

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any year during any renewal term of the Tax Collection Agreement by giving written notice to the other party at least one (1) year prior to the termination effective date.

Any termination of this Agreement will be effective as of midnight on the termination effective date.

4. **Taxing Authority Covenants.**

a. ***Collection.*** After the date on which collection of tax as provided in this Agreement begins under the Tax Collection Agreement, Taxing Authority will not authorize any other individual or entity to collect such tax while this Agreement remains in effect.

b. ***Enactments.*** Taxing Authority will promptly provide Tax Collector and TCC with a copy of each Taxing Authority tax enactment currently in effect levying the tax listed in Section 1 of this Agreement. Taxing Authority will promptly after adoption and prior to the effective date provide Tax Collector and TCC with any amendments to such tax enactments and any new tax enactments levying such tax. Taxing Authority will provide Tax Collector and TCC with notice at least sixty (60) days prior to adoption of any amendments or new tax enactments that Taxing Authority intends to implement. All enactments shall at all times comply with any minimum content requirements of which TCC advises Taxing Authority, and Taxing Authority will adopt any amendments or changes reasonably requested by TCC to ensure such compliance, subject to Taxing Authority solicitor approval.

[Option – Adjustment of TCC Operating Expense Allocation:

c. *TCC Operating Expense Allocation*. Taxing Authority agrees to the provisions in the TCC bylaws relating to TCC operating expense allocation and payment, and relating to organization expense assessment. Without limiting the foregoing, Taxing Authority agrees that its share of TCC operating expenses shall be determined by Taxing Authority's tax revenue collected for Taxing Authority in comparison to tax revenue collected for all taxing authorities under the Tax Collection Agreement. For this purpose, revenue collected from taxes provided for in this Agreement shall be considered in addition to earned income tax revenue.]

[***Drafting Note:*** If the TCC bylaws allocate each taxing authority's share of TCC operating expenses by using the total tax revenue collected for the taxing authority and comparing it to the total tax revenue collected for all taxing authorities, the bracketed language above should be used. However, if the TCC bylaws allocate TCC operating expenses using only *earned income tax* revenues, the bracketed language should not be used unless the bylaws are amended.]

5. **Indemnity.** Taxing Authority shall indemnify and hold harmless TCC, its officers, delegates, employees, agents, 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 (whether in whole or in part): (a) Taxing Authority failure to comply with any applicable law or regulation. (b) Taxing Authority breach of this Agreement.

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6. **Miscellaneous.**

a. ***Taxing Authority Cooperation.*** Taxing Authority will at all times cooperate with TCC and Tax Collector and will take all other steps necessary or appropriate, or reasonably requested by TCC or Tax Collector, to facilitate collection of tax as provided in this Agreement.

b. ***Survival.*** Section 5 above will survive termination or expiration of this Agreement.

c. ***Entire Agreement.*** This Agreement is the entire agreement between TCC and Taxing Authority related to collection of tax other than earned income tax and supersedes any prior agreement related to collection of tax other than earned income tax.

d. ***Modification.*** Any modification of this Agreement must be in writing and signed by TCC and Taxing Authority to be valid.

e. ***Section Headings.*** The headings in this Agreement are for convenience only and are not to be used in interpreting the Agreement.

f. ***Notice.*** All communications and notices under this Agreement will be in writing and will 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).

[Signatures Appear on Following Page]

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Date: _____

TCC

By: _____

Title: _____

Address: _____

_____

Taxing Authority (_____ [School District] [Township] [Borough] [City])

By: _____

Title: _____

Address: _____

_____

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D-1

Chester County Tax Collection Committee Tax Appeal Board Operations/Tax Appeal Petition Processing – Internal Notes

1. The TCC should provide a copy of the Tax Appeal Board Regulations to all Tax Appeal Board members.

2. Appeals may be filed by taxpayers, employers, political subdivisions, other tax collectors, and other tax collection committees from determinations made by the Tax Collector appointed by the TCC.

3. A copy of every appeal petition should be delivered to all Tax Appeal Board members who will consider the petition and Board legal counsel promptly after receipt.

4. The Tax Appeal Board Chairperson should promptly consult with legal counsel concerning appropriate steps to process the appeal, including establishing a timeline.

