



MEMORANDUM

April 14, 2014

MEMO TO: Strib Boynton, City Manager

FROM: Jeffrey A. Moore, Financial Services Director *JAM*

SUBJECT: Request to ratify change in early payment discount for property taxes

Attached is a self-explanatory communication from Guilford County's County Attorney explaining that the Board of Commissioners approved the reduction in the early payment discount from 1% to ½%, beginning with the new fiscal year 2014-2105. The County provides all of the City's property tax administration, billing and collection for High Point properties in Guilford County. It is expected that the change will not significantly change the cash flow in the General Fund on timing of property tax payments during the fiscal year, and the change is expected to reduce the cost of payment discounts by approximately \$160,000 annually.

I recommend City Council's ratification of the change in discount rate. I will be available for additional questions you or members of Council may have.

Accounting
336.883.3240

Internal Audit
336.883.3122

Purchasing
336.883.3219

Treasury Services
336.883.3230



GUILFORD COUNTY
OFFICE OF THE COUNTY ATTORNEY

February 24, 2014

Ms. JoAnne Carlyle
High Point City Attorney
P.O. Box 230
High Point, NC 27261

Re: Reduction of Tax Discount Rate

Dear Ms. Carlyle:

On February 6, 2014, the Guilford County Board of Commissioners approved lowering the County's discount rate for early payment of property taxes from 1% to .5%, effective beginning with the current tax year. The step was done to increase tax revenues; moreover, maintaining the .5% discount sustains significant level of early payments. Banks and other financial institutions are required to pay early where a discount rate, whether 1% or .5%, is in place. This represents between one-half to two-thirds of the early payment we receive. Additionally, it is felt that the current rate of the remaining early payments will not be materially reduced.

Pursuant to this action taken by the Guilford County Board of Commissioners and in accordance with the City-County Interlocal Agreement on Tax Collection and pending approval by the State Department of Revenue pursuant to N.C.G.S. §105-360, it would respectfully be requested that the High Point City Council ratify this change and approve reduction of the discount tax rate to .5% for City taxes. No change to the Interlocal Agreement between the City and County on Tax Collection is required to reflect the change.

If there are any questions or if I can be of any assistance to you, please call me at (336) 641-3852. Thank you.

Sincerely,

J. Mark Payne
Guilford County Attorney

cc Guilford County Board of Commissioners
Marty K. Lawing, Guilford County Manager
Ben Chavis, Guilford County Tax Director