

NORTH CAROLINA

ORANGE COUNTY

This AGREEMENT, made and entered this the 3 day of July, 2006, by and among Orange County (hereinafter referred to as County), Town of Carrboro, Town of Chapel Hill, and Town of Hillsborough (hereinafter individually and collectively referred to as Town or Towns), to provide for centralized and systemized collection of property taxes in Orange County which will benefit the units of government contracting both in cost and information services, the parties to this agreement, pursuant to the authority contained in Article 20, of Chapter 160A of the North Carolina General Statutes contract and agree as follows:

- I. The County shall perform for itself and each of the Towns all of the tax collection functions prescribed in Subchapter II of Chapter 105 of the North Carolina General Statutes (hereinafter referred to as the Machinery Act). This activity shall hereinafter be referred to as the joint tax collection system.
- II. Effective July 1, 1978, the County tax collector began the joint venture as tax collector for the County and each Town that is a party to this agreement under the original interlocal agreement signed in 1979. Reference in this agreement of "tax collector" shall hereinafter refer to the County tax collector. The tax collector and any deputy tax collectors shall be appointed by the County Board of Commissioners.
- III. Effective with the tax levy for the fiscal year beginning July 1, 2006 and each fiscal year thereafter so long as this contract is in effect, and not to exceed 99 years, The governing bodies of the County and the Towns shall adopt an order pursuant to North Carolina General Statutes §105- 321 (b) directing the tax collector to collect the taxes charged in the tax records and receipts. A copy

of this order, along with the tax receipts, shall be delivered to the tax collector. Thereafter, the tax collector shall cause the preparation of the tax "Scroll" and shall deliver a copy thereof to each of the TOWNS. The Annual Settlement of the tax collector as detailed in Sections 105-352 and 105-373 of the North Carolina General Statutes shall be made to the governing body of the County.

- IV. Except as expressly provided herein The Orange County Board of Commissioners shall have the sole and absolute authority to make any and all elections, determinations and decisions for the County and the Towns that the governing bodies of the County and each Town are authorized to make pursuant to Articles 21, 26, 27 and 28 of Chapter 105 of the North Carolina General Statutes.
- V. When taxes are paid in full, tax receipts will be marked paid as a verification of the transaction. Partial payments may be made and partial payment receipts shall be issued and forwarded to the taxpayer by the tax collector. Any such partial payment shall be identified where appropriate as to a particular parcel or tract of land and credited as prescribed by law as to collection expense, interest, penalty and principal and to each governing body proportionally. Each town shall be credited by the tax collector with that portion of the payment received that bears the same relationship to the total amount received as the amount of taxes owed to the Town for the property bears to the total amount of taxes owed for the property. All tax payments received by the Towns shall be deposited in an account designated by the County. Processed information shall be forwarded to the County tax collector.
- VI. All tax collections that are made pursuant to the joint tax collection system shall be deposited daily in accounts specified by the County Finance Officer. At or before 1:00PM of the work day following

the collection deposit date the County Finance Office will cause each governmental unit's share of that day's deposits to be transferred to an account as designated by the Finance Officer of each Town. The share of each unit shall be determined by a computer distribution of all payments. Daily transfer information will be provided to Carrboro, Chapel Hill, and Hillsborough by telephone call from the County Finance Office at or before 12:00 PM on the date of transfer. The County Finance Officer will provide monthly reports with detailed payment and distribution information to the Finance Officer of each governmental unit. Additionally, monthly reports will be provided which include a listing of any changes to the levy such as discoveries and taxes released, refunded, compromised, or in any way affected by actions of the County Board of Commissioners, Tax Collector or Assessor.

The County's annual audit will include an audit of the tax collection system . Upon completion of such audit the County will provide each Town with a separate report containing the Town's tax levy and collection information to include the auditor's opinion. Any special audit requests shall be directed to the County Finance Officer and shall be paid for by the requesting unit through a supplemental billing directed by the County to the requesting unit.

The County will bill each Town quarterly for its services in the operation of the joint tax collections system. This quarterly billing for each town will be computed at a rate of 5/10 (one half) of 1% of the total taxes collected for each respective Town. Tax collections will be based on the monthly tax levy and collection information provided to the Towns as mentioned above. This

change in charge of collection will take place no earlier than July 1, 2007. Notification of this change will be given by January 2007. The current formula in place will remain until such change is instituted.

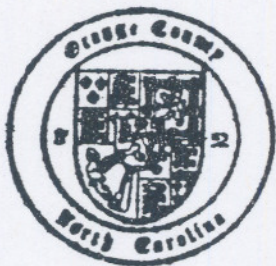
The Towns will remit payment to Orange County within 30 days of receipt of the bill from the County. To the extent that the annual financial tax audits reveal that actual year-end collections are different from calculated costs previously billed by the County, adjustments will be made either by refund or invoice for final payment no later than 45 days following the close of the fiscal year end.

