

GENERAL ASSEMBLY OF NORTH CAROLINA
1989 SESSION

CHAPTER 578
SENATE BILL 628

AN ACT TO ALLOW THE GOVERNING BODY OF A COUNTY OR ITS
MUNICIPALITIES TO CONTRACT WITH FINANCIAL INSTITUTIONS FOR
RECEIPT OF PAYMENT OF PROPERTY TAXES.

The General Assembly of North Carolina enacts:

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

"(e) The governing body of a taxing unit may contract with a bank or other financial institution for receipt of payment of taxes payable at par. A financial institution may not issue a receipt for any tax payments received by it, however. Discount for early payment of taxes shall be allowed by a financial institution that contracts with a taxing unit pursuant to this subsection to the same extent as allowed by the tax collector. A financial institution that contracts with a taxing unit for receipt of payment of taxes shall furnish a bond to the taxing unit conditioned upon faithful performance of the contract in a form and amount satisfactory to the governing body of the taxing unit. A governing body of a taxing unit that contracts with a financial institution pursuant to this subsection shall publish a timely notice of the institution at which taxpayers may pay their taxes in a newspaper having circulation within the taxing unit. No notice is required, however, if the financial institution receives payments only through the mail."

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

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

Taxes shall be payable at the office of the tax ~~collector~~-collector or at a financial institution with which the taxing unit has contracted for receipt of payment of taxes. For the convenience of taxpayers, the governing body may require the tax collector to be present to collect taxes in person or by deputy at other designated places within the taxing unit at times prescribed by the governing body. If the governing body exercises this authority, the tax collector shall give timely notice of the places and times at which he will be present for collection; this notice shall be published in a newspaper having general circulation in the taxing unit and posted at three or more public places within the taxing unit."

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

"(b) Acceptance of Checks. – In the tax collector's discretion and at his own risk, he may accept checks in payment of taxes. Should he do so, the tax collector shall have the option to issue the tax receipt immediately or to withhold the receipt until the check has been collected. If a tax collector accepts a check and issues a tax receipt and the check is thereafter returned unpaid (without negligence on the part of the tax collector in

presenting the check for payment), the taxes for which the check was given shall be deemed unpaid; and the tax collector shall immediately correct the copy of the tax receipt and other appropriate records in his office to show the fact of nonpayment, and he shall give written notice by certified or registered mail to the person to whom the tax receipt was issued to return it to the tax collector. After correcting the records in his office to show the fact of nonpayment, the tax collector shall proceed to collect the taxes by the use of any remedies allowed for the collection of taxes or by bringing a civil action on the check.

A financial institution with which a taxing unit has contracted for receipt of payment of taxes may accept a check in payment of taxes. If the check is honored, the financial institution shall so notify the tax collector, who shall, upon request of the taxpayer, issue a receipt for payment of the taxes. If the check is returned unpaid, the financial institution shall so notify the tax collector, who shall proceed to collect the taxes by use of any remedy allowed for collection of taxes or by bringing a civil action on the check.

- (1) Effect on Tax Lien. – If the tax collector accepts a check in payment of taxes on real property, issues the receipt therefor, and the check is later returned unpaid, the taxing unit's lien for taxes on the real property shall be inferior to the rights of purchasers for value and of persons acquiring liens of record for value if such purchasers or lienholders acquire their rights in good faith and without actual knowledge that the check has not been collected, after examination of the copy of the tax receipt in the tax collector's office during the time that record showed the taxes as paid or after examination of the official receipt issued to the taxpayer prior to the date on which the tax collector notified him to return the receipt.
- (2) Penalty. – In addition to interest for nonpayment of taxes provided by G.S. 105-360 and in addition to any criminal penalties provided by law for the giving of worthless checks, the penalty for giving in payment of taxes a check that is returned because of insufficient funds or nonexistence of an account of the drawer shall be ten percent (10%) of the amount of the check. This penalty shall be added to and collected in the same manner as the taxes for which the check was given."

Sec. 4. Chapter 284 of the 1983 Session Laws, as amended, is repealed.

Sec. 5. This act is effective upon ratification.

In the General Assembly read three times and ratified this the 5th day of July,

1989.