

AN ORDINANCE

RELATING TO THE RECOVERY OF COLLECTION COSTS AS A PART OF
DELINQUENT DEBTS COLLECTED PURSUANT TO THE SETOFF DEBT
COLLECTION ACT

WHEREAS, the City/Town of _____ is a claimant agency as defined in the Setoff Debt Collection Act, S.C. Code Ann. § 12-56-10, et seq. (the Act) and is therefore entitled to utilize the procedures set out in the Act to collect delinquent debts owed to the City/Town of _____;

AND WHEREAS, "delinquent debt" is defined in the Act to include "collection costs, court costs, fines, penalties, and interest which have accrued through contract, subrogation, tort, operation of law, or any other legal theory regardless of whether there is an outstanding judgment for that sum which is legally collectible and for which a collection effort has been or is being made;"

AND WHEREAS, the City/Town of _____ has contracted with the Municipal Association of South Carolina to submit claims on its behalf to the SC Department of Revenue pursuant to the Act;

AND WHEREAS, the Municipal Association of South Carolina charges a fee for the services it provides pursuant to the Act;

AND WHEREAS, the fee charged by the Municipal Association of South Carolina is a cost of collection incurred by the City/Town of _____ that arises through contract, and is therefore properly considered as a part of the delinquent debt owed to the City/Town of _____ as that term is defined in the Act;

AND WHEREAS, the City/Town of _____ also incurs internal costs in preparing and transmitting information to the Municipal Association, which costs are also collection costs that are a part of the delinquent debt owed to the City/Town of _____;

AND WHEREAS, the City/Town of _____ desires to recover its internal costs of collection by charging a fee that will be added to the delinquent debt;

NOW THEREFORE, be it enacted by the Mayor and Council of the City/Town of _____ as follows:

1. The City/Town of _____ hereby imposes an administrative fee in the amount of \$_____ to defray its internal costs of collection for any delinquent debts that are sought to be collected pursuant to the provisions of the Setoff Debt Collection Act, S.C. Code Ann. § 12-56-10 et. seq. This fee is hereby declared to be a collection cost that arises by operation of law and shall be added to the delinquent debt and recovered from the debtor.

2. The City/Town of _____ hereby declares that the administrative fee charged by the Municipal Association of South Carolina is also a collection cost to the City/Town, which shall also be added to the delinquent debt and recovered from the debtor.

3. All Ordinances in conflict with this Ordinance are hereby repealed.

4. This Ordinance shall be effective on the date of final reading, provided however, that this ordinance is declared to be consistent with prior law and practice and shall not be construed to mean that any fees previously charged to debtors as costs of collection under the Act were not properly authorized or properly charged to the debtor.

Mayor

Attest:

Clerk

First Reading Approval: _____

Final Reading Approval: _____