

TO: Town Council

FROM: Treasurer

SUBJECT: Request to advertise an ordinance to be added to the Town Code to provide for administrative fees and collection agency and attorney's fees to be added to delinquent bills.

RECOMMENDATION: Adopt the proposed ordinance to the Town Code after holding a public hearing.

ISSUE: Should the Town Code provide for a fee charged to delinquent citizens for administrative costs and for attorneys and collection agency fees actually incurred?

BACKGROUND:

Section 58.1-3958 of the Code of Virginia provides that the governing body may impose administrative fees to cover the costs of collection and may also add collection agency or attorney's fees actually contracted for, not to exceed 20%, to the delinquent bill. This proposal recognizes that the costs of collection of delinquent accounts should be borne by those who have failed to meet their obligations and not by the general citizenry. These fees would cover the costs of collection in the event the account is assigned to a collection agency or attorney.

Staff: Treasurer

Reviewed by Town Attorney's Office: 05/12/2022

PROPOSED ORDINANCE

§ 22-124. Payment of administrative fees, attorney's fees, and collection agency's fees to cover the costs associated with the collection of delinquent taxes.

Any person liable for local taxes or other local accounts who fails to pay the amount due within 30 days after notice of the delinquency has been sent shall, in addition to all penalties and interest, pay a fee to cover the administrative costs associated with the collection in such amount as allowed by Section 58.1-3958 of the Virginia Code, as amended, or such other Virginia statute regulating the amount of such fees or covering the subject of fees in such cases. In addition to the administrative fee, any collection agency's fees or attorney's fees actually contracted for, not to exceed twenty (20) percent of the delinquent bill, may also be added to the delinquent bill.