

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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SENATE BILL 628

Short Title: Lockbox Property Tax Collection.

(Public)

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Sponsors: Senator Rauch.

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Referred to: Local Government and Regional Affairs.

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March 23, 1989

A BILL TO BE ENTITLED

1 AN ACT TO ALLOW THE GOVERNING BODY OF A COUNTY OR ITS  
2 MUNICIPALITIES TO CONTRACT WITH FINANCIAL INSTITUTIONS FOR  
3 RECEIPT OF PAYMENT OF PROPERTY TAXES.  
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5 The General Assembly of North Carolina enacts:

6 Section 1. G.S. 105-321 is amended by adding a new subsection to read:

7 "(e) The governing body of a taxing unit may contract with a bank or other  
8 financial institution for receipt of payment of taxes payable at par. Discount for early  
9 payment of taxes shall be allowed by a financial institution that contracts with a taxing  
10 unit pursuant to this subsection to the same extent as allowed by the tax collector. A  
11 financial institution that contracts with a taxing unit for receipt of payment of taxes shall  
12 furnish a bond to the taxing unit conditioned upon faithful performance of the contract  
13 in a form and amount satisfactory to the governing body of the taxing unit. A governing  
14 body of a taxing unit that contracts with a financial institution pursuant to this  
15 subsection shall publish a timely notice of the institution at which taxpayers may pay  
16 their taxes in a newspaper having circulation within the taxing unit. No notice is  
17 required, however, if the financial institution receives payments only through the mail."

18 Sec. 2. G.S. 105-353 reads as rewritten:

19 "**§ 105-353. Place for collection of taxes.**

20 Taxes shall be payable at the office of the tax ~~collector~~-collector or at a financial  
21 institution with which the taxing unit has contracted for receipt of payment of taxes. For  
22 the convenience of taxpayers, the governing body may require the tax collector to be  
23 present to collect taxes in person or by deputy at other designated places within the  
24 taxing unit at times prescribed by the governing body. If the governing body exercises

1 this authority, the tax collector shall give timely notice of the places and times at which  
2 he will be present for collection; this notice shall be published in a newspaper having  
3 general circulation in the taxing unit and posted at three or more public places within  
4 the taxing unit."

5 Sec. 3. G.S. 105-357(b) reads as rewritten:

6 "(b) Acceptance of Checks. – In the tax collector's discretion and at his own risk, he  
7 may accept checks in payment of taxes. Should he do so, the tax collector shall have the  
8 option to issue the tax receipt immediately or to withhold the receipt until the check has  
9 been collected. If a tax collector accepts a check and issues a tax receipt and the check is  
10 thereafter returned unpaid (without negligence on the part of the tax collector in  
11 presenting the check for payment), the taxes for which the check was given shall be  
12 deemed unpaid; and the tax collector shall immediately correct the copy of the tax  
13 receipt and other appropriate records in his office to show the fact of nonpayment, and  
14 he shall give written notice by certified or registered mail to the person to whom the tax  
15 receipt was issued to return it to the tax collector. After correcting the records in his  
16 office to show the fact of nonpayment, the tax collector shall proceed to collect the taxes  
17 by the use of any remedies allowed for the collection of taxes or by bringing a civil  
18 action on the check.

19 A financial institution with which a taxing unit has contracted for receipt of payment  
20 of taxes may accept an uncertified check in payment of taxes, but may not issue a  
21 receipt for payment of taxes made by uncertified check. If the check is honored, the  
22 financial institution shall so notify the tax collector, who shall, upon request of the  
23 taxpayer, issue a receipt for payment of the taxes. If the check is returned unpaid, the  
24 financial institution shall so notify the tax collector, who shall proceed to collect the  
25 taxes by use of any remedy allowed for collection of taxes or by bringing a civil or  
26 criminal action on the check.

27 (1) Effect on Tax Lien. – If the tax collector accepts a check in payment of  
28 taxes on real property, issues the receipt therefor, and the check is later  
29 returned unpaid, the taxing unit's lien for taxes on the real property  
30 shall be inferior to the rights of purchasers for value and of persons  
31 acquiring liens of record for value if such purchasers or lienholders  
32 acquire their rights in good faith and without actual knowledge that the  
33 check has not been collected, after examination of the copy of the tax  
34 receipt in the tax collector's office during the time that record showed  
35 the taxes as paid or after examination of the official receipt issued to  
36 the taxpayer prior to the date on which the tax collector notified him to  
37 return the receipt.

38 (2) Penalty. – In addition to interest for nonpayment of taxes provided by  
39 G.S. 105-360 and in addition to any criminal penalties provided by law  
40 for the giving of worthless checks, the penalty for giving in payment of  
41 taxes a check that is returned because of insufficient funds or  
42 nonexistence of an account of the drawer shall be ten percent (10%) of  
43 the amount of the check. This penalty shall be added to and collected  
44 in the same manner as the taxes for which the check was given."

- 1           Sec. 4. Chapter 284 of the 1983 Session Laws, as amended, is repealed.
- 2           Sec. 5. This act is effective upon ratification.