

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

As Engrossed: S12/16/03  
**A Bill**

Call Item 6

SENATE BILL 25

5 By: Senator Salmon  
6 By: Representative Childers  
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9 **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

15 **Subtitle**

16 TO REVISE THE AUTHORITY OF COUNTY  
17 GOVERNMENTS TO CONTRACT WITH INDEPENDENT  
18 CONTRACTORS FOR THE COLLECTION OF  
19 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) The quorum court in each county shall provide for the collection*  
27 *of delinquent taxes within the county and shall, by ordinance, place the*  
28 *responsibility ~~therefor~~ for collection in the office of the county collector*  
29 *or the combined office of sheriff and collector, ~~or~~ and may provide for the*  
30 *collection of delinquent taxes by ~~a person designated by a board composed of~~*  
31 *~~the county judge, an appropriate representative of the public schools in the~~*  
32 *~~county, and the mayor of the county seat or of each county seat in the case~~*  
33 *~~of those counties having two (2) county seats~~ an independent contractor as*  
34 *provided under this section.*

35 *(b)(1) If collection of delinquent taxes by an independent contractor*  
36 *is authorized by ordinance, the county judge may select, contract with, and*



1 oversee an independent contractor to collect delinquent personal property  
2 taxes, real property taxes, and any other delinquent amounts that the  
3 collector is charged with collecting. The independent contractor shall:

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

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

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

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

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

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

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

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

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

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

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

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

36 (3) The county or any person suffering damage by reason of the

1 acts or omissions of the contractor may bring a cause of action on the bond  
2 for damages.

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

8 (1) The account is being referred for independent collection;  
9 and

10 (2) An amount not to exceed thirty percent (30%) of the  
11 delinquent account will be added as a cost of collection if the account is  
12 not paid in full within thirty (30) days from the date the notice was  
13 postmarked.

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

17 (2) The county collector shall provide all available  
18 documentation necessary for the independent contractor to perform all his or  
19 her obligations under the collection contract.

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

22 (B) Once notice has been provided and the thirty-day time  
23 period has expired, if payments are made directly to the collector, the  
24 collector shall collect the independent contractor fee.

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

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

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

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

36 (4) Compliance by the taxpayer with the installment payment plan

1 shall not preclude certification of real property on the remaining balance  
2 due.

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

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

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

11  
12 SECTION 2. Arkansas Code § 26-37-101 is amended to read as follows:

13 26-37-101. Transfer of tax-delinquent lands.

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

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

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

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

29 (B)(i) The county collector shall give thirty (30) days  
30 written notice of the county's intent to transmit real property by  
31 certification.

32 (ii) The notice shall provide a list of all parcels  
33 to be forfeited and the intended date of transmittal to the state.

34 (C) All collection activities of the independent  
35 contractor shall cease ten (10) days before the certification date regardless  
36 of the status of the collection.

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

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/s/ Salmon