

GENERAL ASSEMBLY OF NORTH CAROLINA
1991 SESSION

CHAPTER 584
HOUSE BILL 308

AN ACT TO ALLOW LOCAL GOVERNMENTAL UNITS TO CONTRACT WITH FINANCIAL INSTITUTIONS FOR RECEIPT OF PAYMENTS OF DELINQUENT PROPERTY TAXES AND INTEREST AND TO AUTHORIZE LOCAL GOVERNMENTS TO ALLOW PAYMENT OF PROPERTY TAXES BY CREDIT CARD.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-321(e) reads as rewritten:

"(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~~ par and of delinquent taxes and interest for the current tax year. 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. 105-357(b) reads as rewritten:

"(b) Acceptance of ~~Checks~~ Checks and Credit Cards. ~~—In the tax collector's discretion and at his own risk, he may accept checks in payment of taxes. The tax collector may accept checks, credit cards, or both in payment of taxes. Acceptance of a check or credit card is at the tax collector's own risk. A tax collector who accepts credit cards in payment of taxes may add a fee to each credit card transaction to offset the service charge the taxing unit pays for credit card service. A tax collector who accepts a credit card or check in payment of taxes may~~ 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, collected or the credit card invoice has been honored by the issuer.

If a tax collector accepts a check or a credit card 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~~ payment) or the credit card invoice is not honored by the issuer, the taxes for which the check or credit card 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, check or credit card.~~

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, check or credit card~~ in payment of taxes on real ~~property, issues the receipt therefor, property and issues the receipt,~~ and the check is later returned ~~unpaid, unpaid or the credit card invoice is not honored by the issuer,~~ 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~~ the purchasers or lienholders acquire their rights in good faith and without actual knowledge that the check has not been ~~collected, collected or the credit card invoice has not been honored,~~ 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~~ the taxpayer 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 is ten percent (10%) of the amount of the check, subject to a minimum of one dollar (\$1.00) and a maximum of one thousand dollars (\$1,000). This penalty does not apply if the tax collector finds that, when the check was presented for payment, the drawer of the check had sufficient funds in an account at a financial institution in this State to pay the check and, by inadvertance, the drawer of the check failed to draw the check on the account that had sufficient funds. This penalty shall be added to and collected in the same manner as the taxes for which the check was given."

Sec. 3. Section 2 of this act is effective for taxes imposed for taxable years beginning on or after July 1, 1991; the remainder of this act is effective upon ratification.

1991. In the General Assembly read three times and ratified this the 8th day of July,

James C. Gardner
President of the Senate

Daniel Blue, Jr.
Speaker of the House of Representatives