

INTERLOCAL AGREEMENT - TAX COLLECTIONS
COUNTY OF ONSLOW AND CITY OF JACKSONVILLE

A. PREFACE

1. History

In February, 1981, the Onslow County Board of Commissioners and the Jacksonville City Council initiated, by appointment of a study committee, an evaluation of the feasibility of cooperative tax office operations. Following a report of the committee in April, 1981, which concluded that county handling of municipal collections had proved workable in other jurisdictions and was feasible here, the two governing boards adopted resolutions directing their respective managers to develop a basis for county billing and collection of city taxes beginning in FY82-83.

2. Objectives

The purposes of this effort to develop a consolidated tax office operation include (1) increased convenience to citizens in billing and payment, (2) operational cost savings, and (3) maintenance or improvement of collection rates.

3. Acknowledgments

The County and City mutually acknowledge that, in order for the cooperative undertaking to be and remain advantageous to both jurisdictions, existing collection rates, cumulative collection schedules, and cash flow for each unit must be maintained or improved and net tax billing and collection costs must be stabilized or reduced.

4. Authority

This interlocal undertaking is entered under authority of Chapter 160A, Article 20, of the North Carolina General Statutes (G.S. 160A-460 et seq.)

B. CONTRACT

In consideration of payment set forth below, mutual promises and obligations, and anticipated mutual benefits, the County of Onslow and the City of Jacksonville agree as follows:

1. Tax Offices Consolidation

The County and City tax offices will be combined under the jurisdiction of the County effective July 1, 1982.

The current City Tax Collector will be offered an appointment as a Deputy County Tax Collector.

2. County Services

The County shall list, bill, and collect all ad valorem taxes due to the City, including current and previous years' taxes, interests, penalties, and costs. The County will seek a thorough listing of taxable property and will aggressively seek collection of current and delinquent taxes due to the City. The County will maintain adequate qualified personnel and other resources to carry out these functions in an accurate, efficient, and timely manner. Tax office records shall be maintained in a manner which segregates information related to taxes due to and collected for the City.

3. Tax Collector Appointment

The County Tax Collector is also designated as tax collector for the City of Jacksonville, with all the powers, authority, duties, and responsibilities accompanying that office, as set forth in G.S. 105-349 and -350. The Tax Collector shall be under the sole jurisdiction of the County Board of Commissioners and the County Manager. References to County responsibilities in this agreement shall include the County acting through its Tax Administrator and/or Tax Collector.

4. Continuing Cooperation

The County and City staffs will communicate and cooperate regularly on matters affecting the operation of the consolidated tax office, including listing and collection practices, funds management, reporting, delinquent collections, lien sales, foreclosures, releases, and records. The county manager and county tax administrator and the city manager and city finance director shall function as an interlocal liaison committee for this purpose and for consideration of operational improvements. Questions involving interpretation, administration, or supplementation of this agreement shall be initially referred to this committee for resolution or recommendation.

5. Records and Maps

The City shall have full access to maps, abstracts, bills, receipts, and other records or documents generated by the tax office which are related to city taxes. The City will transfer to the County its existing records related to city taxes. The City shall have a right to copies, at cost, of maps, aerial photographs, and other public records generated in connection with tax office operations. If this agreement is terminated, the City shall have the right to copies, in a convenient and useful form, of all information related to city taxes.

6. Reports

The County will provide the City with monthly reports and reasonable special reports of assessed valuations, discoveries, releases, levies, collections, and collections in comparison to budgeted revenue in a form mutually agreed by the City and County. The County will, as soon as possible each year, provide the City with an estimate of valuations, levy, and collections for the upcoming fiscal year. The Tax Collector will provide the

6. Reports cont.

City Council with an annual settlement report and any other reports required by law.

7. Listing

The County will thoroughly list all property within the City which is subject to taxation. Taxes will be listed in a manner which carefully, clearly, and accurately identifies all property subject to City taxes. Property listing procedures will insure accurate identification of all property subject to city taxes (e.g. listing of city and non-city personal property on separate abstracts). The County will cooperate reasonably in listing information, such as vehicle identification numbers, helpful in insuring a complete levy and assisting collection of other city revenues. The City will promptly advise the County tax office of all annexations or other alterations to its corporate limits and provide good maps of such changes. The City will cooperate by providing the County with any building permit data or other reasonable information which will assist the County in the efficient and accurate listing and appraisal of property.

8. Billing

City tax bills will be mailed as early as possible each year (no later than September 1 if possible). Taxes due to both taxing units shall be included on a single tax bill, separately identified.

9. Collections, Deposits

All city taxes collected (including principal, interest penalties, costs) shall be credited daily to the City's central depository, unless the City requests otherwise. Deposit reporting shall be made in a mutually agreed manner. When partial payments are received, the amounts shall be credited proportionately to the taxes due each unit. Proceeds from penalties, interest, foreclosures, sales, settlements, costs, or other amounts collected shall be apportioned to the City and County in proportion of each taxing unit's share of the principal amounts which were the basis of the collection.

