

REQUEST FOR BOARD ACTION

HENDERSON COUNTY BOARD OF COMMISSIONERS

MEETING DATE: June 3, 2019

SUBJECT: Interlocal Agreement for Tax Collections – Laurel Park

PRESENTER: Amy Brantley, Assistant County Manager
Russ Burrell, County Attorney
Darlene Burgess, Tax Administrator

ATTACHMENTS: Yes
1. Draft Agreement with Laurel Park

SUMMARY OF REQUEST:

NCGS 160A-461 authorizes cities in North Carolina to contract with the county for the provision of their city property tax billing and collection, and to reimburse the county for those services. This practice has become relatively common across the state, and the County had been approached by the Town of Laurel Park and the City of Hendersonville regarding the possibility of the County collecting their municipal property taxes.

At the January 7, 2019 meeting, the Board authorize Staff to proceed with development of an Interlocal Agreement for Tax Collection with interested municipalities, with a reimbursement rate sufficient to cover the county's cost for those services, subject to final approval by the Board.

County staff have worked through the specifics of an Interlocal Agreement with the Town of Laurel Park, which is presented here for the Board's consideration.

BOARD ACTION REQUESTED:

The Board is requested to approve the Interlocal Agreement as presented, authorizing the Tax Collector to begin collecting current year taxes beginning July 1, 2019.

Suggested Motion(s):

I move the Board approve the Interlocal Agreement as presented, authorizing the Tax Collector to begin collecting current year taxes beginning July 1, 2019.

STATE OF NORTH CAROLINA

COUNTY OF HENDERSON

INTERLOCAL AGREEMENT FOR TAX COLLECTION

THIS INTERLOCAL AGREEMENT is made and entered into this the _____ day of _____ 2019, and effective as of the 1st day of July 2019, by and between HENDERSON COUNTY, hereinafter the "County" and the TOWN OF LAUREL PARK, hereinafter the "TOWN", and collectively referred to as the "Parties".

WITNESSETH:

WHEREAS, the County and TOWN have determined that it is in the public benefit and interest to enter into an Interlocal Agreement for Tax Collection; and

WHEREAS, the Parties have agreed that the negotiated payment set forth herein is in the best interests of their citizens; and

WHEREAS, the North Carolina General Statutes in Chapter 160A, Article 20, provide that units of local government may enter into agreements in order to execute an undertaking providing for the continual exercise by one unit of any power, function or right, including the collection of taxes; and

WHEREAS, the TOWN and County agree this Interlocal Agreement shall continue for five (5) years, from July 1, 2019 to June 30, 2024, unless terminated pursuant to the terms herein; and

WHEREAS, the governing bodies of the TOWN and County have ratified this Interlocal Agreement by Resolutions being recorded in their respective minutes; and

NOW THEREFORE, in consideration of the mutual covenants, terms and conditions contained in this Interlocal Agreement herein accruing to the benefit of each of the respective parties hereto and other good and valuable consideration, receipt and sufficiency of which is acknowledged by the TOWN and County, the parties agree as follows:

1. County Billing and Collection of TOWN Taxes

- a) The County shall provide collection of current and future municipal ad valorem property taxes. Collection of delinquent taxes existing as of the date hereof shall be the responsibility of the TOWN except as stated below. The TOWN shall within thirty (30) days of the date hereof provide the County with a list of all such delinquent taxes owed, and delinquent taxpayers, as of the date hereof.
- b) Notwithstanding, no TOWN tax bill in an amount less than Five Dollars (\$5.00) shall be issued.
- c) The TOWN shall appoint the County's Tax Collector as the TOWN's Tax Collector, and the County's Delinquent Tax Collector as the TOWN's Delinquent Tax Collector.

2. Term of Agreement: This Interlocal Agreement shall continue until terminated pursuant to the terms herein.

3. Compliance

The County will comply with all applicable tax collection laws of North Carolina, including those contained in Subchapter II of Chapter 105 of the General Statutes of North Carolina, and all administrative mandates issued by the State of North Carolina.

4. Records and Accounts and Operations

- a) The County shall be responsible for maintaining, in an on-line environment, all ad valorem tax records, including amounts paid and unpaid, in the same manner as County records are maintained.
- b) The TOWN will provide the County with all necessary information for transfer for all funds due the TOWN, the County will properly account and distribute such funds by check or other mutually agreed upon method monthly and notify the TOWN Finance Director by the 15th of each month on amounts to be transferred.
- c) The County shall provide the TOWN with all necessary and required reports in such format and detail to enable the TOWN to prepare and record the necessary financial transactions. Such reports shall be mutually agreed upon by the TOWN and County Finance Directors.
- d) The County will provide the TOWN with information sufficient to complete all required reports to outside agencies, including the TR-2 report and reports necessary for the TOWN's financial statements. The TOWN shall be responsible for the completion of all reporting involving property tax.
- e) The County shall provide the TOWN's External Auditors, during regular business hours, access to the TOWN Tax Receivables' daily cash transactions and other records pertaining thereto to the fullest extent practicable.
- f) The TOWN shall provide the County Tax Collection Office with access, to the extent legally allowable, into any of the TOWN's records systems that the TOWN deems to be beneficial in the collection of TOWN taxes.
- g) The TOWN agrees to appoint and maintain one of its employees as a Deputy Tax Collector to act on behalf of the TOWN in presenting certain matters to the TOWN Council.
- h) The County shall promptly provide the TOWN with requests for releases or refunds when received, together with reasonable information needed to make a determination on requests for releases or refunds. The TOWN shall, at its next regular TOWN Council meeting occurring at least ten (10) days after the receipt of the request and information, place the matter before the TOWN Council for determination as to whether to grant the release or refund of TOWN taxes.