Additionally the Towns agree to a surcharge to be credited toward the purchase and yearly maintenance of a comprehensive software package to support and maintain the collection of revenues due. The surcharge will be determined by staff from all jurisdictions no later than November 30th of each year and approved by the manager of each jurisdiction for their levied surcharge. The surcharge will be a calculated based on agreed formula.

- VII. Collection of all delinquent taxes shall be the sole responsibility of the County. The County will use the same diligence and effort to collect taxes owed to the Towns as it does to collect taxes owed to the County. The County may elect to buy property at foreclosure on the basis of sound business considerations. Nothing in this section or agreement requires the County to purchase property at foreclosure or otherwise in situations where the market value of the property does not exceed the cost of extinguishing all liens on the property at the time of sale.
- VIII. Additionally, the County agrees under NCGS 153A-156 to handle the collection and auditing of all short term lease or rentals, known

as Gross Receipt Tax, within the County area. This includes all three Towns, at no cost to the Towns.

- IX. This agreement may be terminated at the conclusion of any fiscal year. The governmental unit wishing to terminate the agreement may do so only after giving each other unit of government twelve months written notice of its decision to do so.
- X. This agreement shall become effective when properly executed by all parties pursuant to resolutions adopted by the governing boards of each. This agreement may be amended pursuant to a resolution properly executed by all parties and adopted by the governing board of each party. The parties hereto have caused this agreement to be executed in accordance with resolutions of their respective governing bodies, this the 3 day of July, 2006.



COUNTY OF ORANGE

BY: [Signature]
CHAIRMAN

ATTEST:

[Signature]
CLERK



TOWN OF CARRBORO

BY: [Signature]
MAYOR

ATTEST:

[Signature]
CLERK

TOWN OF CHAPEL HILL

BY: [Signature]
TOWN MANAGER 20K

ATTEST:

Andrew K Cook Acting
CLERK

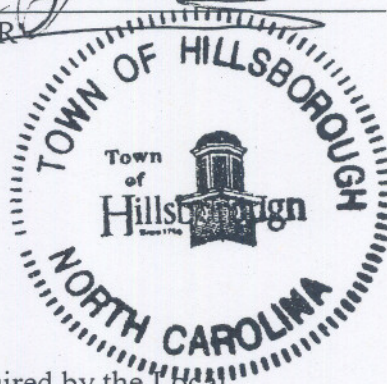


TOWN OF HILLSBOROUGH

BY: Tom J
MAYOR

ATTEST:

Anna J Brubaker
CLERK



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

Ken Chavious

Ken Chavious, Orange County Finance Officer

L Bingham Roenigk

L. Bingham Roenigk, Town of Carrboro
Finance Officer

Kay Johnson

Kay Johnson, Town of Chapel Hill Finance Officer

Greg Siler

Greg Siler, Town of Hillsborough Finance Officer

MEMORANDUM

TO: Mayor and Town Council

FROM: W. Calvin Horton, Town Manager

SUBJECT: Interlocal Agreement for Tax Collection

DATE: Jun 26, 2006

The attached resolution would authorize a new Interlocal Tax Collection Agreement with Orange County.

BACKGROUND

Orange County collects property taxes for Town properties within Orange County on behalf of the Town under the provisions of an Interlocal Agreement made effective April 8, 1980. Because of changes in business practices, the County proposes updating the Agreement. Town and County representatives met during the past year to review proposed changes. On May 4, 2006, Orange County Commissioners approved the new Agreement (Attachment 1).

As an alternative to an Agreement with the County, the Town could consider directly collecting taxes. Because the arrangement is more efficient and more cost effective, most municipalities in North Carolina arrange for the County to collect taxes on their behalf. In particular, a municipality would have to bear the cost of personnel and tax collection systems already being borne by the County.

DISCUSSION

The proposed new Agreement includes the following changes:

Collection Charges

Under the provisions of the previous agreement the County charged the Town for tax collection fees based on a formula that resulted in a charge of about one half percent of tax collections for the last several years. The new contract language states the billing will be based on "a rate of 5/10 (one half) of one percent of the total taxes collected". The change would go into effect no sooner than July 1, 2007, with notification by January 2007.

Tax Collection Software Surcharge

The County has included a provision for charging a surcharge for the purchase and maintenance of new comprehensive software that would include revenue collection. While we anticipate that a new system would provide better information than the current system, we also anticipate that a

**A RESOLUTION AUTHORIZING THE MANAGER TO ENTER INTO AN
INTERLOCAL AGREEMENT WITH ORANGE COUNTY FOR TAX COLLECTION
(2006-06-26/R-5)**

WHEREAS, Orange County has collected taxes for properties located within the Town of Chapel Hill in Orange County; and

WHEREAS, the Town has a continued need for Orange County's tax collection services;

NOW, THEREFORE, BE IT RESOLVED by the Council of the Town of Chapel Hill that the Town Manager is authorized to execute an Interlocal Agreement for continued tax collection services with Orange County and that the Manager is further authorized to provide a letter directing the tax collector to collect taxes in accord with North Carolina General Statutes 105-321 (b).

This the 26th day of June, 2006.