March 11, 2011

Gail Stehr, Secretary
Schuylkill County TCC
1093 Ridge Road
Klingerstown, PA 17941

Dear Ms. Stehr:

As you may now be aware, CENTAX is the ACT 32 Tax Officer for Schuylkill County. In accordance with our contractual agreement, as well as Section 515 of ACT 32 we are required to prepare a transition plan along with the TCC for the purposes of executing a seamless transition from the prior collector to our firm.

Attached is a copy of the Schuylkill County "Transition Plan" which addresses the importance of various issues and components necessary for our goal of successful service transition. We also have prepared a checklist of items we ask you to return by mail on or before March 31, 2011. We hope the compilation of these items will be helpful for yourself and our firm to move forward into ACT 32 compliance.

First and foremost, we require certified copies of tax Ordinances and Resolutions which levy and assess Earned Income Tax. We ask that you keep in mind that the DCED may require all political subdivisions levying these taxes to utilize a consistent format type, which memorializes the requirement to withhold taxes universally from all residents and non-residents, at the rate of tax in their home jurisdiction or at the work-site rate were applicable.

Initially CENTAX will utilize the information submitted with your ordinance, and compare this data against the state website for accuracy purposes. In our experience, we have identified instances where a political subdivision has identified the resident rate of withholding, without making reference to non-resident tax rates.

In addition to the Ordinances or Resolution from your political subdivision, please provide your Local Taxpayer Bill of Rights Resolution, along with any Rules and Regulations you have adopted applicable to the adoption of this tax.

As the Tax Officer for the Schuylkill TCC, we would also urge you to take advantage of the TCC-wide commission rate and appoint CENTAX as the Tax Officer for your Local Services Tax (LST). Appointing CENTAX as your LST Tax Officer is consistent with the spirit of ACT 32. Employers who are now obligated to universally withhold from all employees, resident and non-resident alike, can utilize similar formats for withholding the LST. CENTAX is agreeable to receive a rate of compensation consistent with the Earned Income Tax for the Schuylkill TCC. Attached is a contract request form if you would like to take advantage of this opportunity.

CENTAX is in the process of making the necessary modifications to our information systems and business processes in order to fully accommodate and successfully address all the requirements of ACT 32. We would like to refer you to the "Employer" section of the CENTAX website (www.centaxgroup.com) to acquaint yourself with our e-filing service and requirements, tax forms available to employers and individuals, as well as the people with whom you will be working.

In many instances, the prior collector may be a professional tax collection firm; in that regard we are anticipating that they will have available an FTP site so that the files attributable to any political subdivision can be accessed. Once we have accessed the electronic records and loaded them on our database, there is a series of analysis to be performed, using geocoding and other resources. If we identify exceptions to the political subdivision where an individual has been coded, we will bring these matters to the attention of the appropriate representative of the political subdivision. An ACH Authorization form is attached.

To aid in this process we ask that you complete the attached questionnaire so that we may properly update our records. Additionally, it is necessary for you to provide bank account information so that we will be able to deposit money directly into your political subdivision's bank account and avoid any conflict which might result from issuance of checks.

To those political subdivisions which we currently represent, we ask you to fully complete and return the requested information so that we may update our records to ensure that we can continue to represent you and surpass your expectations in the future.

Lastly, we ask that you use the template included to formally request your current collector to provide us with a copy of the Commonwealth's Personal Income Tax Register. We ask that you provide this to your current collector and provide your authorization to turn over the state list to CENTAX.

Please feel free to contact us if you have any questions.

Very truly yours,

CENTRAL TAX BUREAU OF PENNSYLVANIA, INC.

Robert J. Villella
President

RJV/psp

Enclosures

1. Schuylkill County Transition Plan
2. Checklist: Return to CENTAX
3. Request for Local Services Tax Contract
4. Questionnaire – Act 32 Information Request Sheet
5. ACH Authorization
6. State List Request

EXHIBIT "C"

March 2011

Schuylkill County Transition focus

What is a "Transition Plan"?
A transition plan is a collaborative preparation instrument, between each TCC and the Tax Collector representing their county, to fully prepare for the implementation of Act 32.

