

SENATE BILL 2792

By Black

AN ACT to amend Tennessee Code Annotated, Title 6, Chapter 56, Part 1, relative to payment of municipal property taxes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 6, Chapter 56, Part 1, is amended by adding the following as a new section:

§ 6-56-1\_\_.

(a) Any municipality that collects its own property taxes may by ordinance opt to accept partial payments of property taxes.

(b) Prior to any municipality accepting partial payment of property taxes, the municipality must file a plan with the comptroller of the treasury. The plan must indicate that the municipality has the accounting system technology to implement a program for partial payment of property taxes. The plan shall also indicate whether such a program will be implemented within the existing operating resources of the municipal department collecting the tax or indicate prior approval of the municipal legislative body if additional operating resources are needed. This subsection (b) does not apply to any municipality which has implemented a partial payment program prior to the effective date of this act.

(c) A municipality may accept taxes paid by electronic funds transfer, including, but not limited to, bank customer preauthorized payments, wire transfers or automated clearing house (ACH) credits. If the entire amount of taxes due is not paid prior to the delinquency date for such taxes, the entire property shall be subject to the tax lien and enforcement by a tax sale or other

legally authorized procedures. Unless partial payment is made by electronic transfer of funds, if the municipality accepts partial payment within ten (10) days of the delinquency date, or at any time following such delinquency date, then prior to accepting such payment the municipality must inform the taxpayer of the delinquency date and must advise such taxpayer that the property may be subjected to a tax lien and enforcement by tax sale or other legally authorized procedures.

(d) Direct bank transfers and partial payments are subject to the following guidelines:

(1) Vouchers issued pursuant to the a relief program shall be used as all or a portion of the final payment; and

(2) A receipt shall be issued to the taxpayer for any partial payment of taxes. The receipt shall state that:

(A) The payment is a partial payment of property taxes;

(B) The balance owing on such taxes that must be paid prior to the delinquency date; and

(C) A failure to pay the entire amount of the taxes prior to the delinquency date subjects any unpaid taxes to the penalties and interest applicable to delinquent taxes and subjects the entire property on which there is a lien for taxes to a tax sale. The final partial payment shall show that a zero (0) balance is owing or shall state that the taxes are paid in full. Receipts shall also be sent to the taxpayer for payments made by direct bank transfer of funds.

(e) The powers conferred by this section are in addition to any existing powers conferred by statute, municipal charter or other provision of law.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.