

1 State of Arkansas
2 84th General Assembly
3 Second Extraordinary Session, 2003
4

Call Item 6

A Bill

SENATE BILL 25

5 By: Senator Salmon
6 By: Representative Childers
7

For An Act To Be Entitled

10 AN ACT TO REVISE THE AUTHORITY OF COUNTY
11 GOVERNMENTS TO CONTRACT WITH INDEPENDENT
12 CONTRACTORS FOR THE COLLECTION OF DELINQUENT
13 TAXES AND FINES; AND FOR OTHER PURPOSES.
14

Subtitle

15 TO REVISE THE AUTHORITY OF COUNTY
16 GOVERNMENTS TO CONTRACT WITH INDEPENDENT
17 CONTRACTORS FOR THE COLLECTION OF
18 DELINQUENT TAXES AND FINES.
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22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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24 SECTION 1. Arkansas Code § 14-20-113 is amended to read as follows:
25 14-20-113. Collection of delinquent taxes.

26 (a)(1) The quorum court in each county shall provide for the
27 collection of delinquent taxes within the county and shall, by ordinance,
28 place the responsibility ~~therefor~~ for collection in the office of the county
29 collector or the combined office of sheriff and collector, ~~or may provide for~~
30 ~~the collection of delinquent taxes by a person designated by a board composed~~
31 ~~of the county judge, an appropriate representative of the public schools in~~
32 ~~the county, and the mayor of the county seat or of each county seat in the~~
33 ~~case of those counties having two (2) county seats.~~

34 (2) In addition, the quorum court in each county shall provide,
35 by ordinance, authority for the collection of delinquent taxes by an
36 independent contractor as provided under this section.



1 (b)(1) Once authorized by ordinance, ninety (90) days after any
2 account becomes delinquent or at any time the county collector or sheriff
3 determines that the resources available are insufficient to collect a
4 delinquent account, the county judge may select, contract with, and oversee
5 an independent contractor to collect delinquent personal property taxes, real
6 property taxes, and any other delinquent amounts that the collector is
7 charged with collecting. The independent contractor shall:

8 (A) Be selected subject to competitive bidding
9 requirements under §§ 19-11-801 - 19-11-806;

10 (B) Not be an officer or employee of the county; and

11 (C) Be ineligible to provide collection services if the
12 contractor or any partner or employee of the contractor has plead guilty,
13 nolo contendere, or has been found guilty of a felony.

14 (2) The independent contractor shall have all power and
15 authority of the county collector or sheriff with respect to delinquent
16 accounts, unless expressly limited by the contract.

17 (3)(A) As compensation, the independent contractor shall collect
18 a fee from the taxpayer based upon the amount of the delinquent account.

19 (B) The fee shall not exceed an amount equal to thirty
20 percent (30%) of the total dollar amount of the delinquent account collected
21 as provided under the negotiated contract.

22 (C)(i) The fee specified under this subdivision (b)(3)
23 shall be collected in the same manner as taxes from the taxpayer.

24 (ii) The fee amount shall not be considered a
25 portion of the county collector's or sheriff's revenue in calculating excess
26 revenue.

27 (4)(A) Any amounts collected under the contract with the
28 independent contractor and due to the county shall be remitted in full to the
29 county collector or sheriff within thirty (30) days of receipt.

30 (B) Any fees earned under the collection contract shall be
31 disclosed to the county collector or sheriff and retained by the independent
32 contractor.

33 (c)(1) If an independent contractor is selected to collect delinquent
34 accounts, the contractor shall register with the Secretary of State and shall
35 file with the Secretary of State a surety bond or certificate of deposit
36 guaranteeing compliance with the terms of the contract and all applicable

1 laws.

2 (2) The amount of the surety bond or certificate of deposit
3 shall be fifty thousand dollars (\$50,000).

4 (3) The county or any person suffering damage by reason of the
5 acts or omissions of the contractor may bring a cause of action on the bond
6 for damages.

