

AN ACT AMENDING G.S. 115C-437 TO ENHANCE THE
COLLECTION OF CIVIL PENALTIES

Whereas, many local jurisdictions have a backlog of outstanding delinquent civil penalties that derive from city code or local ordinance violations that can be enforced criminally, and;

Whereas, pursuant to Article IX, Sec. 7 of the Constitution, the clear proceeds from civil penalties that derive from city code or local ordinance violations described above must be distributed to the local school administrative unit and, pursuant to G.S. 115C-437(c), can only be reduced by the actual costs of collection, not to exceed 10%, and;

Whereas, the effective collection of these civil penalties can be labor intensive or require other aggressive collection efforts for which the costs may, in many cases, exceed 10%, and;

Whereas, the total amounts collected and distributed to the local school administrative units may actually be increased over current levels if aggressive collection efforts are used and the flexibility to negotiate an agreement related to these collection costs would facilitate the increased collections;

Therefore, the General Assembly of North Carolina enacts:

Section 1. G.S. 115C-437(c) reads as rewritten:

“§115C-437. Allocation of revenues to the local school administrative unit by the county

Revenues accruing to the local school administrative unit by virtue of Article IX, Sec. 7, of the Constitution and taxes levied by or on behalf of the local school administrative unit pursuant to a local act or G.S. 115C-501 to 115C-511 shall be remitted to the school finance officer by the officer having custody thereof within 10 days after the close of the calendar month in which the revenues were received or collected. The clear proceeds of all penalties and forfeitures and of all fines collected for any breach of the penal laws of the State, as referred to in Article IX, Sec. 7 of the Constitution, shall include the full amount of all penalties, forfeitures or fines collected under authority conferred by the State, diminished only by the actual costs of collection, not to exceed ten percent (10%) of the amount collected. **However, the local school administrative unit may enter into an agreement with a municipality or county to allow such municipality or county to retain the actual costs of collection in excess of ten percent of the amount collected.** Revenues appropriated to the local school administrative unit by the board of county commissioners from general county revenues shall be made available to the school finance officer by such procedures as may be mutually agreeable to the board of education and the board of county commissioners, but if no such agreement is reached, these funds shall be remitted to the school finance officer by the county finance officer in monthly installments sufficient to meet its lawful expenditures from the county appropriation until the county appropriation to the local school administrative unit is exhausted. Each installment shall be paid not later than 10 days after the close of each calendar

month. When revenue has been appropriated to the local school administrative unit by the board of county commissioners from funds which carry specific restrictions binding upon the county as recipient, the board of commissioners must inform the local school administrative unit in writing of those restrictions.

Section 2: This act is effective when it becomes law.

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