



pennsylvania

Electronic Liens Initiative (e-Liens)  
A Collaboration Between State & County Governments

2021 NASCIO Submission  
Cross-Boundary Collaboration  
and Partnerships

Commonwealth of Pennsylvania  
Office of Administration  
Employment, Banking and Revenue IT Delivery Center

Project Initiation: April 2019  
Project Completion: December 2020

Contact: Ronald Felty, Information Technology Manager

## Executive Summary

Ensuring that all individuals and businesses pay all applicable taxes owed to the Commonwealth of Pennsylvania is key to the Department of Revenue's (DOR) mission to administer tax laws and other revenue programs fairly, efficiently and accurately. When an individual or business has unpaid delinquent taxes, DOR files a lien with a county Prothonotary. The lien makes the debt a matter of public record and ensures the Commonwealth of Pennsylvania is listed as a priority creditor. Each year, liens totaling \$382.7 million are filed on average for unpaid business taxes.

The paper process for the filing, acknowledgement and satisfaction of liens with 67 individual Prothonotary's offices was costly, inefficient and prone to error and delays efforts to pursue tax enforcement strategies and communicate timely with the taxpayer. First, DOR sent a paper notice to the county to file the lien. This is followed by the county providing a paper acknowledgement to DOR that the lien was filed. When the lien balance was paid, the department sent a paper lien satisfaction back to the county in which the lien was filed.

Pennsylvania developed and implemented a new electronic solution, known as e-Liens, to allow the exchange of data and digital notices between DOR and PA counties for the filing, acknowledgement and satisfaction of liens.

One of the major challenges was developing a solution that could be leveraged and utilized by all of the 67 counties in PA, which range in population from 1.5 million residents (Philadelphia) to 4,948 (Cameron). Each of these counties is unique and has its own processes and systems. Close collaboration with county representatives and a key vendor who provides support to multiple counties was vital to create a flexible solution to accommodate the counties based on their readiness to participate in the new e-Liens process. e-Liens was built to be scalable and configurable, allowing the ability to extend the e-Liens solution to additional counties as they make the switch from the paper process. e-Liens was also built recognizing the need to integrate into the current DOR Business Tax System (BTS) and a new tax system, PaTH, currently being created for DOR. The developed solution will seamlessly integrate in the new PaTH platform.

Currently several counties, including Allegheny, Philadelphia, Cumberland, Bucks and Montgomery counties, are participating in the new e-Liens process with additional counties in various stages of development and testing.

e-Liens is a collaborative success providing benefits to the state, counties and taxpayers.

- Cost savings and efficiencies
  - Projected labor savings of \$ 44,153 per year allowing staff to be reassigned to other activities.
  - Yearly savings of \$ 12,829 projected for printing and postage costs.
  - These savings will increase each year as more counties participate in the e-Liens solution.
- Increased accuracy

## e-LIENS

- An error rate of over 15% had been observed with the manual processing of liens by DOR. The e-Liens process has reduced the DOR error rate to less than 1%. Errors have also been reduced at the county level.
- Accelerate response times
  - The turnaround time from the filing of the lien to county acknowledgement has been reduced from an average of 64 days to 3 days.
- Improved customer service
- Increased collections
- Improved reporting
- Taxpayer compliance

### Idea

Prior to e-Liens, DOR had to file liens and exchange information with 67 counties through entirely paper processes for business taxes. This resulted in 67 channels, one for each county. The manual processing flow followed these steps:

- A paper notice was generated by DOR and sent to the county to file the lien
- The county would provide a paper acknowledgement to DOR that the lien was filed
- A paper lien satisfaction was generated by DOR and mailed back to the county when the debt is paid.

Information from these paper documents was manually entered into the respective systems at DOR and the county.

The paper process for filing, acknowledging and satisfying liens was costly, inefficient and prone to error for both DOR and the counties. Additionally, communications with the taxpayer would sometimes take months. The ability for the Commonwealth of Pennsylvania to be a priority creditor was also delayed by this lengthy process.

The following lien information is based on the last 3 fiscal years (2016 – 2019):

	<b>Average Per Year</b>
Liens Filed	13,396
Total Lien Amount (\$)	\$382,739,271
Paper Notices Generated	34,816
DOR Administrative Costs - Labor	\$79,627
DOR Administrative Costs – Supplies, Postage	\$23,326

A decision was made to find a solution to improve accuracy, reduce costs, reduce response time, improve communications and increase collections and compliance for business taxes.