7 (d) No fewer less than thirty (30) days before the county collector or
8 sheriff turns the delinquent account collection over to the independent
9 contractor, the county collector or sheriff shall give notice to the
10 delinquent taxpayers at their last known address. The notice shall include
11 that:

12 (1) The account is being referred for independent collection;
13 and

14 (2) An amount of thirty percent (30%) of the delinquent account
15 will be added as a cost of collection if the account is not paid in full
16 within thirty (30) days from the date the notice was postmarked.

17 (e)(1) Upon expiration of the thirty (30) days provided for in the
18 notice, the accounts remaining delinquent shall be turned over to the
19 independent contractor for collection.

20 (2) The county collector shall provide all available
21 documentation necessary for the independent contractor to perform all his or
22 her obligations under the collection contract and shall provide reasonable
23 assistance as necessary.

24 (3)(A) Nothing in this subsection (e) shall preclude a taxpayer
25 from making payments directly to the county collector.

26 (B) Once notice has been provided and the thirty-day time
27 period has expired, then the collector shall collect the independent
28 contractor fee.

29 (C) Notice of the direct payment shall be provided to the
30 independent contractor as soon as practicable and the fee shall be remitted
31 in full within thirty (30) days of receipt.

32 (f)(1) The independent contractor may collect partial payments of
33 delinquent accounts under an agreed installment payment plan.

34 (2) An installment payment plan may be prorated over a period of
35 time not to exceed one (1) year, or with respect to delinquent real property
36 taxes, thirty (30) days before certification.

1 (3) Delinquent taxpayers paying under an installment payment
 2 plan shall continue to be assessed penalties on the remaining delinquent
 3 taxes due until all delinquent accounts are paid in full.

4 (4) Compliance by the taxpayer with the installment payment plan
 5 shall not preclude certification of real property on the remaining balance
 6 due.

7 (5) The independent contractor shall retain a fee only on the
 8 amount actually collected.

9 (6) Partial payment of delinquent accounts received by the
 10 county collector shall be applied first to offset any penalties owed by the
 11 delinquent taxpayer then to reduce the tax bill owed.

12 (g) This section shall apply to both current and future delinquent
 13 personal property taxes, real property taxes, and any other delinquent
 14 amounts to be collected by the county.

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 16 SECTION 2. Arkansas Code § 26-37-101 is amended to read as follows:

17 26-37-101. Transfer of tax-delinquent lands.

18 (a)(1) All lands upon which the taxes have not been paid for one (1)
 19 year following the date the taxes were due, October 10, shall be forfeited to
 20 the State of Arkansas and transmitted by certification to the Commissioner of
 21 State Lands for collection or sale.

22 (2) No tax-delinquent lands shall be sold at the county level.

23 (b)(1) The county collector shall hold all tax-delinquent lands in the
 24 county for one (1) year after the date of delinquency, and, if the lands are
 25 not redeemed by the certification date, which shall be no later than July 1
 26 of the following year, the collector shall transmit it to the state by
 27 certification, after notice as provided in this chapter, indicating all
 28 taxes, penalties, interest, and costs due and the name and last known address
 29 of the owner of record of the tax-delinquent lands.

30 (2)(A) If an independent contractor has been utilized to assist
 31 in the collection of real property taxes under § 14-20-113, he or she shall
 32 be subject to the limitations of this section.

33 (B)(i) The county collector as defined in § 14-20-113(b)
 34 shall give thirty (30) days written notice of the county's intent to transmit
 35 real property by certification.

36 (ii) The notice shall provide a list of all parcels

1 to be forfeited and the intended date of transmittal to the state.

2 (C) All collection activities of the independent
3 contractor shall cease ten (10) days before the certification date regardless
4 of the status of the collection.

5 (c) Upon receipt of the certification, title to the tax-delinquent
6 lands shall vest in the State of Arkansas in care of the Commissioner of
7 State Lands.

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