



SENATE BILL 876: Town of Fairmont/Utility Bill Collections.

2016-2017 General Assembly

Committee:	Senate State and Local Government. If favorable, re-refer to Finance	Date:	June 1, 2016
Introduced by:	Sen. Smith	Prepared by:	Erika Churchill
Analysis of:	First Edition		Committee Co-Counsel

SUMMARY: *Senate Bill 876 authorizes the Town of Fairmont, which is located in Robeson County, to collect delinquent fees for sewer services in the same manner that property taxes are collected.*

CURRENT LAW: Municipalities are authorized to acquire, construct, establish, maintain, own, operate, and contract for the operation of a "public enterprise," which includes wastewater collection, treatment, and disposal systems of all types, including septic tank systems or other on-site collection or disposal facilities. [G.S. 160A-311-312]. Municipalities are also authorized to establish a schedule of rates and fees for the use of or the services furnished by any public enterprise. [G.S. 160A-314].

A municipality has the authority to collect delinquent accounts by any remedy provided by law for collecting and enforcing private debts. [G.S. 160A-314(b)]. A municipality may also discontinue service to any customer whose account remains delinquent for more than 10 days. [G.S. 160A-314(b)]. A municipality may also use the debt set-off collection process to collect taxes, assessments, fees, fines, or any obligation owed to the city that is more than \$50.00. [Chapter 105A.]

Property taxes may be collected in the following ways:

- Placement of a lien on real and personal property, which is superior to all other liens.
- Sale of real or personal property.
- Attachment and garnishment of wages and bank accounts.

BILL ANALYSIS: Senate Bill 876 would amend the charter of the Town of Fairmont to authorize the Town to collect any fee for sewer service that is 90 days past due as if it were a property tax.

For liens placed on real property, the lien is valid from the time of filing. The lien must be filed with the clerk of superior court in the county in which the service was provided and must provide a statement of the name and address of the person against whom the lien is claimed, the name of the Town, the specific service provided for which the fee is delinquent, the amount of the unpaid charge, and the date and place of the service provided. The lien must be filed after the charge is 90 days past due and within 180 days of the failure to pay the charge. The county tax office must include the lien on any tax bills printed subsequent to its notification, and remove the lien from the bill at the request of the Town.

EFFECTIVE DATE: Effective when it becomes law.

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Legislative Analysis
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BACKGROUND: The following local legislation regarding delinquent water and sewer fees has been enacted:

- S.L. 1993-768: Authorizes City of Durham to collect delinquent water and sewer fees resulting from leaking or broken pipes of the real property owner in the same manner as property taxes.
- S.L. 2003-270: Authorizes Davie, Duplin, and Lenoir Counties, the municipalities in these counties, and in Columbus County, and water and wastewater authorities in Davie, Duplin, and Lenoir Counties to collect delinquent water and sewer fees in the same manner as delinquent property taxes.
- S.L. 2005-441, as amended by S.L. 2011-109, authorizes Durham, Winston-Salem, Garner, Kernersville, Knightdale, Morrisville, Wendell, Zebulon, and Clemmons to adopt an ordinance providing that water and sewer fees may be billed with property taxes, may be payable in the same manner as property taxes, and, in the case of nonpayment, may be collected in any manner by which delinquent personal or real property taxes can be collected.
- S.L. 2009-402 Authorizes Montgomery County to collect delinquent water and sewer fees in the same manner as delinquent property taxes.
- S.L. 2010-59 Authorizes the City of Locust and the Towns of New London and Stanfield to collect delinquent sewer fees in the same manner as delinquent property taxes.