Key Components to a Successful Transition

1. Transfer of Tax Records
Another key component is the transfer of tax records. Unless otherwise agreed between a taxing authority and the new Act 32 tax collector, per Section 515(b)(3) of Act 32, by June 30, 2012, the former LTEA tax collector must deliver all tax records to the Act 32 tax collector and the taxing authority. Additional discussion related to the new tax collector tax record rules is provided in Section 509(e) of Act 32.

2. Delinquent Tax Collection
As to delinquent tax collection, per Section 515(b)(4) of Act 32, unless a taxing authority has made other arrangements, the Act 32 tax collector must begin collecting delinquent 2011 and prior taxes by June 20, 2012.

3. The Key to Success – is You!
The success of any transition plan is dependent upon the TCC and/or the individual communities and School Districts to have appropriate safeguards in place to establish that the Article XIII Tax Collector's have fulfilled all record keeping and other obligations inherent with the duties associated with being an Article XIII (Act 511) Tax Collector.

Proposed Schuylkill County Transition Schedule

Start of Data Transition	On or before April 1, 2011
Start of Data Analysis	On or before July 1, 2011
Verification and Loading of Data *	On or before September 15, 2011
Schuylkill County Masterfile is Complete	On or before October 1, 2011
Notification to Taxpayers	On or before October 15, 2011
Notification to Employers	On or before October 15, 2011
* Includes Masterfile and Payment History Data	

CENTAX®

Phase I: Collection, Analysis, and Verification, of Existing TCC Data

All steps and timetables for transition will be determined by the quality and availability of data from prior Collectors. Specifically, this includes the number of different electronic file formats or paper files that are received by CENTAX. It will be important to establish a working relationship with prior Collectors for transition support, if needed. As necessary, additional effort to address record transition issues, if any will be coordinated through cooperation of the TCC and Taxing Districts.

1. Identification of Full, Partial or Existing Conversion.

The first step is to analyze the existing data or the basis of full, partial or existing CENTAX data conversion.

Full Conversion = No existing CENTAX data exists, School District/Political Subdivision was not a CENTAX client prior to enactment of ACT 32.

Partial Conversion = Some existing CENTAX data exist for School District/Political Subdivision. Some School District/Political Subdivision were CENTAX clients prior to enactment of ACT 32.

Existing/No Conversion = CENTAX data already exists. School District/Political Subdivision was already a CENTAX client prior to ACT 32.

In Schuylkill County we have identified the conversion activities necessary to facilitate the ACT 32 transition:

School District	Type of Conversion
Blue Mountain School District	No Conversion
Mahanoy Area School District	Full Conversion
Minersville Area School District	Full Conversion
North Schuylkill School District	Full Conversion
Panther Valley School District	Full Conversion
Pine Grove Area School District	Full Conversion
Pottsville Area School District	Full Conversion
Saint Clair Area School District	Full Conversion
Schuylkill Haven Area School District	Full Conversion
Shenandoah Valley School District	Full Conversion
Tamaqua Area School District	Full Conversion
Tri-Valley School District	Full Conversion
Williams Valley School District	Full Conversion

2. Electronic Data - Acquisition, Conversion and Verification.

The following steps and/or task list will be completed to transition taxpayer information that is received in electronic format:

1. **TCC Data Acquisition**. TCC Data Acquisition from prior Collector, where applicable depending on transition type.
2. **Contract Management System Setup.** Set-up Contract line items in the CENTAX database.
3. **Data Validation.** Load data into CENTAX staging database for validation.
4. **Production Data Load.** Import information into the CENTAX production database taking the data from the staging environment into the production data base environment.
5. **Geocoding Verification.** Analyze data through geocoding software to validate taxing authority.
6. **Exception Report Analysis.** Submit exceptions or information not considered an exact match through geocoding.

SCHUYLKILL COUNTY

At CENTAX we are excited for the collaboration and mutually beneficial relationship in 2012 and beyond.

Your success is our success!

