



City of Greensboro

Melvin Municipal
Office Building
300 W. Washington Street
Greensboro, NC 27401

Agenda Report

File Number: 2024-152

Agenda Item# I.5

Agenda Date: 2/20/2024. **Department:** Financial & Administrative Services
Meeting Type: Council Meeting **Category:** General Business Agenda

Title: 2024 – 152 Resolution to Extend Interlocal Agreement with Guilford County for Tax Listing (Billing) and Collection Services

Council Priority: Place an ‘x’ in the box.

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|--|--|
| <input type="checkbox"/> Safest City | <input type="checkbox"/> Most Skilled Workforce |
| <input type="checkbox"/> Easiest Place to Do Business | <input type="checkbox"/> Most Connected City |
| <input type="checkbox"/> Youth Sports Capital | <input type="checkbox"/> Hub of Recreation and Entertainment |
| <input type="checkbox"/> Abundance of Attainable Housing | <input checked="" type="checkbox"/> Other/Admin <u>Fiscal Administration</u> |

Council District: All

Public Hearing: No

Advertising Date/By: N/A

Contact 1 and Phone: Marlene Druga, Ext. 2094

Contact 2 and Phone: Anita Wilson, Ext.2817

PURPOSE:

To approve amendment to Interlocal Agreement with Guilford County to provide property tax billing and collection services for an additional five (5) years until June 30, 2029 and to increase the collection rate from 0.62% to 0.75% of the amount of tax levy collected.

BACKGROUND:

Guilford County and Greensboro entered into an Interlocal Agreement, effective as of July 1, 2016 to provide ad valorem tax billing and collection services through June 30, 2021 which was extended to an eight year term ending June 30, 2024. Previous joint agreements had been in place since FY1993, at which point the City and County tax billing and collection functions merged and Greensboro discontinued its operation. Six City positions were eliminated then, with five employees transferring to other City department vacancies and one City employee transferred to the Guilford County Tax Department.

Guilford County mails one property tax bill to residents which includes both the County and City taxes due. All collection efforts are focused on collecting both taxes at the same time and any amounts collected are split proportionally by levy.

Vision Statement: “A Community with Endless Economic Opportunities and Exceptional Quality of Life.”

Based on the current collection fee of 0.62% of levy collected (same fee % in place for 13 years), Greensboro has paid approximately \$1 million to the County for this service in recent years, with \$1.1 million paid in December 2023 for the 2022 collected levy. Because the fee is based on the amount of levy collected, the new 0.75% fee will result in a collection fee of \$1,617,212 for the next invoice, because Greensboro's amount of levy also increased in 2023.

The 0.75% rate is in line with what is charged in some other jurisdictions however, actual costs of Guilford's billing and collection efforts could not be provided. Greensboro studied the impacts of bringing the billing and collection operations back in-house when rate terms could not be agreed upon in FY 2011, however, it was not considered economical or feasible to do so at that time.

Guilford has consistently maintained a high collection percentage for Greensboro taxes at between 99.2% and 99.4% per year. Slippage of 0.1% of amounts collected would result in estimated \$215,000 in lost revenues.

It is considered more efficient for Guilford County to continue to collect Greensboro taxes with a consolidated bill and collection operation, with less confusion for taxpayers and elimination of duplicate operating costs. It is expected that a high collection rate by experienced Guilford County staff will continue, which would benefit Greensboro revenues.

Guilford County Commissioners adopted the new interlocal agreement terms at their February 1, 2024 Board meeting and requests that Greensboro City Council also adopts by February 29 for continued billing and collection operations.

BUDGET IMPACT:

Estimated additional \$472,000 will be requested in the FY2024 – 2025 annual General Fund budget to accommodate this change in agreement.

ACCOUNT NUMBER:

N/A FY 2023 – 2024

FY 2024 – 2025 101-95-9550017.5425

RECOMMENDATION / ACTION REQUESTED:

It is recommended that City Council adopt the attached resolution amending the Interlocal Agreement with Guilford County for provision of ad valorem tax billing and collection services, effective July 1, 2024 for an additional five (5) year term at 0.75% of the collected levy.