

DEPARTMENT OF TAXATION

2003 Fiscal Impact Statement

1. **Patron** Puckett

2. **Bill Number** SB 1183

3. **Committee** Passed House and Senate

House of Origin:

 Introduced

 Substitute

 Engrossed

4. **Title** Real Estate Tax: Recording of Installment
Agreements in the Land Book

Second House:

 In Committee

 Substitute

 X **Enrolled**

5. **Summary/Purpose:**

This bill would eliminate the requirement for the recording of installment agreements between local officers and owners of real property for the payment of delinquent real estate taxes. Current law requires that agreements between local officers and owners of real property for the payment of delinquent real estate taxes be recorded in the land records of the locality.

The effective date of this bill is not specified.

6. **No Fiscal Impact.** (See Line 8.)

7. **Budget amendment necessary:** No.

8. **Fiscal implications:**

This bill would have no impact on state revenues. It also would have no impact on local revenues. This bill changes an administrative procedure affecting the recording of installment agreements in cases when a property owner and the local treasurer or other responsible party have negotiated an agreement involving the payment of delinquent real estate taxes.

9. **Specific agency or political subdivisions affected:**

All localities

10. **Technical amendment necessary:** None.

11. **Other comments:**

In certain cases when real estate taxes are delinquent, current law provides for the sale of certain real estate by a locality for the purpose of collecting all delinquent taxes due on the property. Generally, the law stipulates that a locality may sell such property after

December 31 following the second anniversary of the real estate taxes original due date. In the case of condemned property, the sale of such property may take place after December 31 of the year of the first anniversary of the taxes due date. Finally, in the case of abandoned property, a locality may sell the real estate after December 31 following the third anniversary of the date on which such taxes are due.

The law also provides for the suspension of the sale of such property when the local treasurer and the landowner of such property enter into an agreement to pay the delinquent taxes in installments. Such an agreement must be reasonable, and in no case can it exceed a 24-month period. Furthermore, the sale of the property shall remain on the court docket until such time as the treasurer or other responsible official notifies the clerk of the court that the agreement has been satisfied in full. At that time, the tax lien on the property must be removed and the action stricken from the docket.

Currently, such agreements are recorded in the circuit courts in the land records and recorded as a lien on the property. Real estate taxes owed constitute the first lien on a property and are recorded with the clerk of the court as a lien. This bill would remove the requirement of recording in the land records the specific nature of an agreement between a taxpayer and a treasurer for the payment of delinquent taxes. In summary, this bill would preserve the recording of the lien, but afford a taxpayer more privacy with regard to the financial arrangements he may make with the local official.

cc: Secretary of Finance

Date: 02/25/03/JEM

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