

# Memorandum



CITY OF DALLAS

DATE September 11, 2017

Honorable Members of the Government Performance & Financial Management  
TO Committee: Jennifer S. Gates (Chair), Scott Griggs (Vice Chair), Sandy Greyson,  
Lee M. Kleinman, Philip T. Kingston, Tennell Atkins, Kevin Felder

SUBJECT **Delinquent Tax Collection Performance**

On Monday, September 18, 2017, Linebarger Attorneys at Law will brief the Government Performance & Financial Management Committee on Delinquent Tax Collection Performance. I have attached the briefing for your review.

Please let me know if you need additional information.

A handwritten signature in blue ink that reads "M. Elizabeth Reich".

M. Elizabeth Reich  
Chief Financial Officer

Attachment

Honorable Mayor and Members of City Council  
T.C. Broadnax, City Manager  
Larry Casto, City Attorney  
Craig D. Kinton, City Auditor  
Billierae Johnson, City Secretary (Interim)  
Daniel F. Solis, Administrative Judge  
Kimberly Bizer Tolbert, Chief of Staff to the City Manager  
Majed A. Al-Ghafry, Assistant City Manager

Jon Fortune, Assistant City Manager  
Joey Zapata, Assistant City Manager  
Jo M. (Jody) Puckett, Assistant City Manager (Interim)  
Nadia Chandler Hardy, Chief of Community Services  
Raquel Favela, Chief of Economic Development & Neighborhood Services  
Theresa O'Donnell, Chief of Resilience  
Directors and Assistant Directors

# Delinquent Tax Collection Performance Report

## City of Dallas Government Performance and Financial Management Committee



Bridget Moreno Lopez, Managing Partner

Edward Lopez, Jr., Partner

Pamela Pope Johnson, Partner

Peggy McCormick, Operations Manager

September 18, 2017





- National Law Firm  
44 Offices in 12 States  
30 Offices in Texas
- Representing Dallas since July 1983  
33-Year Local Presence in Dallas County
- 41 Years of Collecting Delinquent  
Government Deliverables
- Providing Funding for  
Essential Public Services
- Connected & Invested  
in the Communities We Serve
- Dallas Office Local Team - over 100  
attorney and professional staff members  
working on your behalf

# Services We Offer

# Dallas

Collecting Property Taxes



Land Bank Program

State litigation & Appellate legal services



Code 100 Program

Advice & Counsel on Complex Litigation Issues



Land Based Receivable Program

Bankruptcy Representation



Legislative Initiatives & Support

## Land Based Receivable Information

- Since 1983, Linebarger has filed over 59,500 lawsuits on behalf of the City and has a 90% resolution rate.
- In 1997, Linebarger begins collecting the City's Land Based Receivable (LBR) accounts. Litigation and collection efforts include amending City liens into lawsuits whenever possible and conducting special mailings on behalf of the City.
- From 2002-2009, City referred delinquent LBR accounts to Linebarger for collection efforts.
- In 2009, City implemented new software system (SAP), and reporting capabilities were impacted. Linebarger continues to collect delinquent LBR accounts through litigation.
- Linebarger files more than 2,000 lawsuits each year in Dallas County. On average, 1,500 of these lawsuits include the City of Dallas as a plaintiff. The percentage of real property lawsuits filed by Linebarger on behalf of the City of Dallas which include LBR liens (paving, demo, mowing) has continued to increase:
  - 2002 – 23%
  - 2016 – 49%> of all lawsuits
- Linebarger protects the City's interests by including LBR liens in judgments that are granted.

# Important Tax Cycle Dates

January

- Jan 1: Tax Lien attaches to all property

April

- Rendition deadline for Business Personal Property (BPP)
- Appraisal Notices mailed
- Appraisal Review Board (ARB) Protests begin

July

- July 25: Appraised Value Certified to School District

August-September

- School District adopts Budget and Tax Rate

October-January

- Oct 1: Tax Bills mailed
- Oct-Jan 31: Time period to pay taxes with no penalty or interest

February

- Feb 1: Delinquency date for Real Estate, Mobile Homes and Business Personal Property (BPP)

April

- **April 1: BPP taxes turned over to Linebarger;**

Early BPP Programs Commence:

- Walk and Talk Teams
- Targeted Mailings
- Target Bank: Warrant and Seizure Candidates