5. ***60-Day Decision Deadline*** – Decisions on petitions from taxpayers relating to the assessment, determination, or refund of tax must be issued within sixty (60) days of the date a petition that complies with the requirements of the Tax Appeal Board Regulations is filed, unless the petitioner has signed a written waiver of the 60-day time period. If the petitioner complied with all requirements of the Regulations, no waiver has been signed, and the Board fails to issue a decision within the 60-day time period, the petition will be deemed approved. This 60-day rule for taxpayer petitions is mandated by the Local Taxpayer Bill of Rights Act, 53 Pa.C.S.A. § 8433.

While not entirely clear, it is very possible that the 60-day rule also applies to appeals filed by political subdivisions, other tax collectors, and other tax collection committees. Act 32 § 505(j)(3), 53 P.S. § 6924.503(j)(3), says that "all" tax appeal board appeals will be "conducted in a manner consistent with", among other provisions, 53 Pa.C.S.A. § 8433. However, the 60-day rule does not necessarily seem appropriate for complicated appeals filed by political subdivisions, tax collectors, or tax collection committees.

The Tax Appeal Board Regulations assume the 60-day rule applies to political subdivision, tax collector, and tax collection committee petitions in the absence of a determination by Board legal counsel that a different decision deadline applies.

Because petitions are deemed approved if no decision is issued within the applicable time period, it is extremely important that the Board promptly determine the applicable decision deadline and establish a timeline for all steps.

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Tax Appeal Board Implementation Steps

The following steps are required as part of implementing the Act 32 independent Tax Appeal Board process.

1. The TCC must adopt Tax Appeal Board Regulations. The attached TCC Tax Appeal Board Regulations should be reviewed carefully, and then adopted by the TCC.

2. The Tax Appeal Board Regulations must be coordinated with the Tax Collector Taxpayer Bill of Rights Disclosure Statement. The Tax Collector Taxpayer Bill of Rights Disclosure Statement will be a document prepared and maintained by the third-party Tax Collector. The Tax Collector will need to update the Taxpayer Bill of Rights Disclosure Statement to comply with Act 32 and ensure consistency with the Tax Appeal Board Regulations.

3. The Tax Appeal Board Regulations should also be coordinated with the TCC Earned Income and Net Profits Tax Regulations and TCC Regulations for Occupation Privilege/Local Services Tax. Once again, one or more of these documents might require adaptation to ensure consistency.

4. Tax Appeal Board legal counsel will be the TCC solicitor. However, the TCC should consider appointing alternate legal counsel to serve if the TCC solicitor has a conflict of interest with an appeal.

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CHESTER COUNTY TAX COLLECTION COMMITTEE

TCC Tax Appeal Board Regulations

Background. Act 32, § 505(j)(1), 53 P.S. § 6924.505(j)(1), requires the Chester County Tax Collection Committee **("TCC")** to appoint a board ("**Tax Appeal Board**" or "**Board**") to decide appeals filed by taxpayers, employers, political subdivisions, other tax collectors, and other tax collection committees from determinations made by the Tax Collector appointed by the TCC **("Tax Collector")** to collect tax within the Chester Tax Collection District ("**TCD**"). Contact information for the Tax Collector is set forth in **Exhibit A**. Act 32 § 505(j)(3), 53 P.S. § 6924.505(j)(3), requires the Tax Appeal Board to comply with certain provisions of the Pennsylvania Local Taxpayers Bill of Rights Act, 53 Pa.C.S.A. § 8421, *et seq.* Per 53 Pa.C.S.A. § 8432, the Tax Appeal Board is not governed by the Local Agency Law, 2 Pa.C.S.A. § 551 *et seq.* However, per 53 Pa.C.S.A. §§ 8431 and 8432, the Tax Appeal Board is required to adopt regulations specifying the form and content of tax appeal petitions and governing the practice and procedure for appeals.

These Regulations govern tax appeals. It is important to note that other substantive and procedural rules relating to tax obligations are specified in Act 32, 53 P.S. § 6924.101 *et seq.*, separate TCC Earned Income and Net Profits Tax Regulations, separate TCC Regulations for Occupation Privilege/Local Services Tax, and other applicable law.

