Collection of Personal Property Taxes

Approved December 2, 2002

A. APPLICABILITY-This policy shall apply to the collection of all personal property taxes billed by the City of Saco.

B. PURPOSE - The intention of this policy is to clarify the collection procedures to be performed in attempts to collect unpaid personal property taxes billed by the City of Saco. Section 4-14 (C.) 3 of the Saco City Code outlines that Finance Department is responsible for the sound fiscal management of the tax collection division, but it does not give any direction as to how these taxes will be collected. The development of procedures, which bring revenue dollars into the city’s general fund as quickly as possible, naturally can result in a significant increase in investment dollars earned. These earnings as well as the timely collection of the billings for personal property taxes, will help to assure the financial well being of the city’s general fund.

C. COLLECTION PROCEDURES - Within two months of the end of each fiscal year, the Tax Collector and Finance Director will review the outstanding personal property taxes. A letter will be prepared and mailed by the Finance Director, notifying them of the outstanding status of their personal property tax account. This letter will urge their prompt payment to avoid further collection efforts. Thirty days after the letters are mailed, the outstanding personal property tax listing will be reviewed by the Tax Collector and Finance Director again and the following actions will then be taken based on the amount of the respective outstanding balances:

(1) If the outstanding balance is $500 or greater – the taxpayer will be taken to small claims court in order to receive a judgment. Prior to serving the taxpayer for small claims court, one more letter will be sent by the Finance Director, threatening this action and extending them two weeks to pay the outstanding balance. After two weeks, if no payment has been received and no contact has been made by the taxpayer to set up payment terms with the Tax Collector, then the necessary papers will be filed for small claims court. If a judgment is received in favor of the city, and the taxpayer does not make payment, then a lien will be filed in the taxpayers name, with the Registry of Deeds, on all property owned by the taxpayer. This lien action will secure the city’s eventual collection of the outstanding personal property taxes at some point in the future when the any property owned in their name is sold.
(2) If the outstanding balance is between $50-$500 – the Tax Collector will file UCC liens on the personal property even if there are no serial numbers available for the property. Prior to the UCC lien preparation, one more letter will be sent by the Finance Director threatening this action and extending them two weeks to pay the outstanding balance. After two weeks, if no payment has been received and no contact has been made by the taxpayer to set up payment terms with the Tax Collector, then the necessary papers will be filed to secure a UCC lien on the personal property. This lien action will affect the taxpayers future credit rating and will secure the city’s eventual collection of the outstanding personal property taxes at some point in the future when the personal property bearing the lien is sold.

(3) If the outstanding balance is less than $50 – the Finance Director will mail one last letter requesting payment of the outstanding personal property taxes.

D. ANNUAL PROCEDURES - On an annual basis, after all the above procedures have been completed, a report will be made to the City Council as to the status of all the outstanding personal property tax accounts. All of those accounts which have been outstanding for at least three years and have an amount due of less than $50, or from corporate businesses who have closed and are no longer in business within the city will be requested by the Finance Director for write off by the City Council. All those businesses, which are not incorporated but rather operating as a sole proprietor doing business as (DBA), will be reviewed to determine whether the owners are residents of the city. If the owners reside in the city, then the collection efforts outlined above will apply in regards to the owner individually.