## Implementation

The PA Office of Administration (OA) oversees information technology (IT) for state agencies under the Governor's jurisdiction. OA worked closely with DOR subject matter experts from the Collection and Compliance Bureaus, as well as county representatives, to design the overall solution, perform the development, automate the new process and manage the project.

Without a mandate requiring counties to participate in the new solution, an innovative and collaborative approach was required to encourage participation and improve cross-boundary partnerships with the counties. Numerous meetings, open lines of communication and the recognition of the benefits to both the state and counties helped form strategic partnerships. Input was solicited from the two largest counties, Allegheny and Philadelphia, and also from a vendor that works with multiple counties. Working collaboratively on design decisions and the approach, a long-term solution was developed that works for DOR, the initial participating counties and vendor and additional counties in the future.

Additionally, the ability to be flexible and provide a scalable solution that allows counties to 'go-live' with the new process when they are ready required an iterative project management approach.

Some of the new functionality includes:

- New interfaces
  - Data exchange with the counties
  - Digital notices
- New lien statuses for improved tracking
- New reporting
- New workflows for DOR users
- Automated updates
- Scalable and configurable solution for new county participation

## Impact

The e-Liens project provides valuable improvements for DOR, counties and constituents by eliminating manual processing, reducing errors, increased efficiency and improved response time. Benefits are realized by the counties, DOR and all taxpayers in Pennsylvania through more efficient revenue collection. The following improvements were a result of this project and will continue to grow as more counties participate:

- Removed the need for manual data entry by automating the exchange and loading of data files. Over 900 administrative hours are saved, allowing staff to concentrate on other functions.
- Replaced paper notices between DOR and the counties with digital versions.
- Significantly reduced errors that occurred with the manual movement of paper and data entry. An error rate of over 15% was reduced to less than 1% with participating counties.

## e-LIENS

- Improved response time between DOR and the counties. The turnaround time from filing of a lien to acknowledgement by the county is reduced from 64 days to 3 days.
- Improved communication with taxpayers. e-Liens reduced the turnaround time from the filing of a lien until the lien satisfaction is communicated to the taxpayer from months to days.
- The lien is made public record, reducing the time the commonwealth becomes a priority creditor
- Collection efforts such as wage garnishment, bank attachments and sheriff sales are improved due to a faster turnaround time and increased accuracy and reporting.
- Tax compliance improved as faster communication with the taxpayer provided the ability to resolve delinquent tax obligations more efficiently with DOR.
- Counties are experiencing cost savings and improved accuracy.
- DOR cost savings per year of \$56,982 (\$44,153 for labor and \$12,829 for supplies and postage) that will increase each year as new counties participate in e-Liens.
- Increased collection rates on the \$382,739,271 total liens filed each year for business taxes.

The five counties currently participating in e-Liens represent over half of all liens filed in the state and approximately 82% of all unpaid business taxes against which liens are filed.

Average per year (2016-2019)	Total Liens	Electronic Liens	Paper Liens
Liens Filed	13,396	7,338	6,358
Total Lien Amount (*)	\$382,739,271	\$316,602,834	\$66,136,437
Notices Generated	34,816	19,148	15,668
Administrative Costs - Labor	\$79,627	\$0	\$79,627
Administrative Costs – Supplies, Postage	\$ 23,326	\$0	\$ 23,326

The also aligns to several DOR strategic business goals:

- Continually Improve Customer Service
- Enhance Effectiveness of Tax Compliance
- Continually Improve Business Processing and Technology
- Provide Accurate and Timely Revenue Analysis
- Continually Improve Public Confidence
- Increase Organizational Capacity
- Promote Tax policies to Improve the Commonwealth’s Tax Administration

In aligning with Governor Tom Wolf’s goal for Government That Works, OA worked closely with DOR partners and collaborated extensively with county representatives and the vendor representing multiple counties.

Currently, five counties, including the largest counties in Pennsylvania, are participating in e-Liens with additional counties in various stages of development and testing to join the e-Liens process. The project created a scalable, low maintenance and long-term solution to administer the lien process more efficiently between the state, counties and taxpayers in Pennsylvania.

## e-LIENS

By working together with county representatives, the e-Liens solution is mutually beneficial to both DOR and the counties. Outreach and collaboration with additional counties will continue as part of the long-term strategy for the project. New participants will continue to be added and open communication between the state and counties will increase the ability to collaborate on future initiatives.