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ARTICLE I – BOARD ORGANIZATION

SECTION 101 – ETHICS ACT

The Pennsylvania Public Official and Employee Ethics Act, 65 Pa.C.S.A. § 701 *et seq.*, applies to Tax Appeal Board members. Accordingly, each Board member should comply with all provisions of the Ethics Act, including filing with the TCC a Statement of Financial Interests.

SECTION 102 – TAX APPEAL BOARD MEMBERS

The Tax Appeal Board shall be comprised of three (3) regular members and two (2) alternate members appointed by the TCC. A panel of three (3) members shall hear and decide each appeal. If a regular member is unavailable to participate in an appeal, one of the alternate members shall participate in place of the regular member. All Tax Appeal Board members shall be TCC primary or alternate voting delegates.

SECTION 103 – TAX APPEAL BOARD MEMBER QUALIFICATIONS

No member of the Tax Appeal Board may be an employee, agent, or attorney of the Tax Collector.

SECTION 104 – TERM OF OFFICE

The initial appointed Tax Appeal Board members shall serve until a successor has been appointed, or earlier death, resignation, or removal. Thereafter, each Tax Appeal Board member shall hold office for a term of one (1) year commencing January 1 and until a successor has been appointed, or earlier death, resignation, or removal.

SECTION 105 – CHAIRPERSON/VICE-CHAIRPERSON

The Board shall annually elect a Chairperson who will guide the activities of the Board, and a Vice-Chairperson who will act as the Chairperson in the absence or unavailability of the Chairperson. The Chairperson may direct legal counsel or another designee to act on behalf of the Board. If a regular member is unavailable to participate in an appeal, the Chairperson shall designate an alternate member to participate in place of the regular member.

SECTION 106 – LEGAL COUNSEL

The Board shall be advised by legal counsel. The Board legal counsel will be the TCC solicitor unless the TCC solicitor has a conflict of interest with respect to an appeal, in which case the TCC will appoint other legal counsel to consult the Board regarding the appeal.

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ARTICLE II – APPLICABILITY OF REGULATIONS/ELIGIBLE TAXES

SECTION 201 – APPLICABILITY OF REGULATIONS/ELIGIBLE TAXES

The school districts and municipalities included in the TCD are set forth in **Exhibit B**. These school districts and municipalities are referred to in these Regulations as "**Taxing Authorities**." **Exhibit B** lists the specific taxes collected by the Tax Collector under the Tax Collection Agreement by and between the TCC and the Tax Collector. These specific taxes are referred to in these Regulations as "**Eligible Tax**."

ARTICLE III – PETITIONER PROFESSIONAL REPRESENTATION

SECTION 301 – REPRESENTATION

A petitioner may but is not required to be represented by a lawyer, CPA, or other professional. If the petitioner has designated a representative, notices and communications from the Board to the petitioner will be given to the petitioner's representative, and such notices and communications shall have the same effect as if given directly to the petitioner. Action taken by a petitioner's representative shall have the same force and effect as if the action were taken by the petitioner.

SECTION 302 – WRITTEN AUTHORIZATION

The petitioner must authorize the representative in writing to represent the petitioner. The Board will accept a petition signed by the petitioner and listing a representative as such written authorization.

ARTICLE IV – PETITIONS

SECTION 401 – JURISDICTION

Any taxpayer, employer, political subdivision, tax collector, or tax collection committee aggrieved by a Tax Collector determination relating to the assessment, collection, refund, withholding, remittance, or distribution of an Eligible Tax may file a petition with the Board in accordance with these Regulations.

SECTION 402 – FILING DEADLINES

The following rules apply to petitions under these Regulations:

A. Refund Petitions. A tax refund petition must be filed within the later of: (1) Three (3) years after the due date for filing the return for the Eligible Tax for which the refund is requested; or if no return is required, the due date for payment. (2) One (1) year after actual payment of the Eligible Tax for which the refund is requested. Taxpayers are encouraged, but are not required, to file a simple written request for a refund prior to filing a formal tax refund petition.

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B. Reassessment Petitions. Petitions for reassessment of an Eligible Tax assessed by the Tax Collector must be filed within ninety (90) days of the date of the assessment notice.

C. Other Tax Collector Claim Petitions. A petition by another tax collector claiming that the other tax collector has filed a claim with the Tax Collector for distribution of an Eligible Tax owed by the Tax Collector and the Tax Collector has not paid or responded to the claim within the time required under Act 32 § 513, 53 P.S. 6924.513, must be filed within the later of: (1) One (1) year after the claim was filed with the Tax Collector. (2) One (1) year after receipt of the Tax Collector response to the claim.