Phase I: Collection, Analysis, and Verification, of Existing TCC Data

3. Hard Copy Data Verification.

For data that is received by CENTAX in paper form, the following will take place:

1. **TCC Data Acquisition.** TCC Data Acquisition from prior Collector where applicable, based on transition type.
2. **Contract Management System Set-up.** Set-up Contract line items* in the CENTAX database.
3. **Data Entry.** Information in paper format will be manually keyed by our Data Entry Department. In doing so, information will automatically be added to the database.
4. **Geocoding Verification.** Analyze data through geocoding software to validate taxing authority.
5. **Exception Report Analysis.** Submit exceptions or information not considered an exact match through geocoding.

Note on Projected Timeline to complete Data Verification.

The timeframe for gathering data from the prior Collector will vary based on the availability of information and the cooperation of the prior Collector. It is the goal of CENTAX to have all data from prior Collectors as soon as possible, following the date of appointment.

The following notes are essential to the effective transition: The data migration must begin by the start of the second quarter of 2011. This will constitute Phase I of the transition which would be applicable to the School District and component taxing jurisdictions. The timeline has been established in order to facilitate the following tasks necessary to satisfy the payment and employer reporting for the third quarter as follows:

4. Data Analysis

(a) Employers – the identification of Employers located within the School District and component taxing jurisdictions responsible for the withholding and payment of the applicable taxes. Additionally, CENTAX wants to be able to pinpoint the Employers most likely to utilize an electronic filing format.

(b) Individual Taxpayers – the identification of individuals domiciled in the Phase 1 group who pay the tax direct and not subject to Employer Withholding. At the point of full Act 32 implementation these individuals may be subject to employer withholding.

Note to 2(a) and (b) – CENTAX will provide exception listings to the Executive Director for forwarding to the current collector. This will provide the local collector with the opportunity to review analysis and correct any exception information.

5. Tax Roll Supplementation

This process will be ongoing and can be supported by School District enrollment data, the State List (Commonwealth Personal Income Tax Register), and other local and/or other electronic resources (ex. Landlord-Tenant Ordinances in place).

6. *Employer and Taxpayer Notification*

The transition efforts as itemized must be accompanied by timely notification and communications to effected taxpayers. This will include direct mail pieces, as well as meetings and information sessions with the Chamber of Commerce, Rotary and other business groups on a collective basis or by component taxing jurisdiction.

Phase II: State Tape Verification.

CENTAX requests that the most current state tape be provided by the TCC so we can conduct an analysis to identify taxpayer exceptions. The list of exceptions would be provided to the Article XIII Tax Officer in order to provide for masterfile accuracy.

This analysis would not interfere with the Tax Officer's ability to act upon any delinquent accounts applicable to the year to which the state list is applicable. CENTAX would build into our database any financial histories that would pertain to the current taxpayers on file.

1. The processes identified in Phase I, would be implemented as appropriate in order to correspond to satisfy all time tables as originally devised and which may be modified from time to time.

2. The process to set up contract line items in the CENTAX database is a relatively routine one. This step in the transition process can be completed by in-house staff within 3 days of receiving contract information.

3. Loading data into the CENTAX staging database will be the most time consuming stage in the transition process. This step is most efficiently managed by loading the demographic data and payment data separately. The number of districts, quality of data and cooperation from the prior Collector will define this portion of the timeline. The best scenario would be for all data to be valid and in a consistent format. This being the case, CENTAX IT Staff could transition the demographic data within 12 days. Payment data can be loaded within 15 days. For keying of data in paper form, the timeline would be determined by the quality and amount of data received.

4. Importing information into the production database, once it's been validated will take a maximum of 3 days.

* Note: Steps 2 and 3 occur simultaneously.

The steps and timeline detailed above represent a reasonable assessment for accurately transitioning critical taxpayer information. This timeline is based on CENTAX having the highest quality data available. Any effort to shorten this timeframe may compromise the integrity of the data and the accuracy of the overall masterfile.