July

- **July 1: Real Property Taxes turned over to Linebarger**

- Every account is reviewed by Linebarger and placed in the collection program
- Every eligible account is targeted for mailings, phone collections, seizures, site visits, and/or litigation

# Delinquent Tax Collection Program Activities and Results for the City of Dallas (July 2016 – June 2017)

1,279 Lawsuits Filed - \$7,882,799

1,096 Lawsuits Disposed - \$6,073,676

942 Site Visits Targeted - \$11,877,417

32 Automated Calling Campaigns

9 Demand Mailings – 73,796 letters

735 Accounts in Bankruptcy - \$2,576,426

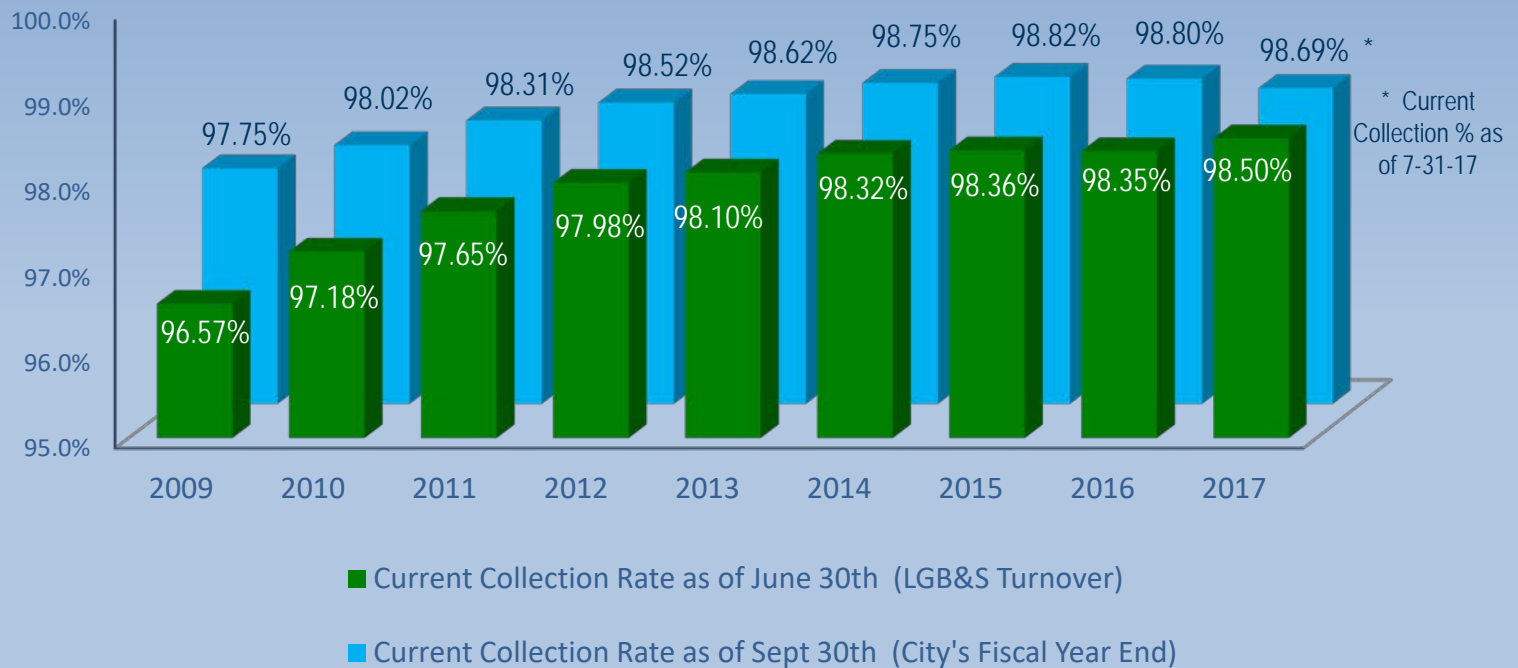
Linebarger collected  
**\$16,341,815**  
for the  
City of Dallas

Cost-Free Program to City

Linebarger attorney fees are legal statutory "add-on" paid by delinquent taxpayers and not by the City