D. Other Petitions. All other petitions challenging Tax Collector determinations relating to Eligible Tax must be filed within one (1) year after the petitioner discovers facts that a reasonable person would deem as giving rise to the grounds for challenge set forth in the petition. The Board may request the petitioner provide proof of when such facts were discovered.

E. Manner of Filing. All petitions will be filed in the manner set forth in **Exhibit C**.

F. When Filed. The date a petition is deemed filed is determined as set forth under **Exhibit C**.

G. Untimely Petitions. A petition not filed by the applicable deadline will not be considered by the Board.

SECTION 403 – NUMBER OF COPIES

A petitioner who files a petition by mail (rather than by email) shall file 2 copies of the petition and all attachments with the Board.

SECTION 404 – PETITION FORM

All petitions must be on the form set forth in **Exhibit D**. A simple written request for a refund or a letter disputing a deficiency assessment will not be considered a petition.

SECTION 405 – COMPLETE AND ACCURATE PETITIONS

The petitioner is responsible to ensure a complete and accurate petition is filed. The Board may deem a petition incomplete if either: (1) The Board determines the petition does not satisfy the requirements of these Regulations (including requirements stated in the petition form). (2) The Board determines that it needs additional information to make a decision. If the Board makes such a determination, the Board may ask the petitioner to submit the additional information.

SECTION 406 – BURDEN OF PROOF

The petitioner has the burden of proving that the petitioner is entitled to the relief sought.

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ARTICLE V – BOARD DECISION/PROCEDURES

SECTION 501 – LACK OF JURISDICTION

The Board may dismiss a petition by giving written notice to the petitioner and any other party interested in the appeal if any of the following apply: (1) The petition challenges a determination relating to a tax that is not an Eligible Tax. (2) The Board determines for some other reason it does not have jurisdiction.

SECTION 502 – DCED MEDIATION

If a challenge raised in a petition is subject to DCED mediation (whether by agreement of the parties, or mandatory because it is a claim by a Taxing Authority, tax collection committee, or another tax collector involving 10% or greater deviation from taxes received in the prior tax year), the Board will request that the petitioner sign a written waiver of the right to receive a decision within sixty (60) days after filing of the petition, and upon receipt of such written waiver, the Board shall stay its review of the petition until the petitioner notifies the Board that DCED mediation has concluded and notifies the Board of the outcome of such mediation. If the Board receives notice that DCED mediation has resulted in a settlement agreement resolving the petition, the Board shall dismiss the petition. If the Board receives notice that DCED mediation did not result in a settlement agreement addressing all issues raised in the petition, the Board shall address any unresolved issues over which the Board has jurisdiction.

SECTION 503 – INFORMATION REQUESTS

A. Party Requests. If a party believes additional information is necessary for resolution of the petition, the party shall submit to the Board a written request that the Board require the other party to provide the information. The written request shall include an explanation of the relevance of the information. Board legal counsel will rule on the request. If the request is granted, the party from whom the information is requested shall provide the information by the date specified by Board legal counsel.

B. Board Requests. If the Board or its legal counsel believe additional information is necessary for resolution of the petition, the Board legal counsel will make a written request for the information, and the party from whom the information is requested shall provide the information by the date specified by Board legal counsel.

C. Time Extension. A party may request an extension of time within which to respond to an information request. The Board through its legal counsel has sole discretion whether to grant such an extension. As a condition to granting an extension to the petitioner, the Board may require the petitioner to sign a written waiver of the right to receive a decision within sixty (60) days after filing of the petition.

SECTION 504 – EQUITABLE AND LEGAL PRINCIPLES APPLY

Per 53 Pa.C.S.A. § 8435, the Board may make decisions according to principles of law and equity.

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SECTION 505 – BOARD VOTING

All decisions of the Board shall be made by a majority of the regular Board members; or if one or more alternates is serving with respect to a particular appeal, a majority of the regular members and alternates serving with respect to the appeal.

SECTION 506 – WRITTEN DECISION

The Board shall dispose of petitions over which it has jurisdiction by written decision dated and signed by a Board member. The written decision may, but is not required to, include an explanation.

