



**LINEBARGER**

ATTORNEYS AT LAW

# City of Houston

Budget and Fiscal Affairs Committee

Presentation – July 30, 2024

# Services Provided to the City of Houston

- **Health and Safety Lien and Other Lien Collections**
- **Tax Status Research of Potential City Vendors**
- **Property Tax Collections**

# Services Provided to the City of Houston

## *Health and Safety and Other Lien Collections*

- Liens secure payments for the following services performed by the City:
  - Weed cutting/ Lot clean-up
  - Securing dangerous structures
  - Abatement of swimming pool hazards
  - Abatement of health hazards
  - Demolition of dangerous buildings
  - Removing visual blight
  - Abatement of health hazards
  - Paving liens as approved by City Attorney
- Linebarger created and maintains the software system of record for all accounts:
  - Builds records
  - Generates notices of liens and all filed documentation
  - File liens with the Harris County and Fort Bend County Clerks
  - Generates billings (monthly)
  - Receives and post payments
- **NO COSTS TO THE CITY:**
  - Software system and data management: \$120,000 annually
  - 3 - Full time staff: \$118,750 annually plus benefits
  - 2 - Part time staff: \$60,000 annually plus benefits
  - Mailings, including releases: \$8,500 annually
  - Delivery services (to file documents with the Harris County and Fort Bend County Clerks)
  - Overhead

**\$12.1**  
**million in**  
**revenue**  
**to the City**  
*[since July 2019]*

# Services Provided to the City of Houston

## *Tax Status Research of Potential City Vendors*

- Vendor Ordinance
- **Linebarger is the ONLY tax collection service provider who conducts research**
- **City Controller's Log: weekly review**
  - Real property records
  - Business personal property records
  - Corporate filings and business records
  - Name and address search
  - Contact with potential vendors, directors, and Harris Central Appraisal District for explanation/clarification and correction
- **City Council Agenda: weekly review**
  - Secondary mechanism to assure ordinance compliance
  - All vendors listed on agenda receiving money from the City
  - Research conducted similar to review of City Controller's Log
- **Special Insurance: annual review**
  - Vendor lists submitted apart from City Controller's Log
  - Research conducted similar to review of City Controller's Log
- **Boards and Commissions: review of candidates**
  - Real property records
  - Names and addresses
- **NO COSTS TO THE CITY:**
  - 1 - Fulltime staff

# Services Provided to the City of Houston

## *Property Tax Collections*

### *Processes and Collection Tools*

- **Turnover of Delinquent Accounts:**
  - General Delinquency Date: February 1
  - Tangible Personal Property:
    - 60 days after the delinquency date (Tax Year 2023 = April 1, 2024)
  - Real Property:
    - July 1 (Tax Year 2023 = July 1, 2024)
  - Due to corrections and supplements to the tax roll, turnover can occur on subsequent dates throughout the year
- **Collection Tools:**
  - Mailings
  - Phone Calls
  - Litigation
  - Tax Warrants
  - Foreclosure Sales and Resales
  - Bankruptcy Claims

# Services Provided to the City of Houston

## *Property Tax Collections*

### *Processes and Collection Tools*

July 2019 through June 2024

[approximate amounts]

- *Mailings :*
  - Real Property: 222,851 accounts for \$133,903,579 taxes due
  - Personal Property: 383,327 accounts for \$193,527,096 taxes due
- *Contact Center :* Handled 990,020 calls
- *Litigation :*
  - 25,758 title orders completed
  - 13,618 suits filed on 15,358 accounts with \$35,932,487 tax, penalties and interest due
    - 841 suits filed on 886 accounts with \$4,466,770.81 due to the City for special assessment liens
  - Intervened in 1,100 cases on 1,280 accounts with \$8,179,194 tax, penalties and interest due
  - 5,042 judgments entered with \$11,155,831 tax, penalties and interest due
- *Foreclosure Sales and Resales :*
  - 2,849 properties for a collection of \$5,437,063 tax, penalties and interest
- *Bankruptcy Claims :*
  - Filed 1,090 claims with \$15,019,722.58 tax, penalties and interest due
  - Minimum of \$11,345,081.71 paid on 594 claims

# Services Provided to the City of Houston

## *Property Tax Collections*

### *Assigned Accounts*

### Uncollectable Accounts

Not all accounts included in the Total Delinquent Levy are collectable. Various tax roll account status prevent collections, making the account uncollectable. For example:

- Homestead - 65 or over exemption (and for surviving spouse)
- Homestead - Disability exemption (and for surviving spouse)
- Homestead - Disabled Veteran exemption (and for surviving spouse)
- Religious exemption
- Government exemption
- Total exemption
- Harris Central Appraisal District appeals/protests

Inclusion of these accounts in the Total Delinquent Levy inflates the amount of levy available for collection.

# Services Provided to the City of Houston

## *Property Tax Collections*

### *Assigned Accounts*

### Other Collection Factors

- Each taxing unit's tax roll is comprised of various types of property classified by the Texas Comptroller of Public Accounts state category codes. No two rolls are alike. The property composition of a taxing unit's tax roll can affect collections and total dollars collected.
- The location of property can also affect collections. For example, economically challenged areas within a taxing unit present unique collection difficulties. Taxing units with fewer economically challenged areas will often yield greater collected dollars than taxing units with more such areas. Oftentimes these properties also accumulate numerous special assessment liens for various upkeep services expended by a municipality.
- Accuracy of tax roll information can affect collections, as well as collection statistics. For example, multiple appraisals/accounts of the same property.

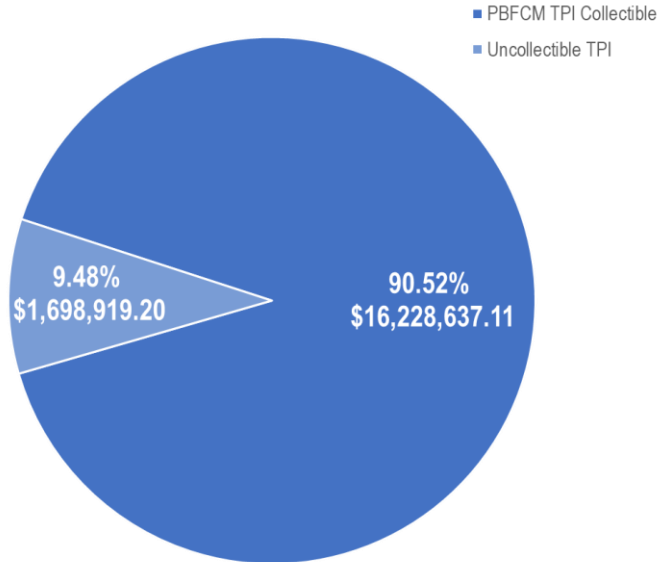


# Services Provided to the City of Houston

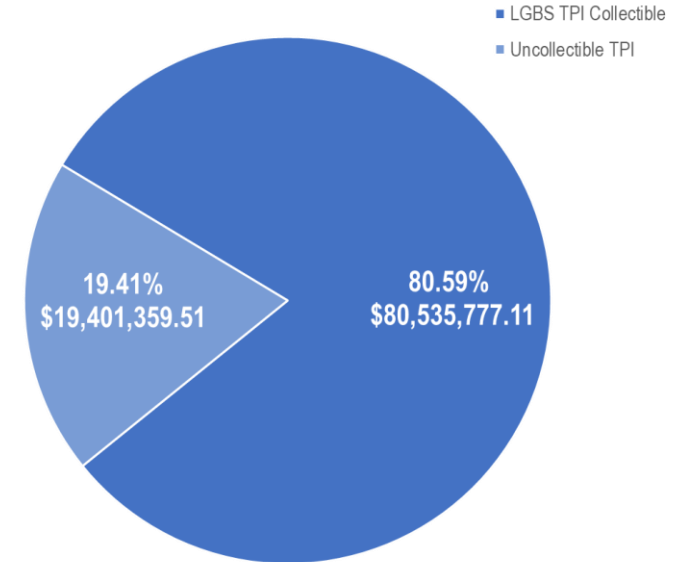
## *Property Tax Collections Assigned Accounts*

### Uncollectable Accounts

**PBFCM Uncollectible**  
TY2022 and Prior as of July 1, 2023



**LGBS Uncollectible**  
TY2022 and Prior as of July 1, 2023



There is nearly a 10% variance between the firms for collectible accounts at the beginning of the collection cycle.

