

STATE OF TEXAS
COUNTY OF HIDALGO

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HI 10726

**INTER-LOCAL COOPERATION AGREEMENT
FOR TAX ASSESSMENT AND COLLECTION**

This Agreement made and entered into this _____ day of _____, 20____, by and between the County of Hidalgo (hereinafter called "COUNTY"), a political subdivision of the State of Texas and the City of Pharr, Texas, (hereinafter called "CITY") duly organized and existing under the laws of the State of Texas, each acting herein by and through its duly authorized officials.

WITNESSETH:

WHEREAS, the parties to this Agreement wish to consolidate the assessment and collection of property taxes into one person, the Tax Assessor-Collector of Hidalgo County, Texas (hereafter called "TAC") and

WHEREAS, the parties enter into this Agreement in order to eliminate the potential duplication of the existing system for the assessment and collection of taxes and to promote governmental efficiency; and

WHEREAS, the parties enter into this Agreement pursuant to the authority granted by Sections 6.23 (a) (4), 6.24, 6.29 and 6.30 of the Texas Property Tax Code (hereafter called "Tax Code") and Article 4413 (32c), V.T.C.S., known as the "Inter-local Cooperation Act";

NOW, THEREFORE, for purposes stated herein, it is mutually agreed as follows:

I. TERM:

This Agreement is for the collection of CITY taxes for the 2008 Tax Year effective OCTOBER 1ST · 2008. This Agreement shall be automatically renewed for subsequent tax years, on SEPTEMBER 30TH of each calendar year unless either party gives written notice to the other of its intent to terminate this agreement, at least thirty (30) days prior to the renewal date.

II. APPOINTMENT:

The CITY appoints the TAC as the Assessor-Collector of taxes for the CITY for the term of this Agreement. The TAC shall have full authority and responsibility to assess all of the real and personal property subject to taxation located within the boundaries of the

CITY in accord with the laws pertaining thereto. The TAC is authorized and directed to collect all taxes of the CITY, both current and delinquent, including taxes previously assessed by the CITY. The TAC shall remain in the sole employ and control of the COUNTY.

III. DESCRIPTION OF SERVICES:

1. The COUNTY, through its TAC, hereby agrees to provide the following ad valorem tax related services:
 - A. Compute and publish the effective tax rate subject to consideration and approval of the CITY. Expenses for all notices and publications shall be borne by the CITY;
 - B. Establish the tax roll based on property values and exemption certified by the Appraisal District and the tax rate, exemptions, and discounts authorized by the CITY;
 - C. Prepare and mail tax statements for all of the CITY tax accounts;
 - D. Receive payment of taxes on behalf of the City;
 - E. Refund overpayment or erroneous payments of taxes as provided by law.
 - F. Disburse tax monies received at the COUNTY Tax Office during the term of this contract, on the next business day. All other payments received at the COUNTY 'S Depository Bank ("Bank") will be received in accordance with the terms of the lock box processing agreement between the BANK and the COUNTY.
 - G. Prepare and submit reports as required pursuant to Texas Property Tax Code Ann. Sec. 31.10, to the City accounting for all taxes collected. The COUNTY further agrees to prepare and/or provide information and reports for State agencies, auditors and other activities regarding the assessment, collection, and disbursement of ad-valorem taxes. The COUNTY shall also provide current and delinquent tax rolls, quarterly status reports, on partial payment contracts, and delinquent tax statements upon request.
 - H. The TAC will apply equal effort in the assessment and collection of current and delinquent property taxes for the parties of the Agreement. The TAC activity will not show bias toward any taxing unit for which it collects current and delinquent property taxes.

- I. The TAC will permit the taxpayer, in the event of payment of less than the consolidated bill is tendered, to apply the payment as the taxpayer desires, in compliance with State Law. In the absence of the expression of any preference as to application of payment, the payment will be applied in compliance with Section 31.07 of the Property Tax Code which states that if a collector accepts a partial payment of a tax bill that includes taxes for more than one taxing unit, the collector shall allocate the partial payment among all the taxing units included on the bill in proportion to the amount of tax included in the bill for each taxing unit.
 - J. Any waiver of penalty and interest being considered must establish that the delinquency was caused by a direct action or inaction of the TAC or Appraisal as described by the Property Tax Code.
 - K. The TAC will limit the time frame allowed for installment payment agreement on delinquency property taxes owing to the City to no more than twelve (12) months. Written approval must be obtained for the City Manager or his designee for deviations.
 - L. The TAC will refrain from seizing and/or selling any property pertaining to the CITY'S Tax Roll, having a homestead designation, for payment of delinquent taxes, without written approval.
 - M. The TAC will certify to the Board an estimate of the collection rate of the current year, the amount of debt taxes, if applicable, and other required information pursuant to Tax Code Sec. 26.04(b). The CITY and COUNTY agree that interest payments required as a result of untimely processing of refunds are not considered reimbursable expenses.
2. The CITY hereby specifically authorizes and empowers Hidalgo County, Texas, its employees, officials and agents to perform and all acts which the COUNTY, its employees, officials, and agents determine necessary proper, and in the best interest of the CITY in order to accomplish the services hereby agreed to be performed by the COUNTY.
 3. The following duties and responsibilities of the CITY are specifically excluded from this Agreement:
 - A. Any obligation of the Hidalgo County Appraisal District;
 - B. Adoption of a tax rate for the CITY;
 - C. Obligation of the CITY regarding publication of tax information, meeting notices and elections regarding the establishment of a tax rate; and

- D. Any other obligations imposed by law upon the CITY not specifically agreed to be performed herein by the COUNTY.
- E. Adopt and enforce reasonable regulations not inconsistent with the Constitution and Laws of this State as may be deemed essential for the proper collection, checking, and accounting of revenues by the COUNTY, including funds held in trust for the CITY.