A SNAPSHOT OF

SCHUYLKILL COUNTY:

Founded: March 1, 1811

Seat: Pottsville

Largest City: Pottsville

Area:

- Total
782 sq mi (2,025 km²)

- Land
778 sq mi (2,015 km²)

- Water
4 sq mi (10 km²), 0.54%

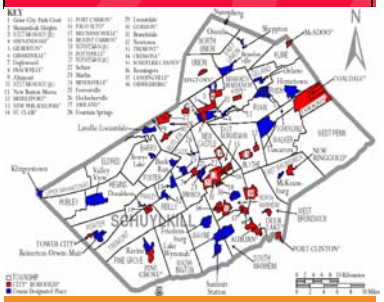
Population:

- (2000) 150,336

- Density 194/sq mi (75/km²)

Phase III: Delinquent Record Identification and Claim Analysis

SCHUYLKILL COUNTY: DEMOGRAPHICS



1. DELINQUENT RECORDS IDENTIFICATION.

Before embarking on any delinquent tax collection activities it is necessary for the TCC and the member communities to determine if the Article XIII Tax Officer has any continuing collection rights that would impact upon the Act 32 Tax Officer being able to proceed with collection duties for years prior to the appointment of the Act 32 Tax Officer. Accordingly, we believe that the duties that were a part of the Article XIII tax collector's appointment need to be thoroughly reviewed and defined.

The prior collector where applicable can forward the accounts receivable to CENTAX who can incorporate the data into our AR system or they can forward the data through the manual record keeping system in place. It will be important for the prior collector to be available to address any inquiries that would pertain to the nature of the records.

2. OUTSTANDING TAX CLAIM ANALYSIS.

Depending upon the prior collectors' appointment and any contractual relationship with the specific TCC member community the records identifying the outstanding tax claims and the political subdivision to which the claim or demand was directed or is to be directed should be presented to CENTAX in either written or universal electronic format.

As of the census of 2000:

People	150,336
Households	60,530
Families	40,131

The population density was 193 people per square mile (75/km²). There were 67,806 housing units at an average density of 87 per square mile (34/km²).

There were 60,530 households out of which 26.80% had children under the age of 18 living with them, 51.40% were married couples living together, 10.20% had a female householder with no husband present, and 33.70% were non-families, 29.90% of all households were made up of individuals and 16.50% had someone living alone who was 65 years of age or older. The average household size was 2.36 and the average family size was 2.93.

*Source: US Census Bureau Retrieved 3/03/2011

Phase IV: COMMUNICATION IS KEY!

1. COMMUNICATION WITH EMPLOYERS.

CENTAX is committed to serving as a source of information and education for employers in the districts where we serve as the Tax Officer. In an effort to adequately prepare employers to meet the requirements of Act 32, CENTAX will take the following steps:

1. Direct mail communication to all employers detailing their role and responsibilities related to mandatory withholding.
2. Provide a website for employers to access information and to address frequently asked questions. This site can be accessed by visiting www.centaxgroup.com.
3. Provide an online electronic filing system for employers to register, upload and submit quarterly filings, with helpdesk support. This tool will be available in March of 2011 and can be accessed by visiting www.centaxgroup.com.

2. PUBLIC EDUCATION AND OUTREACH.

Public education will be paramount in getting the message across to the public, to ensure transparency and accuracy. CENTAX will reach out to the public using a two-pronged approach:

1. ***Outreach Program:***
   a. CENTAX will create an Outreach Program to work with Chambers of Commerce, Rotaries, Chapters of the PICPA and Payroll Companies, as well as Tax Preparers and CPAs to organize seminars or workshops for employers.

2. **What's New in Act 32 – e-newsletter:**
   a. CENTAX will also launch a quarterly electronic newsletter for employers and clients that will provide general guidelines to follow. This resource can be accessed by visiting www.centaxgroup.com.

3. **We're Where You Are!**
   a. CENTAX will also provide ongoing support, feedback and guidance to employers and clients through our Local Offices, Regional Managers, and Information Technology. We're either a quick visit, phone call, or email away!

3. COMMUNICATION WITH TAXPAYERS.

CENTAX will prepare individual direct mail communication materials for all Individual Taxpayers listed on the masterfile. This initial mailing will include important information for the Individual to share with their Employer to ensure accurate reporting and remittance of Earned Income Tax. It also provides information for Federal and Out-of-State Employees whose Employers may not be obligated to withhold the tax on behalf of the individuals.