# Current Year Collection Rate Comparison

The City's Year-End Current Collection Rate:  
98.8% in 2016



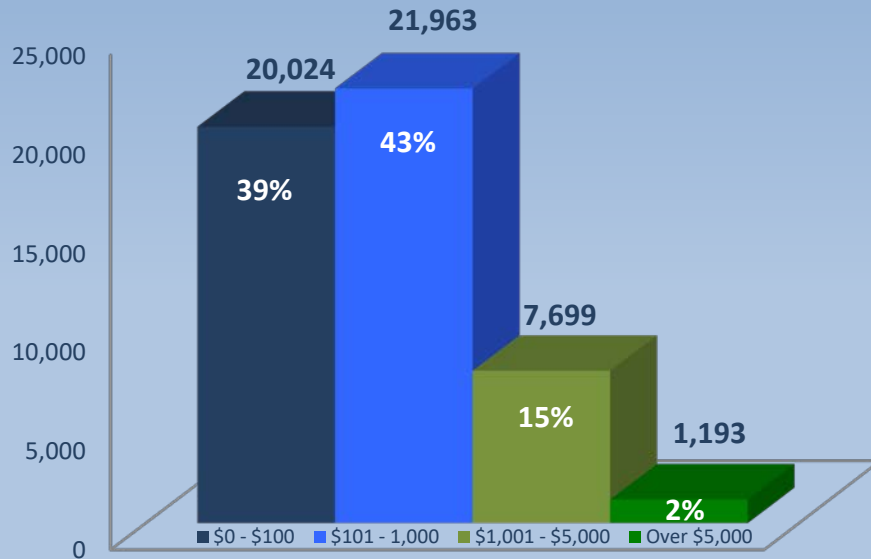
\* 2016 BPP accounts turned over to Linebarger on April 3, 2017

\* 2016 Real property & Mobile Home accounts turned over to Linebarger on July 1, 2017



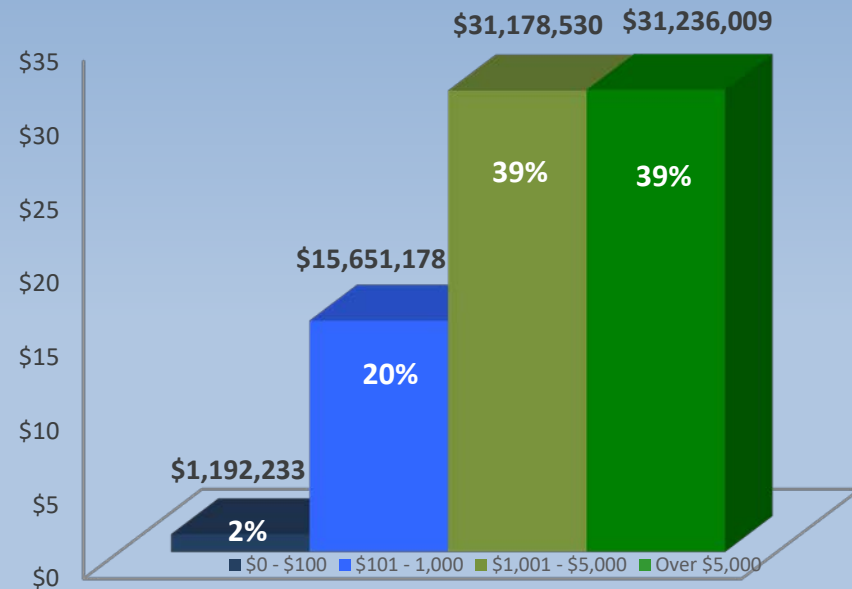
# Tax Roll Analysis by Size of Delinquent Accounts

Distribution of Tax Roll by No. of Accounts  
(2016 & Prior Base Tax + P&I)



Total Number of Accounts Due - 50,879

Distribution of Tax Roll by Dollars Due  
(2016 & Prior Base Tax + P&I)