SECTION 507 – DECISION TIMING/60-DAY RULE

A. Taxpayer Petitions. Decisions on petitions from taxpayers relating to the assessment, determination, or refund of an Eligible Tax shall be issued within sixty (60) days of the date a petition that complies with the requirements of these Regulations is filed, unless the petitioner has signed a written waiver of the sixty (60) day time period. If the petitioner complied with all requirements of these Regulations, no waiver has been signed, and the Board fails to issue a decision within the sixty (60) day time period, the petition shall be deemed approved. Notwithstanding the foregoing, if the Board determines that it does not have sufficient information to make a decision on the merits of the petition within sixty (60) days and the petitioner has not signed a waiver, the petitioner will be deemed to have failed to meet the burden of proof, and the petition will be denied. Please note that a simple written request for a refund or a letter disputing a deficiency assessment is not considered a petition for purposes of the 60-day rule or any other part of these Regulations.

B. Other Petitions. Unless Board legal counsel determines that under applicable law the 60-day rule is not mandated for the petition, decisions on petitions filed by political subdivisions, other tax collectors, and other tax collection committees relating to an Eligible Tax shall be issued within sixty (60) days of the date a petition that complies with the requirements of these Regulations is filed. The petitioner may, however, sign a written waiver of the sixty (60) day time period.

If the political subdivision, tax collector, or tax collection committee petitioner complied with all requirements of these Regulations, no waiver has been signed, Board legal counsel has determined that under applicable law the petition must be decided within sixty (60) days, and the Board fails to issue a decision within the sixty (60) day time period, the petition shall be deemed approved. Notwithstanding the foregoing, if the Board determines that it does not have sufficient information to make a decision on the merits of the petition within the applicable decision deadline and the petitioner has not signed a waiver, the petitioner will be deemed to have failed to meet the burden of proof, and the petition will be denied.

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SECTION 508 – APPEAL RECORD

The Board will retain the appeal records for eight (8) years after the later of its decision or the final decision on any court appeal. Act 32 § 514, 53 P.S. § 6924.514, provides that all information gathered by the Board is confidential. Accordingly, an appeal record is not a "public record" under Section 102 of the Right-to-Know Law, 65 P.S. § 67.102, that is subject to disclosure.

SECTION 509 – RECUSAL

A Board member shall disqualify himself or herself from reviewing, hearing, considering, and deciding an appeal if any of the following apply: (1) The Board member's participation would in any way violate the Pennsylvania Public Official and Employee Ethics Act, 65 Pa.C.S.A. § 1101, *et seq.*, or any other law. (2) The Board member believes that he or she has or might reasonably be perceived to have a conflict of interest.

ARTICLE VI – BOARD HEARINGS

SECTION 601 – BOARD DISCRETION

A petitioner has no right to a hearing at which the petitioner or petitioner's representative appears in person before the Board, and the Board has no obligation to conduct such a hearing. However, the Board may, in its sole discretion, decide such a hearing is necessary or appropriate.

SECTION 602 – HEARING NOTICE

If the Board determines a hearing is necessary or appropriate, the Chairperson or his or her designee will give notice specifying the date, time, and place of the hearing substantially in the form set forth in **Exhibit E**.

SECTION 603 – CONTINUANCES

If the Board schedules a hearing, it may, in its sole discretion, grant a requested continuance. Any continuance request must be in writing and specify reasonable grounds for the continuance. The Board may as a condition to granting a continuance require that the petitioner sign a written waiver of the right to receive a decision within sixty (60) days after filing of the petition.

SECTION 604 – PRIVACY

Board hearings are private and not open to the public.

SECTION 605 – EVIDENCE

The Board need not conduct hearings in strict conformity with the Pennsylvania Rules of Evidence. However, the Board will be guided by the evidentiary principles contained in the Pennsylvania Rules of Evidence, Pennsylvania statutory law, and Pennsylvania common law. Testimony before the Board will always be under oath or affirmation.

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SECTION 606 – CONDUCT OF HEARING

The Chairperson or his or her designee shall conduct Board hearings and shall have authority to:

A. Regulate the conduct of the hearing, including scheduling, recessing, reconvening, and adjournment of hearings, and all acts proper for the efficient conduct of the hearing.