10. Releases

City taxes proposed for release shall be presented to the City Council at reasonable intervals for their consideration and action under the provisions of state law. No City taxes shall be adjusted or released except by action of the City governing body. Release and adjustment requests shall be accompanied by adequate information concerning ownership, property, valuation, levy, and the reasons and the authority for the proposed release or adjustment. (References: G.S. 105-312(k), 105-380, 105-381).

11. Foreclosures

The County legal department shall, at the direction of its governing body, bring actions for foreclosure of tax liens on delinquent taxes, except that the City shall have the option of having its own counsel pursue foreclosure of taxes owed only to the City. The cost of foreclosure actions shall be borne proportionately by each taxing unit in relation to its share of the delinquent amount due. The Tax Collector shall annually notify the City of all tax accounts which will become nine years delinquent during that year.

12. Bonds

Separate bonds shall be given by the Tax Collector and his personnel to the respective taxing jurisdictions as required by law. Each taxing unit shall approve the bonds given for its protection and shall pay the premiums for same.

13. Audits

The tax records (all) shall be audited annually by an independent certified public accountant selected by the County. Adequate procedures and internal controls will be employed to insure that an audit trail is present and that necessary auditing procedures and tests can be performed. The City, may, at its own expense, arrange for auditing of records relating to City taxes.

(14) Payment for Services

The County shall be compensated for services provided under this agreement under the following formula:

- 1% of all collections on the current levy up to 95% of the levy
- 1% of all delinquent collections
- 5% of all collections on the current levy above 95%

This formula shall be applied to all principal, interest, penalties, and costs collected. Compensation shall be paid weekly, based on collections reports provided by the County, unless otherwise mutually agreed.

15. Effective Date, Term

This agreement shall be initially effective for the 1982 listing of taxes and the collection of fiscal 1982-83 tax levies, including all necessary work or actions related thereto, following its approval by the City and County governing boards and its execution by authorized officials. The term of the agreement shall be from fiscal year to fiscal year.

16. Annual Review

The liaison committee shall annually review the results of this undertaking, the provisions of this agreement, and the terms of compensation, and shall report to the respective governing boards any recommended changes.

17. Amendments

This agreement may be amended by mutual agreement between the parties in writing, duly authorized by the governing bodies. Amendments, particularly those affecting compensation, shall normally be concluded prior to adoption of either unit's annual budget, to be effective for the following fiscal year.

18. Duration, Termination

This agreement shall continue in effect from year to year unless terminated as provided herein.

This agreement may be terminated by either party upon written notice authorized by its governing body to the other party prior to March 1 of that year. If such notice is given, the agreement shall be terminated on the following June 30 or such later date as may be mutually agreed. This agreement may be terminated upon 30 days notice by either party if the other party has failed to fulfill its obligations under the agreement in a manner which seriously affects the financial security or stability of the terminating party.

AMENDMENT TO
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AMENDMENT #1

PROPERTY TAX AUDIT FEE

In the event that the County enters into a contract with an independent firm for property tax audit service, the following terms and conditions shall apply:

- 1) the City will pay the County a fee equal to the fee paid to the contractor attributable to City property tax collections, provided that such fee does not exceed 35% of the taxes and penalties actually collected;
- 2) the City will reimburse the County for such fees on the same schedule as the County pays the contractor and within thirty (30) days after request for payment is submitted to the City by the County; and
- 3) the County will provide the City with records of all discoveries made by the independent firm and all taxes subsequently collected in the same manner as other property tax records are provided to the City.

This amendment shall be effective upon its adoption by both governing bodies.

ATTEST:

Louis B. Boyd
County Clerk

DATE: February 5, 1990

ATTEST:

Salvador M. McMurty
City Clerk

DATE: 1/16/90

COUNTY OF ONSLOW

Barbara G. Buck
Barbara Buck, Chairman
Board of County Commissioners

CITY OF JACKSONVILLE

George L. Jones
George L. Jones, Mayor

**AMENDMENT TO
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AMENDMENT #2

Effective July 1st 2000, the North Carolina General Assembly established a Gross Receipts Tax on the short-term lease or rental of motor vehicles for both counties and municipalities. For collection of said tax, by the county for the city, the following terms and conditions shall apply:

14b. Payment for the Collection of Gross Receipts Tax on Short-Term Lease or Rental of Motor Vehicles

The County shall be compensated for services provided under this agreement under the following formula:

1.5% of all collections on the gross receipts tax on short-term lease or rental of motor vehicles

This formula shall be applied to all principal, interest, penalties, and costs collected. Compensation shall be paid weekly, based on collections reports provided by the County, unless otherwise mutually agreed.

This amendment shall be effective upon its adoption by both governing bodies.

ATTEST:

Leitia M. Besch
County Clerk

DATE: *September 5, 2000*

ATTEST:

Carmen K. Minicelli
City Clerk

DATE: *9-18-2000*

COUNTY OF ONSLOW

Anthony M. Padgett
Anthony M. Padgett, Chairman
Board of County Commissioners

CITY OF JACKSONVILLE

George L. Jones
George L. Jones, Mayor