



MOTION: GRAHAM

**March 12, 2024
Regular Meeting
Ordinance No. 24-02**

SECOND: HOLMES

RE: Imposing a Collection Fee on Delinquent Taxes and Other Charges Referred for Collection, and Authorizing the Treasurer to Employ a Private Collection Agency or Attorney for Collections

ACTION: APPROVED: Ayes: 7; Nays: 0

FIRST READ: February 27, 2024

SECOND READ: March 12, 2024

Sec. I. Introduction.

The Treasurer is charged with the duty to collect all taxes and other charges due and owing the City. To aid her in the execution of this duty, she is authorized by Virginia Code §58.1-3919.1, with the approval of the local governing body, to employ, upon such terms as may be agreed upon, the services of private collection agents to assist with the collection of any local taxes or other amounts due to the locality that remain delinquent for a period of three months or more and for which the appropriate statute of limitations has not yet run. Compensation for such services may be withheld by the agent from the amount collected. The treasurer shall be given credit for taxes and other amounts due collected for any compensation rightfully withheld by such collection agents.

Virginia Code §58.1-3958 authorizes the governing body to impose, upon each person chargeable with delinquent taxes or other delinquent charges, fees to cover the administrative costs and reasonable attorney's or collection agency's fees actually contracted for, subject to limitations established therein. City Code §70-39 presently imposes the administrative cost, but not the collection agency fee.

Treasurer Brenda A. Wood proposes to employ a private collection agency pursuant to this authority, and proposes that the private collection agency should be compensated in an amount not to exceed 20% of the taxes or charges so collected, as permitted by §58.1-3958. By adoption this ordinance, City Council approves the hiring of a private collection agent to assist with the collection of local taxes and other charges, and agrees to impose this collection agency fee per the Treasurer's request.

Sec. II. City Code amendment.

City Code §70-39, "Administrative fee imposed on certain delinquent taxpayers," is amended as follows:

Sec. 70-39. *Administrative and collection fee imposed on certain delinquent taxpayers to cover additional costs in collection of delinquent taxes and other delinquent charges.*

- (a) *There is hereby imposed upon certain delinquent taxpayers each person chargeable with delinquent taxes or other delinquent charges, a fee to cover the administrative costs associated with the City's collection of delinquent taxes and reasonable attorney's or collection agency's fees actually contracted for.*
- (b) *An administrative fee not to exceed \$30 shall be imposed upon all taxpayers from whom collected for taxes or other charges collected subsequent to 30 or more days after notice of delinquent taxes or charges pursuant to Va. Code §58.1-3919, the filing of a warrant or other appropriate legal document against such taxpayers but prior to the taking of any judgment with respect to such delinquent taxes or other charges.*
- (c) *An administrative fee of \$35 shall be imposed upon all taxpayers from whom for taxes or other charges are collected subsequent to judgment.*
- (d) *Such administrative fees shall be in addition to all penalties and interest imposed due to the failure of a taxpayer to pay taxes when due. Such fees shall be imposed and collected in accordance with regulations promulgated by the treasurer.*
- (e) *There is hereby imposed upon each person chargeable with delinquent taxes or other delinquent charges an attorney's or collection agency's fee not to exceed 20% of the taxes or other charges collected by an attorney or private collection agency contracted for by the Treasurer.*
- (f) *No tax assessment or tax bill shall be deemed delinquent and subject to the collection procedures prescribed herein during the pendency of any administrative appeal under Va. Code §58.1-3980, so long as the appeal is filed within 90 days of the date of the assessment, and for 30 days after the date of the final determination of the appeal, as provided in Va. Code §58.1-3980.*

Sec. III. Approval of hiring of private collection agency or attorney.

By adopting this ordinance, City Council provides its approval for the treasurer to employ, upon such terms as may be agreed upon, the services of private collection agents or attorneys to assist with the collection of any local taxes or other amounts due to the City that remain delinquent for a period of three months or more and for which the appropriate statute of limitations has not yet run. Compensation for such services may be withheld by the agent or attorney from the amount collected.

Sec. IV. Effective date.

This ordinance shall become effective April 1, 2024.

Votes:

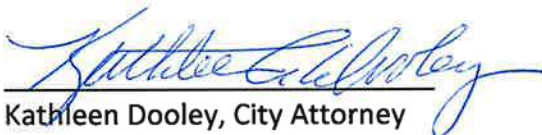
Ayes:

Nays:

Absent from Vote:

Absent from Meeting:

Approved as to form:


Kathleen Dooley, City Attorney

Clerk's Certificate

I, the undersigned, certify that I am Clerk of Council of the City of Fredericksburg, Virginia, and that the foregoing is a true copy of Ordinance No. 24-02 duly adopted at a meeting of the City Council meeting held March 12, 2024 at which a quorum was present and voted.



Tonya B. Lacey, MMC
Clerk of Council