

**INTERLOCAL COOPERATION AGREEMENT FOR THE COLLECTION OF TAXES
BETWEEN CUMBERLAND COUNTY AND THE CITY OF FAYETTEVILLE**

Approved by the Cumberland County Board of Commissioners June 19, 2023

Approved by the Governing Board of the City of Fayetteville April 24, 2023

This contract is made and entered into June 19, 2023, 2023, between Cumberland County, a political subdivision of the State of North Carolina, hereinafter referred to as the "County" and the City of Fayetteville, a North Carolina municipal corporation, hereinafter referred to as the "City."

WITNESSETH:

WHEREAS, the governing bodies of the County and the City have found and determined that it is in the public benefit and interest to provide for the collection by the County of real and personal property taxes levied by the City as well as certain special assessments assessed by the City, gross receipts taxes on vehicle and equipment rentals and leases, fees authorized to be collected with property taxes, and motor vehicle license fees levied by the City; and

WHEREAS, the North Carolina General Statutes in Chapter 160A, Article 20, Part 1, provide that units of local government may enter into agreements in order to execute an undertaking providing for the contractual exercise by one unit of any power, function or right, including the collection of taxes, of another unit; and

WHEREAS, the governing bodies of the County and City have ratified this agreement by resolutions being recorded in their respective minutes.

NOW THEREFORE, for and in consideration of the mutual covenants contained herein and the mutual benefits to result therefrom, the parties agree as follows:

1. DEFINITIONS:

- A. Consolidated Tax Bill: A tax bill for both the County and the City prepared by the County in those situations where both County and City Revenues are due, i.e. where property lies both within the County and the City.
- B. Non-Consolidated Tax Bill: A tax bill for either the County only or the City only prepared by the County in those situations where only County or only City Revenues are due, i.e., where property lies within the County and outside the City, or within the City and outside of the County, or where property is annexed into the City at any time other than at the beginning of the fiscal year.

- C. Revenues: Any current or delinquent property taxes, gross receipts taxes on vehicle rentals and heavy equipment rentals, dog, license, privilege, and franchise taxes which are charged by the governing body of the County or the City including interest, penalties or costs; any current or delinquent fees such as stormwater and solid waste fees authorized to be collected with property taxes; and any special assessments due to the City or County on property being foreclosed on as a part of a tax foreclosure action and which are collectable by the Tax Administrator within the scope of this agreement.

 - D. Tax Collector: The person appointed by the Board of Commissioners of Cumberland County pursuant to N.C.G.S. §105-349, or its successor statute, by whatever title given, and currently known as the Cumberland County Tax Administrator. For all purposes of this agreement, the City confirms that the Tax Administrator as appointed hereunder shall be deemed to have also been appointed by the City as its Tax Collector pursuant to N.C.G.S. §105-349.

 - E. Tax Levy: The amount of County or City property taxes due for the then current fiscal year as determined by the Tax Administrator. That number is generally determined as the product of the County's and the City's tax rate multiplied by the total assessed value of all property listed in the County or the City respectively.
2. PURPOSE: The purpose of this agreement is to establish the undertakings, as provided in N.C.G.S. Chapter 160A, Article 20, Part 1, whereby the Tax Administrator collects for the County and the City all current and delinquent Revenues, as defined in Section 1.C of this agreement.
3. METHODS AND PROCEDURES: The methods and procedures which shall be followed by the County, the City, and the Tax Administrator to implement this undertaking shall be as follows:
- A. The Tax Administrator shall perform, on behalf of the City, those duties specified in N.C.G.S. §105-350, and for all Revenues, shall perform those duties prescribed by the City Charter with respect to the assessment, levy and collection of taxes, and any other duties specified herein.

 - B. The County shall provide the Tax Administrator with such assistants and employees as are necessary for the Tax Administrator to accomplish his or her duties to collect the Revenues as set forth herein.

 - C. The governing body of the County shall cause to be performed all actions pertaining to or ancillary to the collection of Revenues for the City, required by N.C.G.S. Chapter 105, including but not limited to the following:

1. Preparation of tax scrolls and tax books or a combined record as required by N.C.G.S. §105-319;
 2. Adoption of the Order to Collect Taxes as required by N.C.G.S. § 105-321;
 3. Review of listings and evaluations as required by N.C.G.S. Chapter 105, Subchapter II, Article 21;
 4. Listing, appraising and assessing of property as required by N.C.G.S., Chapter 105, Subchapter II, Article 22;
 5. Delivery of tax receipts to the Tax Administrator as required by N.C.G.S., § 105-352;
 6. Execution of settlements as required by N.C.G.S., §105-373.
- D. The Tax Administrator shall follow the tax collection and settlement procedures set forth in N.C.G.S. Chapter 105, Subchapter II (the Machinery Act) and the administrative and accounting practices of Cumberland County, except that the following special procedures shall apply to the extent that they are not inconsistent with said General Statutes:
1. The Tax Administrator, county manager and city manager may agree from time to time in writing as to how the Revenues collected for the City under this agreement shall be remitted to the City and about such other administrative matters as shall be necessary to effectuate this agreement. That understanding may be amended in writing from time to time as technological advancements are made. The County shall be responsible for the safeguarding of all Revenues collected on behalf of the City until such time as said Revenues are remitted to and received by the City.
 2. Records maintained by the Tax Administrator shall show separately the amount collected on behalf of each taxing unit and such records shall be available for inspection at any time to the City, either in written or digital form, as may be available .
 3. The Tax Administrator shall prepare and mail one Consolidated Tax Bill per parcel for each parcel on which both County and City taxes are owed, detailing all County and City taxes, and fees authorized to be collected with property taxes, due. In the event of a partial payment on such a Consolidated Tax Bill, where the taxpayer has not specifically designated how payment is to be applied, the amount of such payment shall first be applied in satisfaction of the taxes owed with the amount to be applied pro rata to each taxing unit's share of

the principal amount of the taxes which were the basis of said collection, then pro rata to each taxing unit's share of the principal amount of the fees which were the basis of said collection, then pro rata to any special assessments to be collected under this agreement. Any remaining monies shall then be applied to the motor vehicle license fees levied by the City, if any. The Tax Administrator shall prepare and mail one Non-Consolidated Tax Bill per parcel for each parcel on which either the County only or the City only taxes are owed.

4. COLLECTIONS: The Tax Administrator shall collect Revenues due the City in the same manner as the Tax Administrator collects revenues due the County. The Tax Administrator shall report delinquent Revenues due the City in the same manner as the Tax Administrator reports delinquent revenues due the County.
 - A. Where both County and City Revenues are delinquent, any action, including but not limited to a foreclosure action, to collect such Revenues shall be brought in the names of both taxing units.
 - B. Where special assessments are due the City on property which is the subject of a tax foreclosure action by the County, the Tax Administrator shall collect these special assessments as part of the tax foreclosure proceeding, regardless of whether the taxes due are paid subsequent to the institution of the tax foreclosure proceeding. This shall be the only circumstance in which the Tax Administrator shall have the duty to collect special assessments owing to the City.
 - C. The County's governing board has determined that if the County becomes the purchaser of any property at a foreclosure sale, the County shall pay only that part of the purchase price that would not be distributed to it and other taxing units on account of taxes, penalties, interest, and such costs as accrued prior to the initiation of the foreclosure action under G.S. 105-374 or docketing of a judgment under G.S. 105-375, and thereafter hold and dispose of the property in accordance with the further provisions of G.S. 105-376(b). Any costs incurred by the County using its own employees or a contractor to maintain and safeguard any property acquired the County at foreclosure shall be allocated to the costs to be first recouped by the County upon sale of the property. The County shall provide an accounting to the City for such costs.
5. APPORTIONMENT: Penalties and interest collected, proceeds recovered from tax foreclosures and sales pursuant thereto, and discounts, settlements, or compromises allowed shall be apportioned between the County and the City pro rata in proportion to each taxing unit's share of the principal amount which was the basis of said collections, recoveries, or allowances.
6. REPORTS: The Tax Administrator shall make an annual written report and a monthly written report to both governing bodies, which shall include:

- A. Current property tax collections on behalf of each taxing unit, stated in dollars and as a percentage of the levies;
 - B. Delinquent property tax collections on behalf of taxing unit, stated in dollars and as a percentage of the outstanding levies;
 - C. Collections of County and City Revenues other than property taxes by type, stated in dollars and as a percentage of the budget projections;
 - D. Significant policy changes and recommendations pertaining to the Office of the Tax Administrator; and
 - E. Significant operational changes and recommendations pertaining to the Office of the Tax Administrator.
7. DURATION: This agreement shall take effect July 1, 2023, and shall apply to all collections made by the Tax Administrator after that date and shall remain in place until terminated by either party in accordance with the termination provision stated herein.
8. FINANCES: The County shall retain a collection fee as a percentage of the amount of the actual Revenue collected for each tax year as follows:
- A. For collections made by the date taxes become delinquent for a tax year (January 5), the fee shall be a sum equal to three-quarters of a percent (0.75%) of the actual Revenue collected for the City as consideration for this agreement.
 - B. For collections made after the date taxes become delinquent for a tax year (January 5), the fee shall be a sum equal to one and three-quarters of a percent (1.75%) of the actual Revenue collected for the City as consideration for this agreement.
9. APPOINTMENTS: The Tax Administrator shall be appointed by the Cumberland County Board of Commissioners for a term not to exceed four (4) years.
- A. The appointment of the Tax Administrator shall be made by the governing body of the County in accordance with the provisions of N.C.G.S. § 105-349. The appointment, approval, and acknowledgment thereof will be entered into the minutes of the appropriate proceedings of the governing body of the County.
 - B. Appointments of all assistants, consultants, attorneys or employees provided by the County to implement this undertaking shall be made by the appropriate County officials and shall not be subject to the approval of the City. Such appointees shall be employees, agents, consultants or contractors, as the case may be, of the County and not of the City.

