

Collections

Dear Reader:

The following document was created from the MTAS website ([mtas.tennessee.edu](https://www.mtas.tennessee.edu)). This website is maintained daily by MTAS staff and seeks to represent the most current information regarding issues relative to Tennessee municipal government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with municipal government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other MTAS website material.

Sincerely,

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Normally, cities collect water and sewer billings through walk up/drive up collections or through the mail. These payments usually consist of cash or personal checks. In recent years cities have added alternative payment methods that take advantage of current technologies. Bank drafts, credit cards, and Internet banking are ways to speed collection for the water and sewer fund and provide convenience for the customer.

Cities should establish policies regarding collections of past due payments and bad debts. Generally, a customer will be given a reasonable amount of time to pay the bill without incurring any penalties. For example, a customer's bill would be mailed to him on the 10th of the month and he would have until the 25th to render payment. If the bill is not paid by the due date, a penalty amount, normally a percentage of the outstanding balance, is added to the customer's account. If the bill remains unpaid the customer will be notified that payment is past due. Cities sometimes mail a notice that states that the customer's bill is past due and gives a date by which the bill must be paid before further action, up to and including termination of service, is taken. Care should be taken that customers are informed of their right to dispute the past due amount. Any disputes should be handled before a service is terminated. This will save the city legal problems and perhaps public embarrassment.

DISCLAIMER: The letters and publications written by the MTAS consultants were written based upon the law at the time and/or a specific sets of facts. The laws referenced in the letters and publications may have changed and/or the technical advice provided may not be applicable to your city or circumstances. Always consult with your city attorney or an MTAS consultant before taking any action based on information contained in this website.

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