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## Coates' Canons Blog: Beyond the Property Tax

By Chris McLaughlin

Article: <https://canons.sog.unc.edu/beyond-property-tax/>

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Local government tax offices do a lot more these days than collect property taxes. Many local tax officials are charged with collecting a variety of other taxes (occupancy, beer and wine, or animal taxes, perhaps) and fees (EMS, nuisance abatement, and storm water, to name a few). Enforcement remedies, interest, and penalties can vary widely from tax to tax and fee to fee.

My new bulletin (Property Tax Bulletin #174) summarizes the collection details for a number of these other taxes and fees (14 of them, in fact.) Much has changed since I last wrote a bulletin on this topic in 2011, most significantly the adoption of the “Tag & Tax Together” system for motor vehicle taxes in 2013 and the elimination of local privilege license taxes in 2015.

I'm hopeful this bulletin will answer many of the questions I frequently receive about other taxes and fees, including these:

*Can we collect occupancy taxes using the same attachment & garnishment process that we use for property taxes?*

Yes. The property tax collection remedies of attachment & garnishment and levy & sale are available for *any* local tax. See the table on page 5 of the bulletin.

*May our town still levy motor vehicle registration taxes now that the county no longer collects taxes on registered motor vehicles?*

Yes. The Division of Motor Vehicles will kindly collect these taxes on behalf of the town at the time of registration and distribute the proceeds to the town through the county. See page 14.

*Do our collection remedies for other taxes and fees change if we include them on our property tax bills?*

No—with one exception. If a local government bills solid waste fees with property taxes, then the local government may use property tax collection remedies to collect those solid waste fees. Otherwise, the collection remedies for solid waste fees are more limited. See page 16.

*Over how many years may special assessment installment payments be billed? What interest rate applies to unpaid special assessment installments?*

Traditional special assessments may be repaid in up to ten annual installments, while special assessments for “critical infrastructure needs” may be repaid in up to 25 annual installments. The government board must set the interest rate—to a maximum of 8% per year—as part of the initial special assessment resolution. See page 18.

*How far back may a town bill for unpaid occupancy taxes?*

This issue is left to the discretion of the local government, subject to the 10-year statute of limitations that applies to the use of enforced collection remedies available for these taxes. Some local governments limit the recapture of unpaid occupancy taxes to three years (similar to state income taxes), other go with five years (to mirror the discovery process for property taxes), some stick with the ten years permitted under the statute of limitations. See page 25.

*What are the rules for refunding other taxes and fees?*

Again, the issue is left up to local governments to decide. G.S. 105-381, the statute that limits property tax refunds to five

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years, does not automatically apply to other taxes and fees. Local governments are free to apply G.S. 105-381 to other taxes and fees if they wish, or they may develop their own refund rules for these charges. See page 24.

*Can we charge business registration fees to replace privilege license taxes?*

Local governments may create registration requirements for all businesses and charge reasonable fees as part of that requirement. But those fees must be tied to the costs of the registration program and must not be intended to produce surplus revenue above and beyond those costs. Assuming the registration fees are reasonably minor (\$10 or \$20?), they should pass legal muster. See page 22.

*Can we foreclose on real property for other taxes and fees that become delinquent?*

For some but not others. Foreclosure is a collection option only for taxes and fees that create liens on real property. See the tables on pages 5 – 7 to learn which taxes and fees create such liens.

*Is Marvin Bagley III the best college basketball player in the nation?*

Okay, I admit this question has nothing to do with other taxes and fees. But the clear answer is yes, MB3 is an unstoppable force.

## Links

- [www.sog.unc.edu/publications/bulletins/beyond-property-tax-collecting-other-taxes-and-fees-0](http://www.sog.unc.edu/publications/bulletins/beyond-property-tax-collecting-other-taxes-and-fees-0)
- [ftw.usatoday.com/2017/11/duke-marvin-bagley-iii-nba-no-1-pick-texas-highlights](http://ftw.usatoday.com/2017/11/duke-marvin-bagley-iii-nba-no-1-pick-texas-highlights)