5. Pro Rata Payments

Unless the taxpayer specifies otherwise, the County shall distribute payments received from TOWN taxpayers of less than the total amount owed on TOWN and County taxes on a proportionate basis between taxes owed the County and the TOWN, after all costs, interest and penalties are first paid.

6. Costs for Billing and Collections

The County shall incur all costs for preparing, printing, billing and collecting the TOWN tax bills, including follow-up notices.

With respect to the cost for collection actions taken by the County, for example advertising costs, attorney's fees and garnishment fees where such costs are not paid directly by the taxpayer involved, the County shall split the costs on a proportionate basis between taxes owed the County and the TOWN.

When agreed upon by both the County and TOWN, joint advertisement, including the advertisement of tax liens for both the County and the TOWN, is permissible.

7. Foreclosures

- a) The County shall be responsible for determining the time for commencing all tax foreclosure proceedings (except for those regarding any foreclosure proceedings instituted by the TOWN on TOWN taxes delinquent as of the date of this agreement). The TOWN hereby delegates this decision to the County. The County shall give the TOWN notice of the institution of any foreclosure action at least thirty days prior to filing in cases where there are delinquent taxes owed the TOWN as of the date hereof.
- b) The County shall send a joint notice as required by N.C. Gen. Stat. § 105-375(c) and shall consolidate the tax liens of the County and the TOWN for the purpose of docketing a judgment on such liens as contemplated by N.C. Gen. Stat. § 105375(k). Following entry of a judgment, an execution shall be issued to enforce such judgment.
- c) All expenses directly related to compliance with the procedural and substantive requirements of N.C. Gen. Stat. § 105-375, including but not limited to notice, docketing the judgment and execution on such judgment, shall be advanced by the County, and reimbursed to the County from the proceeds of any foreclosure sale prior to payment to the TOWN and County of taxes recovered.
- d) The parties shall agree in advance of the sale upon a "maximum joint bid" for each execution sale of property to enforce a judgment entered as provided herein above, which bid will be entered on behalf of both parties. The "maximum joint bid" shall be the sum of all taxes, interest, penalties and applicable costs of enforcement, collection and sale owed to both jurisdictions. The parties further agree that if third parties bid at such execution sale, they will bid up to the "maximum joint bid", such that no third party will purchase the property for less than the "maximum joint bid". If the parties are the highest

bidder at any sale, they shall each contribute to the purchase price a pro rata amount of the whole, determined by the amount of ad valorem taxes owed to each of them for the respective tax year on the subject real property in relation to the total amount of ad valorem taxes owed to both parties.

- e) If the parties acquire title to real property following an execution sale as contemplated in this Agreement, they shall take title as tenants in common with each party owning a fractional interest of the whole that is equal to the same fraction as their contribution to the purchase price.

8. Payment to County

The fee for collection services for each fiscal year shall be a flat amount of 0.5% (equivalent to one half of one percent of the then-current Fiscal Year collections). Payment shall be accomplished by the County withholding the fee when remitting the monthly collection to the TOWN.

9. Termination

This Interlocal Agreement may be terminated by either party by providing six (6) months' notice prior to the start of the next fiscal year. Upon notice of termination of the Interlocal Agreement, the County shall deliver to the TOWN all tax records, in a customary electronic data format, or in whatever form held in its hands, pertaining to its listing, billing and collecting, consistency of the tax bills, tax scrolls and other related records by February 1st of the fiscal year in which the termination shall be effective. The County shall continue to collect current and delinquent taxes through June 30th of the fiscal year in which the termination shall be effective. Upon termination of the Interlocal Agreement, the County shall provide a full accounting to the TOWN of the status of all tax collections. After June 30th of the fiscal year in which the termination becomes effective, the County shall not be further obligated either as to current or delinquent taxes due to the TOWN.

10. Entire Agreement

This Interlocal Agreement, including all exhibits or attachments if any, sets forth the entire Agreement between the Parties regarding the services and matters set forth herein. All prior conversations or writings between the Parties hereto or their representatives on this subject matter are merged within and extinguished. This Interlocal Agreement shall not be modified or amended except by a written instrument executed by duly authorized representatives of the Parties herein.

11. Notice

Notice under this Interlocal Agreement shall be deemed sufficient upon the mailing to the parties by certified or registered mail at the following locations:

County of Henderson
c/o Charles Russell Burrell
1 Historic Courthouse Square, Suite 5
Hendersonville, NC 28792

TOWN OF LAUREL PARK
c/o Kimberly B. Hensley
441 White Pine Drive
Laurel Park, NC 28739

IN WITNESS WHEREOF, each party has caused this Agreement to be duly executed on the day and year first above written and if corporate, by their duly authorized representative.

HENDERSON COUNTY

By: _____
Steve Wyatt, County Manager

TOWN OF LAUREL PARK

By: Mikal J. Morgan

PRE-AUDIT CERTIFICATION

This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act N.C.G.S. 159-28(a).

By: _____
Samantha Reynolds
Henderson County Finance Director

Date: _____