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December 22, 2005

Ralph Seeley
Chief Financial Officer
Coppell Independent School District
200 South Denton Tap Road
Coppell, Texas 75019

Dear Mr. Seeley:

This letter is to advise you of new legislation passed during the recent 79th Session of the Texas Legislature. The Legislature passed House Bill 2491, its omnibus property tax bill. Among the provisions is one which allows a taxing entity to turn over, to its delinquent tax law firm, delinquent personal property accounts as early as sixty (60) days after the February 1st delinquency date and to impose the delinquent collection penalty to defray the costs of collection. For purposes of the 2005 delinquent accounts (for bills that are sent out in October 2005), that 60-day turnover would be April 4, 2006.

This legislation is beneficial to taxing entities because it allows the collection process to start three months earlier on personal property. Unlike real estate, business personal property is mobile and often disappears. Many times, businesses close or move prior to our collection efforts. The April start, as opposed to the July start, will increase the opportunities to collect delinquent taxes from these businesses while they are still in business.

The law now allows the Coppell ISD to impose the twenty percent (20%) delinquent collection penalty on the business personal property accounts turned over in April and thereby fund the early collection efforts. The delinquent taxpayer, and not the School District, will bear the cost of the collection effort.

To take advantage of the early turnover, three steps must be taken:

- (1) The taxing entity must take official action to impose the early penalty;
- (2) Notice of the penalty must be given to the delinquent taxpayer during the month of February 2006; and

- (3) The City's delinquent tax collection contract with our law firm must be amended to provide for early turnover of personal property delinquencies.

Dallas County adopted the early turnover of delinquent personal property taxes and the attachment of the additional collection penalty on September 20, 2005. A copy of the Commissioner's Court Order is attached.

We recommend that Coppell ISD adopt this legislative change and take advantage of this opportunity. From a customer service standpoint, we believe it will be less confusing if all taxing jurisdictions adopt the same turnover schedule for personal property. From an operational standpoint, it will be more efficient and effective if our law firm is able to contact delinquent taxpayers through mailings, collection phone calls, and site visits in a coordinated fashion.

I have included a **Draft Resolution** for your review. We look forward to discussing this legislative change and how it would impact your School District. We are coordinating our efforts with the attorneys of Nichols, Jackson, Dillard, Hager & Smith, L.L.P. in cities such as Coppell where they serve as the City Attorney. If you have questions or desire further information, please do not hesitate to contact me.

Sincerely,

Edward Lopez
Attorney

cc: Stephanie Tumblison, City of Coppell Tax Assessor-Collector
Mary Sue Daniel, LGB&S Client Liaison