

**Interlocal Cooperation Agreement
for the Collection of Taxes
between County of Wake and City of Durham**

THIS AGREEMENT made and entered into this ____ day of _____, 2020, by and between the County of Wake, hereinafter referred to as “County,” and the City of Durham, hereinafter referred to as “City.”

BACKGROUND

- A. 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 rentals and leases, gross receipts taxes on heavy equipment rentals and leases, and, if applicable, motor vehicle license taxes and fees levied by the City.
- B. 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.

NOW, THEREFORE, the County and City agree as follows:

**Article 1.
Definitions**

- a. **Revenues.** Any current or delinquent: property taxes; gross receipts taxes on vehicle rentals and leases; gross receipts taxes on heavy equipment rentals and leases; motor vehicle license taxes and fees levied by the County or the City, as further clarified in Article 7; taxes levied on property in a special tax district; any special assessments due to the City or County; public service ad valorem taxes; and including interest, penalties, or costs for the foregoing, which are collectable by the Tax Administrator within the scope of this Agreement; provided, however, this does not include the listing, billing, and collection of any license taxes levied on the privilege of keeping domestic animals, including dogs and cats.
- b. **Tax Administrator.** The person appointed by the Board of Commissioners of the County of Wake pursuant to N.C.G.S. §§105-294 and 105-349, or its successor statute, by whatever title given, and currently known as the Wake County Tax Administrator.

Article 2.

Purpose

The purpose of this agreement is to establish the undertakings, as provided in N.C. Gen. Stat. Chapter 160A, Article 20, Part 1, whereby the Tax Administrator collects for the City and County all Revenues, as defined in Section 1.a. of this Agreement, within the portion of the City having tax situs in Wake County.

Article 3.

Term

This Agreement shall be effective on July 1, 2020 following its execution by the proper officials of each unit of government. This Agreement shall be in effect from July 1, 2020 through June 30, 2025, and shall cover tax listing and collections for the fiscal year beginning July 1, 2020 and continuing through all subsequent years or parts thereof in which this Agreement is in effect, unless terminated earlier as set forth in Article 23 of this Agreement (the "Term"). The governing body of each party hereto has determined that duration to be reasonable.

Article 4.

County Collection of Revenues

On behalf of the City, the Tax Administrator shall perform those duties specified herein. The listing, billing, and collection of Revenues due the County and City for properties having tax situs within Wake County shall be the responsibility of and under the supervision of the Tax Administrator; provided, however, that the Tax Administrator shall not be responsible for the listing, billing, and collection of special assessments due to the City on property that is not in foreclosure until Fiscal Year 2021-2022 and the City provides reliable documentation of the same. Tax Administrator in so far as practicable, and permitted by law, all steps in the listing of property, billing, and collection of Revenues of the County and City shall be combined to the end that the consolidation of the County's and City's listing, billing, and tax collection departments shall be given the full scope of the law.

Article 5.

Supervision by County Commissioners

Except as herein otherwise provided, the listing, billing Tax Administrator, and collection of Revenues by the Tax Administrator Tax Administrator shall be under the supervision of the Wake County Board of Commissioners. The Tax Administrator shall not be considered an employee of the City.

Article 6.

Service Fee

The City shall pay to the County for the listing, billing, and collection of Revenues the sum of two tenths of one percent (0.2%) of the municipal taxes collected, unless and until the

County finds such payment does not defray the additional expense to the County for this service, in which event the City will be notified of the additional payment found to be necessary to reimburse the County for this service at least six months prior to the beginning of the fiscal year covered by the increased charge. The charge for the County's listing, billing and collection of such taxes shall be paid to the County out of the gross monies collected each day, payable to the County prior to the net remittance to City on a weekly basis as set forth in Article 19.

Article 7. Motor Vehicle Taxes

The County shall administer only the listing of the ad valorem taxes on registered motor vehicles within the City having tax situs in the County, distribution of the net vehicle taxes, and vehicle fees collected by the State and deposited with the County. The registered motor vehicle taxes and vehicle fees shall be collected by the State, as part of its *Tag & Tax Together Program*, and deposited with the County by the North Carolina Department of Transportation Fiscal office net of statutorily allowed collection costs payable to the State per State reports. The County shall allocate the total costs withheld from the gross collections across every municipality within the County based on each one's proportionate share of the collection costs and distribute the appropriate net collection of vehicle taxes and vehicle fees to the City. Transaction costs shall include costs for debit and credit card payments attributable to that municipality, the proportionate share of all other costs charged by the State.

Article 8. Recordkeeping

The Tax Administrator shall maintain records showing separately the amount of County Revenues assessed and collected and the amount of City Revenues assessed and collected.

Article 9. Bonds

The Tax Administrator shall furnish such bonds as are required by statute and in such amounts as the governing bodies of the County and City shall require conditioned upon the honest and faithful performance of their respective duties. Each taxing unit shall pay the premium on the bonds required by it.

Article 10. Unlisted Property

Upon the discovery of unlisted property, the Tax Administrator shall place it upon the tax scroll and, if said property is found to be within the limits of the City, it shall likewise be placed upon the scroll reflecting such location.

Article 11. Exemption or Exclusion of Property

Timely applications from taxpayers authorized by law to have their property considered for exemption or exclusion from ad valorem taxes, coming before the Tax Administrator, shall be considered by the Tax Administrator for exemption or exclusion of both the County and the City tax.

Article 12.

Taxpayer Relief

Requests by taxpayers for relief from taxes and penalties imposed upon discovered property under N.C.G.S. § 105-312(k), requests by taxpayers for relief from taxes assessed and for refunds of taxes paid under N.C.G.S. § 105-381, and late applications from taxpayers authorized by law to have their property considered for exemption or exclusion from ad valorem taxes, shall be considered by the Wake County Board of Equalization and Review if in session or shall be considered by the Wake County Tax Committee with recommendations forwarded to the Wake County Board of Commissioners who shall decide such matters for both the County and the City and report their actions to the City.