B. Decide whether to create a transcript or recording of a hearing.

C. Administer oaths and affirmations.

D. Require production of books, records, documents, and other pertinent information.

E. Determine whether testimony over telephone, web conferencing, or other technology will be received in lieu of live testimony.

F. Determine whether a deposition or affidavit will be received in lieu of oral testimony.

G. Make other rulings on admissibility of evidence.

H. Require the parties to file a concise legal brief or memorandum.

I. Resolve any issue involving interpretation of these Regulations.

ARTICLE VII – APPEALS FROM BOARD DECISIONS

SECTION 701 – APPEALS FROM BOARD DECISIONS

Any person aggrieved by a written decision of the Board disposing of a petition who has a direct interest in the decision has the right to appeal to the Chester County Court of Common Pleas within thirty (30) days after the date of the decision being appealed.

ARTICLE VIII – MISCELLANEOUS

SECTION 801 – DISSEMINATION OF REGULATIONS

The Tax Collector shall post a copy of these Regulations on its internet website. The TCC or Tax Collector shall mail or email a copy of these Regulations to any person on written request.

SECTION 802 – PROCEDURAL ERRORS

Notwithstanding any provision of these Regulations to the contrary, the Board may, in its sole discretion and for good cause shown, at any stage of an appeal disregard an error of procedure that does not affect the substantive rights of one or more persons interested in the appeal.

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SECTION 803 – CALCULATING DEADLINES

When these Regulations require something to be done within a certain amount of days, the deadline shall be calculated by excluding the first day from the calculation but including the last day. If a calculation under the preceding sentence results in a deadline falling on a weekend or legal holiday, the deadline will be moved forward to the next day that does not fall on a weekend or holiday.

SECTION 804 – PROCEDURAL QUESTIONS

A petitioner or other party may direct procedural questions to the Board Chairperson or legal counsel as set forth in **Exhibit F**.

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Exhibit A

Tax Collector Contact Information

Collector Name:	Keystone Collections Group
Contact Person:	Joseph Lazzaro
Contact Title:	Vice-President and General Counsel
Address:	546 Wendel Road Irwin , PA 15642
Phone:	(724)-978-0300
Facsimile Number:	(724) 978-0339
Email Address:	jwlazzaro@keystonecollects.com

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EXHIBIT B: Taxing Authorities/Eligible Taxes

Chester County Tax Collection District

Earned Income Tax rates (Resident and Non Resident) and Local Service Tax rates
Apply higher EIT resident (where employee resides) or
non-resident (NR—where employee works) rate for withholding calculation

	NR EIT	EIT	LST
Avon Grove School District			
Avondale Borough	1.0%	1.0%	$ 0.00
Franklin Township	0.5%	0.5%	$ 0.00
London Grove Township	0.5%	0.75%	$ 0.00
New London Township	0.5%	0.5%	$ 0.00
Penn Township	0.5%	0.5%	$52.00
West Grove Borough	1.0%	1.0%	$ 0.00
London Britain Township	0.0%	0.0%	$ 0.00
Coatesville Area School District			
Caln Township	1.0%	1.0%	$52.00
Coatesville City	1.0%	2.5%	$52.00
East Fallowfield Township	1.0%	1.0%	$52.00
Modena Borough	0.0%	1.0%	$52.00
Sadsbury Township	1.0%	1.0%	$52.00
South Coatesville Borough	1.0%	1.0%	$52.00
Valley Township	1.0%	1.0%	$52.00
West Brandywine Township	1.0%	1.125%	$52.00
West Caln Township	1.0%	1.0%	$ 5.00
Downingtown Area School District			
Downingtown Borough	1.0%	1.0%	$52.00
East Brandywine Township	1.0%	1.125%	$10.00
East Caln Township	1.0%	1.0%	$52.00
Upper Uwchlan Township	1.0%	1.0%	$10.00
Uwchlan Township	1.0%	1.0%	$52.00
Wallace Township	1.0%	1.0%	$10.00
West Bradford Township	1.0%	1.0%	$10.00
West Pikeland Township	1.0%	1.25%	$10.00
Great Valley School District			
Charlestown Township	0.5%	1.0%	$52.00
East Whiteland Township	0.5%	0.5%	$52.00
Malvern Borough	1.0%	1.0%	$52.00
Willistown Township	0.875%	1.0%	$52.00
Kennett Consolidated School District			
East Marlborough Township	0.0%	1.0%	$52.00
Kennett Square Borough	1.0%	1.0%	$52.00
Kennett Township	1.0%	1.25%	$ 0.00
New Garden Township	1.0%	1.125%	$10.00
Owen J Roberts School District			
East Coventry Township	1.0%	1.0%	$52.00
East Nantmeal Township	1.0%	1.25%	$ 0.00
East Vincent Township	0.5%	1.3325%	$52.00
North Coventry Township	1.0%	1.25%	$52.00
South Coventry Township	0.5%	1.0%	$52.00
Warwick Township	0.5%	1.25%	$ 0.00
West Vincent Township	0.5%	1.25%	$ 0.00