# Services Provided to the City of Houston

## Property Tax Collections

### Assigned Accounts

#### CURRENT CONTRACT

*Period:* July 1 through January 31  
(7 Months)

### 7-Month Tax Only to Turnover Using TC298-V Collections

Collection Percentage:

Levy Paid [HCTO TC298V Report] ÷  
Total Delinquent Levy as of July 1  
[HCTO TA245A Report]

### City of Houston Monthly Revenue Delinquent Collections (HCTO TC298-V<sup>1</sup>)

	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24
LGBS Levy	2,102,253.83	2,567,414.74	1,744,439.32	1,715,135.22	1,045,026.86	897,496.10	1,136,519.96
PBFCM Levy	504,657.80	490,710.62	367,705.31	339,826.51	166,977.85	202,713.73	285,115.81

LGBS Turnover	70,938,911.02	% Collected to Turnover	15.80%
LGBS Total	11,208,286.03	% of Total Tax Collected	82.62%
PBFCM Turnover	12,864,687.25	% Collected to Turnover	18.33%
PBFCM Total	2,357,707.63	% of Total Tax Collected	17.38%

<sup>1</sup>. Accounts assigned to the firm with attorney fees not equal to \$0.00

# Services Provided to the City of Houston

## Property Tax Collections Assigned Accounts

**12 MONTH PERIOD WITH LEVY, PENALTIES AND INTEREST PAID and REMOVAL OF UNCOLLECTABLE ACCOUNTS FROM TOTAL DELINQUENT LEVY**

*Period:* July 1 through June 30  
(12 Months)

12-Month TPI Collections to TPI Turnover Using TC298-V Collections

Collection Percentage:

Levy, Penalties and Interest Paid [HCTO TC298V Report] ÷ Total Delinquent Levy as of July 1 minus uncollectible accounts [HCTO TA245A Report]

City of Houston Monthly Revenue Delinquent Collections (HCTO TC298-V<sup>1</sup>)

	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24
LGBS TPI	2,576,182.93	3,169,610.07	2,200,535.69	2,208,957.44	1,385,794.27	1,194,287.60	1,519,984.03	1,857,167.13	1,501,905.40	1,827,987.49	1,825,788.31	1,525,277.41
PBFCM TPI	612,686.48	594,513.10	461,192.67	422,574.23	211,645.29	258,609.27	379,930.84	353,411.22	242,288.97	410,660.63	339,552.88	367,215.70

Performance Features:

- Captures the more complete collections cycle
- Includes levy collections for early turnover of personal property accounts (April 1)
- Accounts for additional penalties and interest revenue collected for the City
- Excludes uncollectible accounts

LGBS TPI Turnover	99,937,136.62		
Uncollectible TPI	19,401,359.51	% of TPI Turnover Uncollectible	19.41%
<b>TPI Turnover less Uncollectible TPI</b>	<b>80,535,777.11</b>	<b>% Collected to TPI Turnover less Uncollectible</b>	<b>28.30%</b>
LGBS TPI Collected	22,793,477.77	% of Total Tax Collected	83.04%
PBFCM TPI Turnover	17,927,556.31		
Uncollectible TPI	1,698,919.20	% of TPI Turnover Uncollectible	9.48%
<b>TPI Turnover less Uncollectible TPI</b>	<b>16,228,637.11</b>	<b>% Collected to TPI Turnover less Uncollectible</b>	<b>28.68%</b>
PBFCM TPI Collected	4,654,281.28	% of Total Tax Collected	16.96%

**-0.38% Variance to PBFCM**

<sup>1</sup>. Accounts assigned to the firm with attorney fees not equal to \$0.00



**LINEBARGER**

ATTORNEYS AT LAW

**Thank you.**

Tanya Eriksson Wood, Capital Partner  
Trey Stone, Capital Partner  
Damon Edwards, Capital Partner  
Patrick Shea, Accounting Manager