Article 13.

Partial Payments

Taxes due to both taxing units shall be reflected on a single, consolidated bill. In the event of a partial payment on such consolidated bill, where the taxpayer has not specifically designed how payment is to be applied, the amount of such payment shall 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.

Article 14.

Audits

The tax records shall be audited annually by an independent certified public accountant chosen by the County; however, the City, if it desires, may, at its own expense, provide for the auditing of the records relating to taxes due it.

Article 15.

Compliance with Law & Indemnification

The Tax Administrator shall perform all duties set forth herein with respect to the City's taxes having tax situs in Wake County; and shall perform all duties imposed upon County Assessors and County Revenue Collectors, with respect to County taxes, under the provisions herein contained.

Notwithstanding the above and to the extent allowed under law, the City shall indemnify and hold the Tax Administrator and the County harmless for any costs and expenses associated with any taxpayer actions challenging or contesting the validity of any special assessments or the

collection thereof as administered by the County pursuant to this Agreement, except that the City shall not indemnify and hold harmless the County for any negligence or misconduct by the County in the administration of collection of special assessments. The City expressly acknowledges that this joint undertaking is conditioned on the City providing accurate accounting records and reports as needed for the County to conduct the services agreed to herein.

Article 16. Foreclosures

With respect to taxes due on real property due both to the County and to the City, which may become delinquent after the effective date of this Agreement, the Tax Administrator shall report them to the legal department of the County for foreclosure either under N.C.G.S. § 105-374 or N.C.G.S. § 105-375. Such action shall be brought in the names of both taxing units. If requested by the City, the tax foreclosure action by the County shall include any delinquent special assessments due the City. Following the reimbursement of all expenses and costs incurred by the County in initiating the foreclosure, the proceeds recovered from a tax foreclosure or sale pursuant thereto, shall be apportioned between the County and the City *pro rata* in proportion to each taxing unit's share of the principal amount that was the basis of said collections, recoveries, or allowances.

Article 17. Annexations

The City, during the term of this Contract, shall notify the Wake County Tax Administrator of any area annexed by the City located in the County, and supply him or her with copies of the procedure used for such annexation, together with appropriate maps.

Article 18. Building Permit Data

During the term of this Agreement and at the end of each month, the City shall supply the Tax Administrator with a list of all new building permits issued by the City within the County identified as to the property involved with the name of the owner and of the tax map parcel number.

Article 19. Remittance

During the term of this Agreement, after deduction of payment for services as set forth herein, the Wake County Finance Office shall remit to the City all funds collected by it under the terms of Article 4 of this Agreement on a weekly basis unless otherwise agreed. Ad valorem taxes on registered motor vehicles and vehicle fees collected by the State and remitted to the County shall be remitted to the City monthly or as soon as practicable. 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.

**Article 20.
Penalties**

Penalties collected shall be properly apportioned between the County and City in those cases in which the same taxpayer makes payments on property taxable by the County and City.

**Article 21.
Monthly and Annual Reports**

The Tax Administrator shall furnish monthly to the City the details of any taxes added to or deleted from the charges on the records of taxes due the City, the Tax Administrator shall furnish to the City an analysis of each year's levy when it has been compiled.

**Article 21.
Tax Settlements**

The tax settlements shall be made annually by the Tax Administrator before tax records shall be delivered to the Tax Administrator for the subsequent year.

**Article 22.
Amendment**

This Agreement may be amended by a written document that is approved by the governing body of each party and signed by the Manager or other authorized representative(s) of each party.

**Article 23.
Termination**

This Agreement may be terminated by either party with at least six (6) months' prior written notice; however termination shall be effective only at the end of a fiscal year. On such termination, all obligations that are still executory on both sides are discharged but any right based on prior breach or performance survives.

IN WITNESS THEREOF, the parties hereto have caused this instrument to be signed, in their respective names, by their proper officials all by authority of a resolution of the governing bodies of each of the taxing units, duly adopted.

COUNTY OF WAKE

By: _____
County Manager

ATTEST:

Denise M. Hogan, Clerk to the
Wake County Board of Commissioners

This instrument has been preaudited in the manner required by the Local Government Budget and Fiscal Contract Act.

Finance Director
Wake County

ACKNOWLEDGMENT OF WAKE COUNTY

I, a Notary Public in and for the aforesaid County and State certify that

_____ personally appeared before me this day, and acknowledged that she is the Clerk to the Board of Commissioners for the County of Wake, a N. C. political subdivision, and that by authority duly given and as the act of the County, the foregoing contract or agreement with the City of Durham was signed in its corporate name by the County Manager, sealed with its corporate seal, and attested by its said Clerk. This the _____ day of _____, 20_____

Notary Public

My commission expires:

CITY OF DURHAM

By: _____
City Manager

ATTEST:

Diana Schreiber, City Clerk

This instrument has been preaudited in the manner required by the Local Government Budget and Fiscal Contract Act.

Finance Director
City of Durham

ACKNOWLEDGMENT BY CITY OF DURHAM

I, _____, a notary public, certify:
(Type or print name of Notary Public)

(1) _____ personally appeared before me
(Type or print name of City Clerk or Deputy City Clerk who attested)

in Durham County, N. C. on this day; (2) I have personal knowledge of her identity; and (3) she acknowledged that by authority duly given and as the act of the City of Durham, the foregoing document was signed in its corporate name by its _____ City Manager, sealed with its corporate seal, and attested by its said City Clerk or Deputy City Clerk.

This the _____ day of _____, 20_____.

Notary Public

My commission expires: