



**TESTIMONY ON HB 2438**  
**Centralized Tax Lien Filing**  
Presented to the House Finance Committee

By  
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The County Commissioners Association of Pennsylvania (CCAP) is a non-profit, non-partisan association representing the commonwealth's 67 counties. We appreciate the opportunity to offer comments on HB 2438, which would make changes to the current process for filing commonwealth taxes administered by the Department of Revenue, impacting county operations and ultimately property owners searching for tax liens related to their properties.

Currently, tax liens filed against a particular property are filed and housed at the county within which the property is located. within each county across the commonwealth. This provides a single record keeping entity that both the property owner and anyone else with an interest in the property – for instance, a title searcher or someone seeking to buy a property at a county tax sale – can reference to see all encumbrances that may exist, regardless of their origination.

House Bill 2438 would alter this effective and efficient process by diverting all Department of Revenue tax liens from the county system to be held instead in a separate commonwealth repository. By moving one type of lien to a separate system, while other types of liens are still filed with the county, this legislation has the potential to cause confusion for property owners and others seeking to determine what liens may exist against a property.

While the bill purports to make the system more efficient for commonwealth residents, it would instead have the opposite effect, as information pertaining to a property would be split across multiple venues, making the system more complex. For instance, under the current system, someone seeking to purchase a property would check with the county and be assured that they are getting a full picture of all liens that may be associated with the property. Conversely, with the system proposed under HB 2438, that same individual would contact the county for any liens still existing with the county, such as local tax, water, waste, gas, Internal Revenue Service, civil judgements, etc. and even any commonwealth liens filed by the Department of Labor and Industry liens – but that would not be the full picture. The individual would then also have to know to access the Department of Revenue's repository to separately check for any liens there. The same would be true in reverse – someone may know of the Department of Revenue's repository, and assume on finding no filings that the property is free and clear, when in fact their may otherwise be liens filed at the county. Individuals would be required to seek information in multiple places instead of the single source that currently exists at the county, serving to bifurcate a system that is in fact already centralized.

### *Filing Fee*

Another concern counties raise with respect to HB 2438 is with the ability for the commonwealth to forego paying the local filing fee, even if it does decide to also file the lien with the county prothonotary. These filing fees are levied by the county to help cover the costs the county incurs for the service of being a record keeper for all properties within its jurisdiction. One of the arguments for this legislation is that it will lead to cost savings for the commonwealth by no longer permitting counties to collect filing fees for liens that are filed with the prothonotary. However, this overlooks the fact that once a lien is satisfied under the current system, the filing fee can already be recovered from the owing taxpayer, meaning that, assuming recovery of the lien, these costs can already be recouped by the commonwealth. For the county, it could still be

requested by the commonwealth to file the lien, yet it would no longer be able to rely on the fee that covers its operational expenses. This means other filers who are paying the fee, and possibly county property taxpayers, would end up picking up the financial support for this service, even though the commonwealth would still benefit from it.

Finally, we recognize that the COVID-19 pandemic caused a number of disruptions to the provision of government services at all levels. To be sure, some individuals may have seen delays in lien and satisfaction postings or receipt of satisfaction letters, in some cases do to U.S. Postal Service delays outside of county control. However, all counties have worked very hard to continue to support their constituents over the past several years, and long-term, systemic changes to the tax lien system should not be the result of experiences isolated to the global disruption of the pandemic. Certainly, counties would welcome conversations about ways to invest in the current system and to seek holistic efficiencies that would benefit Pennsylvania residents, instead of uprooting and creating an entirely new filing system specifically for Department of Revenue liens.

Regardless of the challenges brought on by COVID-19, counties continue to offer constituents efficient and quality services. Establishing a commonwealth repository system for just one type of tax lien would create confusion among property owners, title searchers and others who can currently find all information pertaining to tax liens on a property in one place. Counties believe this service is best kept in local hands and would support continuing conversations about ways the commonwealth can assist in improving and modernizing county systems if creating additional efficiency is the overarching goal.

Thank you again for the opportunity to offer our testimony and for your consideration of these comments. We look forward to continuing to work with you on these important matters.