Oxford Area School District			
East Nottingham Township	1.0%	1.5%	$ 0.00
Elk Township	1.0%	1.5%	$ 0.00
Lower Oxford Township	1.0%	1.5%	$ 0.00
Oxford Borough	1.0%	1.0%	$52.00
Upper Oxford Township	1.0%	1.5%	$ 0.00
West Nottingham Township	1.0%	1.0%	$ 52.00*
Phoenixville Area School District			
East Pikeland Township	1.0%	1.25%	$52.00*
Phoenixville Borough	1.0%	1.0%	$52.00
Schuylkill Township	1.0%	1.25%	$52.00
Tredyffrin-Easttown School District			
Easttown Township	0.0%	0.0%	$ 0.00
Tredyffrin Township	0.0%	0.0%	$52.00*
Twin Valley School District			
Elverson Borough	1.0%	1.0%	$52.00
Honey Brook Borough	0.5%	1.0%	$ 0.00
Honey Brook Township	0.5%	1.5%	$ 0.00
West Nantmeal Township	1.0%	1.0%	$ 0.00
New Morgan Borough (Berks County)	1.0%	1.0%	$52.00
Caernarvon Township (Berks County)	1.0%	1.0%	$52.00
Robeson Township (Berks County)	1.0%	1.0%	$52.00*
Unionville-Chadds Ford School District			
Birmingham Township	0.0%	0.0%	$52.00*
East Marlborough Township	0.0%	0.0%	$52.00
Newlin Township	0.0%	0.5%	$ 0.00
Pennsbury Township	1.0%	0.312%	$52.00
Pocopson Township	0.2%	0.2%	$52.00*
West Marlborough Township	0.0%	0.0%	$ 0.00
Chadds Ford Township (Delaware County)	0.0%	0.0%	$52.00*
West Chester Area School District			
East Bradford Township	1.0%	1.25%	$52.00
East Goshen Township	1.0%	1.0%	$52.00
Thornbury Township (Chester County)	0.5%	1.0%	$52.00
West Chester Borough	1.0%	1.0%	$52.00
West Goshen Township	1.0%	1.0%	$52.00
West Whiteland Township	1.0%	1.0%	$52.00
Westtown Township	1.0%	1.0%	$52.00
Thornbury Township (Delaware County)	1.0%	1.0%	$ 0.00

* Keystone does not serve as LST collector for noted community.

Exhibit C

Manner of Filing Petitions

A petition may be filed by any of the following means:

By mail: Sent to the attention of Mr. Joseph Lubitsky – Director of Administrative Services, Chester County Intermediate Unit; 455 Boot Road, Downingtown, PA 19335. A petition delivered by mail will be deemed filed when postmarked by the United States Postal Service.

By e-mail: Sent to the attention of Mr. Joseph Lubitsky at joel@cciu.org. A petition delivered via e-mail will be deemed filed on the date a complete, accessible, and legible copy of the e-mail is received by Mr. Lubitsky.

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Exhibit D

CHESTER COUNTY TAX COLLECTION COMMITTEE

Tax Appeal Petition

1. Petitioner Information.

If Individual Petition:	*If Employer Petition:*
Name: _____	Employer Name: _____
Address: _____	Contact Person: _____
_____	Title: _____
Phone: _____	Contact Address: _____
SSN*: _____	_____
Email Address: _____	Contact Phone: _____
	EIN*: _____
	Email Address: _____

*SSN means social security number; EIN means employer identification number

If Political Subdivision Petition:	*If Tax Collector or TCC Petition:*
Political Subdivision Name: _____	TCC Name: _____
Contact Person: _____	Collector Name: _____
Title: _____	Contact Person: _____
Contact Address: _____	Title: _____
_____	Contact Address: _____
Contact Phone: _____	_____
Email Address: _____	Contact Phone: _____
	Email Address: _____

If the petitioner has designated a professional representative under paragraph 16 below, petitioner understands that the Tax Appeal Board will direct notices and communications to the professional representative rather than to petitioner.

