



Understanding Duplicate Bill Fees

Staying on top of tax office service charges

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Mortgage servicers responsible for timely real estate tax payments across a diverse national portfolio face several challenges. In addition to knowing when, where, and how much needs to be paid, lenders must also consider which tax offices charge additional fees, often called “duplicate bill fees”, necessary to procure and post property taxes. Rates for duplicate bill fees can range from \$0.10 to \$50 per item. More than 3,500 taxing jurisdictions across the country directly or indirectly offset rising administrative costs with duplicate bill fees.

What is a Duplicate Bill Fee?

A tax office can provide a variety of services. These services often come attached with a price. In **San Diego County**, the Treasurer’s website details a lengthy menu of fee-based services including return check processing, tax certifications, copies of records, bulk transfers, tax sale notifications, release of liens, or maintenance of installment plans. The website provides clear transparency to a multitude of Treasurer services and the associated cost.

The term duplicate bill fee (or DBF) has evolved over the years. Once the term was commonly known as the cost of purchasing a carbon copy, often pink or goldenrod, of an individual tax statement. The original document was usually mailed to the homeowner and copies were retained in heavy binders at the tax office. Bar-coded statements were especially valued because of scan posting efficiencies. The mortgage servicer was required to either procure the original tax statement from their borrower or purchase a copy from the tax office in order to properly remit payment. Depending upon loan volumes and timeline logistics, it was often easier to simply purchase a copy.

With the advance of technology, the duplicate bill definition has changed. In **Cook County** (Illinois), the term duplicate tax bill is defined as “a reproduction of the original tax bill as issued by the County Collector **or its electronic equivalent.**” Participants in the Treasurer’s Third-Party Agent (TPA) program are familiar with Cook County *Ordinance 07-O-68* which authorizes a \$5 fee for each uploaded Property Identification Number (PIN). This fee is automatically added to each uploaded PIN and must be included in the amount of the wire transfer payment. No physical tax bill copy is exchanged. Across the country, today’s DBF can be described as almost any tax office charge related to the release, processing, or research of tax bills or tax payment status.

When do we see Duplicate Bill Fees?

Of tax offices that charge DBF, approximately **28%** collect fees up front before bills are even mailed to the homeowner. These per item fees accompany tax bill request lists sent to the collector as local tax statements are being readied for printing. Another **39%** of DBF tax offices collect their fees with payment. Tax payments sent to the tax office without an original bill may require this fee to ensure acceptance and posting.

Some tax offices charge fees in multiple scenarios. In addition to the \$5 per uploaded PIN, Cook County *Ordinance 19-O-4589* allows a \$2 processing fee for each PIN paid using the web-based TPA program. Cook County recently raised this fee, formerly \$1 per PIN, just prior to the start of its 2019 first installment campaign. Mortgage servicers can now incur \$14 in annual fees attempting to pay one Chicago tax bill.

Some tax offices charge fees only if payment is not transmitted electronically. If the tax office is short-staffed and prefers to receive mortgage servicer payments in bulk via automation, it may adopt a “direct pay” fee as a cost-preventative measure to minimize manual payments. **Lake County** (Illinois) and **Southgate City** (Michigan) charge a \$5 duplicate bill fee for a manual payment submitted without the original tax bill. Of tax offices that charge DBF, approximately **10%** charge fees for mortgage servicer payments remitted outside electronic media without an original bill.

Several **Minnesota** counties invoice per item “escrow maintenance fees” to recover various administrative costs. These rates vary between \$0.20 to \$5 per parcel and can be collected annually or semi-annually. In other states, many jurisdictions use third-party service providers to process their tax collection needs. Vendors such as *Autoagent*, *GovTech Services* and *Grant Street Group* offer web-based revenue collection and balancing services to a growing number of taxing authorities. The tax office may pay little to nothing for these services. Instead, these vendors invoice each mortgage servicer for billing files or per item payment rates ranging from \$0.25 to \$0.75 per parcel. The invoiced charges are typically collected after the payment deadline and are a condition of ongoing automation exchange. Although indirect, invoice charges represent approximately **22%** of taxing jurisdictions associated with DBF.

Finally, a few tax offices may only require DBF in unique circumstances. Perhaps a fee is required if a new account fails to meet a request or early payment deadline. These unusual scenarios account for **1%** of DBF taxing authorities.

Where do we find Duplicate Bill Fees?

Duplicate bill fees are collected by tax offices in almost every state. Two-thirds of all DBF tax offices require fees either at bill request or payment time. Of this population, **Pennsylvania** dominates the landscape with more than **55%** of that national total. Rounding out the top five are **New York**, **Michigan**, **New Jersey** and **Kentucky**, which together account for **24%** of that national total.

One explanation for the high Pennsylvania number is simple mathematics: there are a lot of Pennsylvania tax collectors. The state is divided into 56 cities, 959 boroughs and 1,546 townships. The Commonwealth favors

local representation and most of these municipalities manage to fill the elected job of tax collector. To offset heavy workloads and out-of-pocket expenses, many tax collectors turn to duplicate bill fees to stay afloat.

The Pennsylvania Tax Collector's Manual (Nineteenth Edition / October 2018) recognizes the growing demand from mortgage service companies for tax duplicates. Tax collectors are encouraged to obtain a municipal ordinance to establish "reasonable" fees for services such as providing duplicate bill data or other information. Because tax collectors are municipal officers, the municipality has the power to establish fees for services of its officers. **Shaler Township** in Allegheny County cites *Ordinance 1906* for its \$10 per requested duplicate. **Towamensing Township** in Carbon County cites *Ordinance 2012-1* for its \$6 per requested duplicate. Fees established by municipal ordinance serve as legal protection in the event a tax collector's duplicate bill rate is challenged as excessive or a State Ethics Act violation.

The number of states and taxing authorities turning to third-party service providers to manage property tax collection is growing. The large national vendors are prominent in several states including **Florida, Iowa, Maryland, Ohio** and **Tennessee**. In Pennsylvania, rural municipalities with vacant tax collector positions may struggle to find interested candidates amid reduced salaries and low compensation rates. Localized vendors such as *Berkheimer Associates* and *Keystone Collections Group* are filling this void.

The mortgage servicer must navigate a myriad of tax office practices and policies. The variety of duplicate bill fees across the country adds a layer of complexity to managing real estate tax payments. Awareness of these fees and knowing exactly when, where and how much to pay can make the difference between timely tax payments and late or potentially rejected payment delays.