V. DELINQUENT TAXES:

1. Pursuant to Section 6.24 of the Texas Tax Code, the CITY hereby authorizes the COUNTY by and through the TAC to collect delinquent taxes for the CITY as provided herein.
2. Pursuant to Subsection (c.), Section 6.30, Texas Property Tax Code Ann., if the CITY has entered into a contract with a law firm to represent the CITY in the enforcing and collecting of delinquent taxes, the attorney's compensation is set forth in such contract. A copy of the CITY'S Delinquent Tax Collection Agreement must be attached hereto and incorporated herein by reference as Exhibit "A".
3. Pursuant to Section 33.07, Texas Property Tax Code Ann., the COUNTY agrees to produce and deliver to the "CITY'S" delinquent tax attorney a Notice of Delinquency that includes the additional penalty to defray the costs of collection for mailing to the property owner at least thirty (30) and not more than sixty (60) days before July 1.
4. No installment agreement for the payment of CITY'S delinquent taxes, which are in excess of \$5,000.00, will be entered into by the TAC without the prior approval of the CITY. No installment agreements on behalf of the CITY will be entered into prior to July 1 for payment of current year delinquent taxes.

VI. CONSIDERATION:

1. The CITY hereby agrees to pay and the COUNTY agrees to accept a fee of \$60,000 of all current and delinquent base taxes collected from OCTOBER 1ST, 2008, through SEPTEMBER 30TH, 2009. For subsequent years, after reviewing actual collection costs, the COUNTY will submit to the CITY, prior to May 1, the fee for the following year. The CITY will have until June 1, to accept the recommended fee.
2. The COUNTY will deduct a 1/12th - collection fee from monthly collections and submit monthly collections reports.
3. If for any reason the CITY is unable to provide the COUNTY with necessary tax account information and adopted tax rate prior to the COUNTY'S mailing of its

own Tax Bills, the CITY agrees to assume the entire cost for such additional mailing. It is understood however, that the CITY will be charged a prorated amount on an equal basis if another Entity is consolidated on such billing.

4. The CITY is to provide in writing its adopted tax rate to the COUNTY no later than October 1st of each year and the COUNTY is to mail out the consolidated tax statements no later than November 1st of each year. If the CITY fulfills this requirement and the COUNTY, due to a delay in adoption of its tax rate or other entities tax rate determines that it will not be able to mail consolidated tax statements by November 1st, then the COUNTY at its own expense will mail a separate tax statement for the CITY by November 1st.
5. The CITY will require the TAC to give bond conditioned on his faithful performance of duties. The bond shall be payable to, approved by, and paid for by the CITY in an amount to be determined by the CITY.

VI. MISCELLANEOUS:

1. It is expressly understood and agreed that, in the execution of this Agreement, neither the COUNTY nor CITY waives or shall be deemed hereby to waive any immunity or defense that would otherwise be available to it against claims arising in the exercise of governmental powers and functions.
2. All notices provided to be given under this Agreement shall be given by regular or certified mail addressed to the proper party, at the following address:

IF TO COUNTY: Hon. J.D. Salinas, County Judge
100 E. Cano, 2nd Floor
P.O. Box 1356
Edinburg, Texas 78540

WITH COPIES TO: Armando Barrera Jr., RTA
Hidalgo County Tax Assr/Coll
P.O. Box 178
Edinburg, Texas 78540-0178

Ray Eufrazio, County Auditor
100 E. Cano, 3rd Floor
Edinburg, Texas 78539

IF TO THE CITY: Hon. Leopoldo Palacios, Mayor
City of Pharr
P.O. Box 1729
Pharr, Texas 78577

3. **TEXAS LAW TO APPLY:** This Agreement shall be construed under and in accordance with the laws of the State of Texas, and all obligations of parties created hereunder are performable in Hidalgo County, Texas.
4. **LEGAL CONSTRUCTION:** In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision thereof and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.
6. **PRIOR AGREEMENT SUPERSEDED:** This Agreement constitutes the sole and only Agreement of the parties hereto and supercedes any prior understandings or written or oral agreements between the parties respecting the subject matter.

EXECUTED IN DUPLICATE ORIGINALS, EACH OF WHICH SHALL HAVE THE FULL FORCE AND EFFECT OF AN ORIGINAL THIS THE _____ DAY OF _____, _____.

COUNTY OF HIDALGO:

CITY OF PHARR

BY: _____
J.D. Salinas
County Judge
Hidalgo County, Texas

BY: _____
Leopoldo Palacios, Mayor
City of Pharr

ATTEST:

Arturo Guajardo,
County Clerk
Hidalgo County

Aida B. Montoya, City Secretary