§ 996. Contracts with banks for the collection of taxes and certain special assessments. 1. Notwithstanding any general, special or local law to the contrary, a municipal corporation having the responsibility for collection of taxes or special assessments, or both, may enter into agreements with a bank, or with two or more banks, for the collection of taxes and special assessments which are collected together with such taxes. For purposes of this section, the term "bank" shall have the same meaning as in paragraph d of subdivision one of section ten of the general municipal law. The term "special assessments" shall be limited to those special assessments collected together with taxes.

2. A bank that has entered into an agreement pursuant to this section shall: (a) accept payments of taxes or special assessments, or both, for a period beginning on the day on which the warrant for the collection of taxes is delivered to the collecting officer, and ending on the day on which such warrant expires;

(b) decline any partial payments of a tax bill, or special assessment, or both, except where the municipal corporation is one which is authorized to accept partial payments of taxes or special assessments or both;

(c) collect the appropriate amount of interest on any taxes or special assessments, or both, paid after the end of the interest-free collection period;

(d) furnish receipts to each person paying a tax or special assessment, or both, except that when a tax or special assessment has been paid by a mortgage investing institution pursuant to the provisions of title three-A of this article, receipts shall be delivered or mailed to such mortgage investing institution, subject to the provisions of such title;

(e) deposit all taxes and special assessments and interest collected, immediately upon receipt, in the account or accounts designated by the municipal corporation in such bank, or in any other bank designated by the municipal corporation;

(f) continually maintain records of deposit showing the dates and amounts of all taxes and special assessments collected, and the taxpayers from whom such taxes and special assessments were collected;

(g) transmit to the collecting officer a daily report of the taxes and

special assessments collected, which report shall be accompanied by a statement showing the deposits credited to the account of the municipal corporation; and

(h) perform such other duties, and maintain such other records, as the contract may provide.

3. (a) A bank which has entered into an agreement with a municipal corporation pursuant to this section shall be liable to the municipal corporation for all loss or damage which may result from any failure of its officers or agents to discharge their duties, or from any improper or incorrect discharge of those duties. The bank shall save the municipal corporation free and harmless from any and all loss occasioned by or incurred in the performance of services under a contract pursuant to this section.

(b) A bank which has entered into an agreement with a municipal corporation pursuant to this section, and which receives moneys from a taxpayer for payment of real property taxes or special assessments, or both, shall be liable to such taxpayer, upon failure to properly credit such payment, for the amount of the taxes or special assessments, or both, plus interest and penalties imposed thereon.

4. Moneys deposited with a bank pursuant to this section shall be secured in the manner provided by section ten of the general municipal law.

5. The statutory powers and duties of a tax collecting officer, including the authority to receive taxes, shall not be affected by the existence of a contract executed pursuant to this section, except that the collecting officer shall: (a) notify the bank upon receiving the warrant for the collection of taxes or special assessments, or both;

(b) include in the appropriate notices the fact that taxes or special assessments, or both, may be paid to the bank;

(c) notify the bank of the date on which the interest-free collection period expires;

(d) make the appropriate entries in the official records, upon receiving each daily report of taxes and special assessments collected by the bank; and

(e) make the accounting and return, as provided by law, upon receipt from the bank of the final daily report of taxes and special assessments collected.

6. A contract executed pursuant to this section shall be subject to the requirements of article five-A of the general municipal law, and shall be for a term not to exceed five years, except that it shall be subject to cancellation by the municipal corporation at any time upon thirty days notice to the bank.