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## HOUSE BILL NO. 772

Offered January 22, 1996

A BILL to amend the Code of Virginia by adding in Chapter 30 of Title 58.1 a section numbered 58.1-3018, relating to payment of local taxes by a third party.

Patron—Cooper

Referred to Committee on Finance

**Be it enacted by the General Assembly of Virginia:****1. That the Code of Virginia is amended by adding in Chapter 30 of Title 58.1 a section numbered 58.1-3018 as follows:***§ 58.1-3018. Payment of local taxes on behalf of taxpayer by third party; tax payment agreements.*

A. For the purposes of this section, "third-party tax payment agreement" means any agreement whereby a third party contracts with a taxpayer to pay to a county, city or town on behalf of that taxpayer the local taxes, charges, fees or other obligations due and owing to the county, city or town. Such agreement may have as its subject current taxes, charges, fees and obligations, delinquent taxes, penalties and interest, or any combination of the foregoing.

B. The treasurer of any county, city or town may enter into agreements with one or more third parties, authorizing such third parties to offer to taxpayers within such locality third-party tax payment agreements, provided that such agreements meet the following requirements:

1. Every third-party tax payment agreement shall be in writing, in a form approved by the treasurer of the locality, and shall provide for the payment of the taxes which are the subject of such agreement by the third party directly to the treasurer of the county, city or town within ten days of the acceptance of a duly executed agreement by the third party.

2. Third-party tax payment agreements shall provide for the reimbursement of the third party by the taxpayer on whose behalf taxes were paid in installments over a period not to exceed sixty months, and may provide for interest at a rate approved by the treasurer which shall not exceed that permitted by law.

3. No fee may be charged to or collected from the treasurer or the locality with respect to any third party tax payment agreement.

C. In the event that a taxpayer who is a party to a third-party tax payment agreement fails in his obligations arising under such agreement to reimburse the third party:

1. The third party shall be entitled to receive from the treasurer a reimbursement payment equal to all taxes paid on behalf of such taxpayer pursuant to the tax payment agreement, less all payments received by the third party from the taxpayer, exclusive of interest and fees charged by the third party to the taxpayer pursuant to the agreement.

2. Any treasurer who reimburses a third party pursuant to this subsection shall reinstate the amount of such reimbursement upon the appropriate tax rolls of the locality as delinquent taxes or current taxes, as the case may be, and shall send the taxpayer written notice of such action by certified mail to the taxpayer's last known address within five business days of such reinstatement.

3. If the taxpayer fails to pay in full any sum reinstated pursuant to this section by the ordinary due date of the tax, or within fifteen days of the date the notice was mailed, whichever is later, the treasurer may apply penalties and interest in accordance with general law from the due date or the date of reinstatement, whichever is later.

D. With respect to each third-party tax payment agreement which has as its subject, in whole or in part, real property taxes, the third party shall cause to be recorded among the land records of the circuit court in each locality within which the real property is situated a copy of the applicable tax payment agreement. Such agreement shall be indexed by the clerk under the name of the taxpayer or taxpayers as grantor and the name of the third party as grantee. Upon the satisfaction of all obligations arising under a tax payment agreement so recorded, the third party, within ninety days of satisfaction shall cause a marginal release to be placed upon the recorded copy of the agreement, or cause to be recorded a certificate of release, setting forth the names of the taxpayer and the third party, the date of the third-party tax payment agreement, and the book and page at which the agreement is recorded. Any such certificate of release shall be indexed by the clerk under the name of the third party as grantor and the taxpayer as grantee. The clerk may charge a fee not to exceed twelve dollars for the recordation of any tax payment agreement, marginal release or certificate of release.

E. Upon the payment of any tax by a third party pursuant to a tax payment agreement, the applicable period of limitation for the enforcement of each tax which is the subject of the agreement

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HB772

60 *shall be tolled during any period in which outstanding obligations remain unsatisfied pursuant to the*  
61 *agreement.*  
62 *F. Entry into a third-party tax payment agreement by a taxpayer shall constitute the taxpayer's*  
63 *authorization to the treasurer to provide such tax information, if any, as may be necessary to comply*  
64 *with the requirements of this section to the third party. No third party may disclose or use otherwise*  
65 *confidential taxpayer information so received for any purpose other than for fulfilling obligations arising*  
66 *under this section or a third-party tax payment agreement.*