2016 & Prior Total Tax Due - \$79,257,952

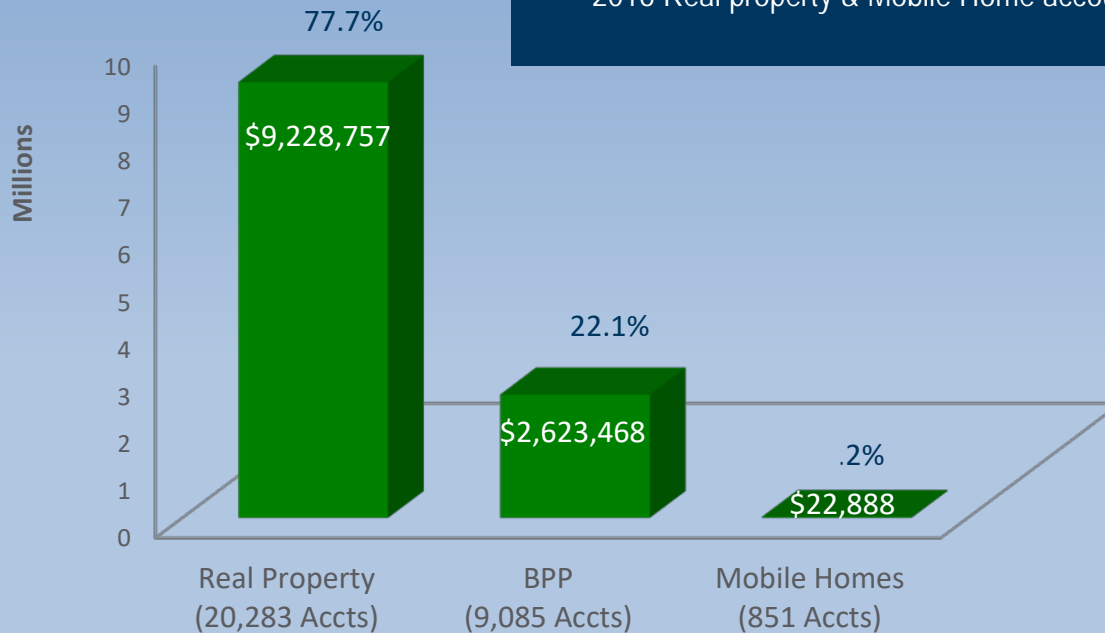
Average Size of Accounts

\$59.54
  \$712.62
  \$4,049.69
  \$26,182.74

# Current Year Turnover Comparison

## 2016 Tax Year vs. 2015 Tax Year

- 2016 BPP accounts turned over to Linebarger on April 1, 2017
- 2016 Real property & Mobile Home accounts turned over to Linebarger on July 1, 2017



■ 2016 Base Tax - \$11,875,113    2016 Base Tax + P&I - \$16,322,823

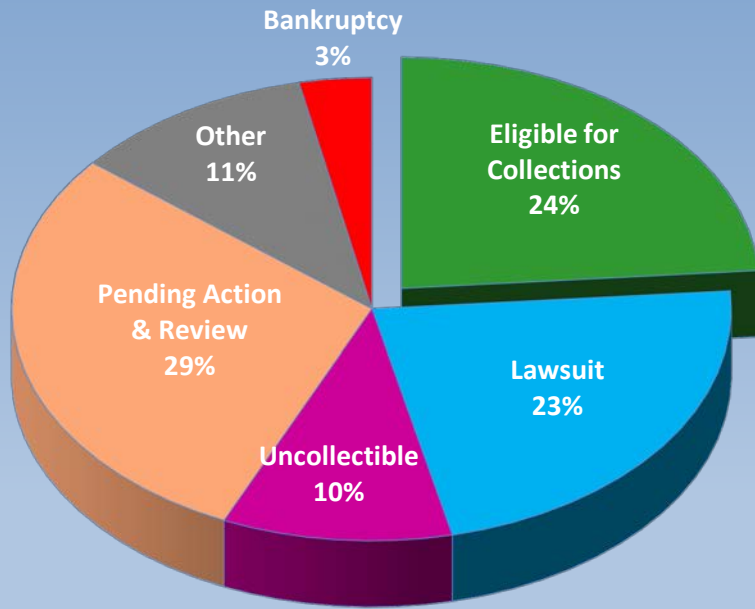
2015 Base Tax - \$11,619,234    2015 Base Tax + P&I - \$15,976,910



2016 Base Tax turned over to Linebarger increased by \$255,878 or 2.2%

# Status of Accounts

As of July 2017



Total Base Tax, Penalty, Interest and Attorney Fees Due as of July 1, 2017: 50,879 accounts for \$79,257,952