In addition, the CENTAX website (www.centaxgroup.com) offers a vast amount of information for Taxpayers, Employers and Clients – ranging from rate information and downloadable forms to Online Final Return filing for Individuals. This information is accessible 24 hours a day and is supported by a helpdesk during normal business hours. The website also provides information on how to identify the local office serving a specific community, including contact information and driving directions.

4. CENTAX AS YOUR PARTNER.

CENTAX is honored to serve the Schuylkill County TCC as Tax Officer. Our firm and staff are prepared to service the TCC, the participating taxing authorities and your constituents in the most effective and convenient method possible. With CENTAX as your Tax Officer, you will have access to our resources and our commitment. Our local representative will be available to you and will attend all TCC meetings to be accessible to address your concerns to actively participate and to keep you apprised of our efforts.

CENTAX is Schuylkill County's Partner For Success

Central Tax Bureau of Pennsylvania, Inc.

Michael Hill, Vice President
Melodie John, Regional Manager
ACT 32 Certified Tax Officer

CENTAX®

Established 1927

CHECKLIST: RETURN TO CENTAX BY March 31, 2011

	Item to be returned to CENTAX	Completed
1.	Certified copies of:	☐
	a. Ordinances or Resolutions	☐
	b. Local Taxpayer Bill of Rights Resolution	☐
	c. Rules and regulations applicable to the adoption of the Earned Income Tax and Local Services Tax	☐
2.	Request for Local Services Tax Contract	☐
3.	ACT 32 Information Request	☐
4.	ACH Information	☐

PLEASE RETURN BY MAIL:

Central Tax Bureau of Pennsylvania, Inc.
ATTN: Schuylkill Contract Coordinator
20 Emerson Lane
Suite 905
Bridgeville, PA 15017

REQUEST FOR LOCAL SERVICES TAX CONTRACT

I _____(name), as _____ (position), of _____ (political subdivision) hereby request a potential contract between CENTAX and my political subdivision for the collection of the Local Services Tax in 2012 and beyond.

Signature: _____

Name (printed): _____

ACT 32 Political Subdivision Information Request Sheet

Central Tax Bureau of Pennsylvania, Inc. – Contact Information

Vice President	
Regional Manager	
Phone	
Fax	
Email	

ACT 32 INFORMATION REQUEST

Political Subdivision – Name	
Address	
Address	
City	
Zip Code	
County	
Contact Person	
Title	
Phone	
Phone – After 5pm	
E-mail	
Fax	
TCC INFO	
Name	
Appointed Rep for Political Subdivision	
Address	
City	
Zip Code	
County	
Title	
Phone	
Fax	
Email	
TAX(es)	
1. EIT	
2. LST	
3. Other Taxes Political Subdivision would like CENTAX to collect?	

Current Collector - Name	
Address	
Address	
City	
Zip Code	
E-mail	
Phone	
Electronic Records	
Computerized (Yes/No)	
Format of Electronic Records	
Software	
PAPER	
Type (index cards)	
Size of cards or files	
Number of Employers	
Number of Individuals	

CENTAX - ACH Authorization

Please provide the following information to begin receiving electronic deposits of tax collections.

A voided Check must be attached in order to set up ACH deposits.

☐ Initial Request ☐ Change to existing set-up

Contact Information:

Taxing District _____

County _____

Contact Name _____

Phone _____ Fax _____

E-Mail _____

Banking Information:

Name of Bank _____

Account Name _____

ABA or Routing number (9 digits) _____

Account Number _____

Additional Account Number (IE: Plgit) _____

Account Type ☐ Checking ☐ Savings

Authorized Signature _____

Date _____

CENTAX use only

Request Received_____ By:_____

Request Completed_____ By:_____

REQUEST TO PROVIDE STATE LIST TO ACT 32 TAX OFFICER

To: _____ (current tax collector),

_____ (political subdivision) Current Tax Collector.

From: _____ (name),

_____ (position) of

_____ (political subdivision).

To whom it may concern:

Please let this letter serve as our formal request to provide Schuylkill County ACT 32 Tax Officer, Central Tax Bureau of Pennsylvania, Inc., with the most current copy of the Commonwealth personal income tax register.

Signed: _____

Name (printed): _____

Date: _____