Concerning information requested below, the petitioner may provide answers immediately following the applicable question. Alternatively, the petitioner may after the applicable question indicate the answer is provided in an attachment, and provide the appropriate attachment.

2. Please list the type of tax this appeal involves and the school district and/or municipality that levies or imposes the tax.

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3. Please list the amount of tax at issue, the tax year this appeal relates to and, if this is an employer petition, the quarter or monthly payment period to which this appeal relates.

4. Please state what Tax Collector determination, action, or failure to act is being appealed. Attach a copy of any written determination or action. If this is a refund petition and there has been no prior denial of a refund request, state all facts relevant to the refund petition.

5. Is this matter subject to mandatory DCED mediation because it is a claim by a Taxing Authority, tax collection committee, or another tax collector involving 10% or greater deviation from taxes received in the prior year?

6. Have you received notice that this matter is subject to mandatory DCED mediation?

7. Is there any agreement with the other party to submit this matter to DCED mediation?

8. If the answer to either #5, #6, or #7 above is "Yes," please indicate the status and/or outcome of the mediation.

9. Please attach a copy of any tax return and all other written documents relevant to this matter.

10. Please list here all documents attached to this petition:

11. Please concisely state the relief sought in this petition.

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12. Please concisely state all facts relevant to the Board's consideration of this petition.

13. Please concisely state your legal arguments supporting this petition, including citation of relevant statutes, regulations, court cases, or other legal authority.

14. Please concisely state any other information you deem relevant.

15. Do you wish to request a personal hearing at which you or your representative may make a verbal statement – in lieu of relying solely on the information set forth in the petition and attachments?

[***Important Note***: While you may request a personal hearing before the Board, the Board has no legal obligation to conduct a hearing and Chester County Tax Collection Committee Tax Appeal Board Regulation 601 gives the Board the sole discretion to decide whether to conduct a hearing.]

16. If a professional representative will represent you in connection with this petition, please provide the following:

Representative Name: _____

Title: _____

Address: _____

_____

Phone: _____

Email Address: _____

The petitioner authorizes the Tax Collector and the Tax Appeal Board to release to this professional representative any confidential information relating to the petitioner.

[***Important Note***: If you are submitting this petition by mail, please note that Chester County Tax Collection Committee Tax Appeal Board Regulation 403 requires you to file **two (2) paper copies** of your petition and all attachments.]

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Petitioner Signature and Verification

I verify that the facts set forth in this Tax Appeal Petition are true and correct to the best of my knowledge, information, and belief. This Petition is not filed for purposes of delaying payment of tax or delaying compliance with any other legal obligation. I understand that false statements in this Tax Appeal Petition are punishable under the Pennsylvania Crimes Code, 18 Pa.C.S.A. § 4904.

Date: _____

_____
Petitioner Signature

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Exhibit E

Tax Appeal Board Hearing Notice

[Petitioner or Professional Representative
Name and Address]

Re: Appeal of _____

The Tax Appeal Board for the Chester County Tax Collection Committee received your Tax Appeal Petition and has decided to hold a hearing on the petition. The hearing is set for _____, 20_____, at _____ a.m./p.m. at _____, Pennsylvania.

Questions or requests for a copy of Tax Appeal Board Regulations should be addressed to Mr. Joseph Lubitsky – Director of Administrative Services, Chester County Intermediate Unit at 455 Boot Road, Downingtown, PA 19335 or at joel@cciu.org.

Chester County Tax Collection Committee Tax Appeal Board

Date: _____ By: _____

Title: _____

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Exhibit F

Procedural Questions

Board legal counsel contact information is as follows:

Jason Confair, Esq.
Kegel Kelin Almy & Lord LLP
24 North Lime Street
Lancaster, PA 17602
(717)-392-1100
confair@kkallaw.com

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