# Over 65/Disabled and/or Deferral Growth



## Code 100 Program

- In 2006, the City recommended establishing a team with representatives from Code Compliance, Housing, and the City Attorney's Office to create and maintain a list of the Top Code 100 properties deemed to be problem sites requiring immediate legal action.
- In October 2007, the City identified the first 100 properties for litigation research and action.
- The Code properties are targeted for prosecution when delinquent property taxes are due.
- A total of 350 properties have been referred for legal action through this program.
- As of September 2017, the status of properties in the Code 100 Program are:

Pending – 99 properties

Paid – 75 properties

Sold – 122 properties

Exempt – 9 properties

Land Bank – 27 properties

Bankruptcy – 1 property

Not Suitable for Strike Off to City – 17 properties

## Land Bank Program

- Since July 2004, Linebarger has provided legal services in support of the City of Dallas' efforts to provide affordable housing to its citizens through the Land Bank Program.
- Linebarger has expended over **\$10 million** out of pocket to support the Land Bank Program.



2,005 Lawsuits Filed



1,345 Lots Sold to DHADC (Land Bank)



763 Lots Sold to Developers



458 Homes Sold

# Community Participation and Investment



Linebarger staff volunteers at Onesimo Hernandez Elementary school events



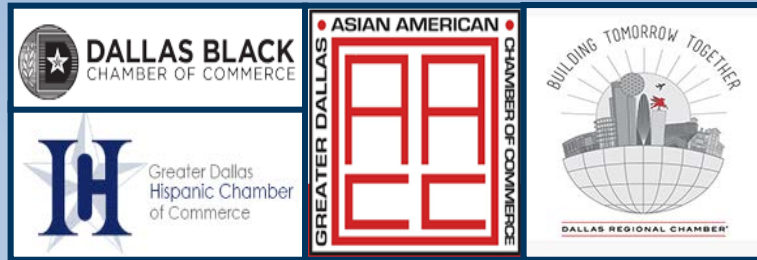
Hired 150+ Dallas ISD Student Interns since 1984  
 Adopted Onesimo Hernandez Elementary School



Support of Local Community Events



Managing Partner Bridget Moreno Lopez serves on the DFW International Airport Board of Directors.



Membership in area chambers of commerce



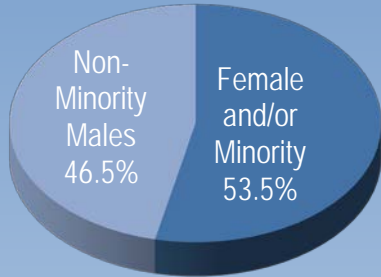
Ms. Lopez addresses the 2017 NALEO Conference at the DFW International Airport.



Support of local civic, school and non-profit programs

# Equal Opportunity Employer

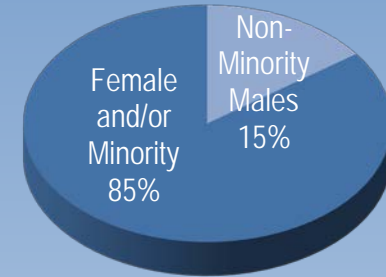
## Firm Ownership



We are committed to providing ownership and career opportunities for minorities and women and to supporting Minority & Women owned Business Enterprises (MWBE).

**Fifty-three and one-half percent (53.5%) of our owners (all licensed attorneys) are minorities and/or females.**

## Total Employees



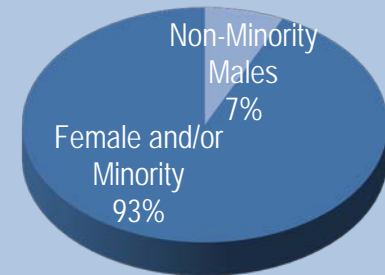
We believe it is important that our organization be as diversified as the communities we serve.

- Eighty-five percent (85%) of all firm employees are minorities and/or females.
- Sixty percent (60%) of our Management Committee members are women and/or minorities.
- Linebarger's Dallas office is ninety-three percent (93%) women and/or minorities.

We are award-winning in our approach to Equal Opportunities employment:

- Named as one of PINK magazine's 15 Top Companies for Women in 2009.
- In 2004, Texas Lawyer recognized us as the "star" among Texas' 25 largest firms it comes to women and minorities.

## Dallas Office



**In 2015-16, Linebarger spent over \$2.4 million with M/WBE vendors in North Texas**

If there is any additional information we can provide or if you have any questions, please contact us.

As always, it is a privilege to serve the City of Dallas.

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