

City Council – Action Request Form

Date: October 10, 2023

To: Mayor, Mayor Pro Tempore, and Members of the City Council

From: Ben Rowe, Assistant City Manager
Kelly Latham, Chief Financial Officer

Council Action Requested:

Resolution Accepting the Fiscal Year 2023 Annual Tax Settlement and Adoption of an Order to Collect Current Taxes for 2023 (Fiscal Year 2023-2024) and Delinquent Taxes from 2014 through 2022.

Strategic Focus Area: Service Excellence

Strategic Objective: Maintain City’s Financial Strength

Strategic Plan Action Item: No

Key Work Item: No



Summary of Information:

The accompanying resolution accepts the County Tax Collector’s Annual Tax Settlement for the fiscal year ended June 30, 2023. The resolution also orders the County Tax Collector to collect the 2023 current taxes (Fiscal Year 2023-2024) and delinquent taxes for 2014 through 2022. The resolution further authorizes the Tax Collector to collect gross receipts from short-term leases or rentals of motor vehicles and heavy equipment, as well as sanitation and demolition liens, and to use collection methods authorized by law, including mortgage-style foreclosure and in rem foreclosure.

Demolition liens have not previously been collected by Forsyth County but will be added during this fiscal year. This change necessitates an amendment to the 2016 interlocal agreement (attached as Exhibit A). The amendment also removes language that is no longer relevant regarding the fees for motor vehicle tax collections; these collections are managed through the State Tax and Tag System.

The County Tax Collector has two statutory methods available to it to collect delinquent property tax liens: the “mortgage-style” foreclosure under GS 105-374 and the “in rem” foreclosure under GS 105-375. The mortgage-style foreclosure is initiated by filing a civil lawsuit in District Court and follows the same process as a regular civil lawsuit, with the County obtaining a judgment to be able to sell the property, after which it sells the property at the courthouse steps to the highest bidder.

Committee Action:

Committee FC – 10/10/2023 **Action** Approval

For Unanimous **Against** _____

Remarks:

This process is time-consuming, often taking many years to be able to sell a property. Conversely, the in rem method permits the County to docket a judgment against the subject property for delinquent taxes without having to file a lawsuit; the sales process is similar to how the sheriff levies and sells property to satisfy civil judgments. The main benefit to the in rem method is that it is generally quicker than the mortgage-style foreclosure and is more efficient for dealing with heir properties with delinquent taxes.

The Tax Collector’s Annual Tax Settlement includes the following information:

	Amount Billed	Amount Collected	Percentage Collected
Real and Personal Property Taxes, net of releases	\$157,977,453.79	\$156,854,446.15	99.29%
Personal Property Taxes on Vehicles, net of releases	14,529,780.17	14,529,780.17	100.00%
Vehicle Registration Fees, net of releases	2,826,420.00	2,785,961.84	98.57%
Downtown Business Improvement District	664,569.20	662,972.71	99.76%
Total Property Taxes and Vehicle Registration Fees	<u>\$175,998,223.16</u>	<u>\$174,833,160.87</u>	99.34%

The total collection percentage of 99.34% for FY2023 is only slightly less than the FY2022 rate of 99.38%. Exhibit B is attached and lists the collection amounts and percentages for the past five years.