10. GENERAL PROVISIONS:

- A. The participation of the Office of the Tax Administrator in this undertaking, except as otherwise provided by law or this agreement, shall be under the supervision of the Board of Commissioners of Cumberland County and the county manager, which officials shall have exclusive authority as provided by law to regulate and control the administration of said office. Any problems experienced by the City with regard to this undertaking shall be communicated to the county manager to be resolved as the county manager deems appropriate.
- B. A bond shall be given by the Tax Administrator, in his official capacity pursuant to N.C.G.S. § 105-349(c) in an amount set by the board of commissioners. Bonds shall also be given by such of said Tax Administrator's assistants and clerks as may be designated by the board of commissioners. Such bonds shall be subject to the approval of the board of commissioners for the County's and City's protection and the County shall pay the premiums required therefore. The County shall provide legal defense to the Tax Administrator to the same extent it does its employees under its applicable policies.
- C. The governing body of the City may, at its own expense, provide for an audit of the records relating to taxes owed the City and collected on its behalf by the Tax Administrator in addition to any audit required by law. The Tax Administrator shall cooperate in any audit provided by the City pursuant to this subsection.
- D. Tax settlements shall be made annually by the Tax Administrator to the Board of Commissioners pursuant to N.C.G.S. § 105-373, before tax records are delivered to him for the subsequent tax year. Copies of all tax settlement reports of the Tax Administrator shall be provided to the governing body of the City.
- E. TERMINATION: This agreement may be terminated by either party with at least six (6) months' prior written notice delivered to the other party's manager, administrator, or clerk; provided, however, termination shall be effective only at the end of a fiscal year.
- F. This agreement shall be recorded in the Office of the Clerk of both parties.
- G. Amendments to this agreement shall be effective only when reduced to writing and duly executed by the parties.
- H. With respect to all Revenues collected by the County under the terms of this agreement, the County shall have sole and absolute authority upon compliance with and subject to applicable law;

1. To set discount schedules after consultation with the city manager;
2. To determine the status and taxability of all property;
3. To prescribe the minimum amount or percentage of tax liability that may be accepted as a partial payment;
4. To designate the method or methods of collection to be employed, whether by garnishment, levy, foreclosure, or such other remedy or remedies, against any taxpayer, his or her real or personal property, as may be provided by law;
5. To employ such professional services, (legal, accounting, etc.) as may be required for the efficient collection of Revenues; and
6. To make any and all elections, decisions and determinations available to County or City under the Machinery Act (as now in existence or hereafter amended) with respect to the listing, appraisal, assessment of property, refunds and releases, and collection of taxes, except for establishment of City's tax rate, which shall remain City's sole responsibility.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be signed on the date indicated by their proper officials.



City of Fayetteville

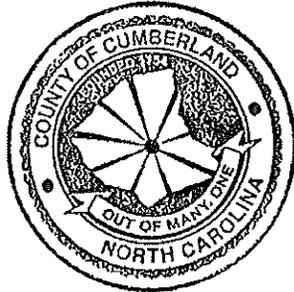
By:

Mayor

Date: May 22, 2023

ATTEST:

Parola J. Megill
City Clerk



Cumberland County

By:

Toni Stewart

Toni Stewart, Chair
Board of Commissioners

Date: 4/19/23

ATTEST:

By:

Andrea Tebbe
Andrea Tebbe, Clerk to the Board

THIS INSTRUMENT HAS BEEN PRE-AUDITED
IN THE MANNER REQUIRED BY THE LOCAL
GOVERNMENT BUDGET AND FISCAL CONTROL
ACT.

Vicki Evans, Finance Director

Draft by R. Moorefield, 2-9-23

APPROVED FOR LEGAL SUFFICIENCY

Rickey L. Moorefield, County Attorney