

**DEPARTMENT OF TAXATION
2003 Fiscal Impact Statement**

1. Patron Reynolds

3. Committee Passed House and Senate

4. Title Real Property Tax; Conveyance for
Delinquent Taxes and Certain Liens

2. Bill Number SB 735

House of Origin:

 Introduced

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 X **Enrolled**

5. Summary/Purpose:

This bill would lower, to twenty-five percent of the assessed value of a real estate parcel, the amount of delinquent real estate taxes alone necessary for a special commissioner to be appointed by a circuit court to convey the property to the locality to satisfy the taxes and other liens in lieu of a public sale of the real estate.

Under current law, real estate is not eligible to participate in this process unless the taxes, liens, penalty and accumulated interest exceed fifty percent of the assessed value of the parcel.

The effective date of this bill is not specified.

6. Fiscal Impact Estimates are: Not available. (See Line 8.)

7. Budget amendment necessary: No.

8. Fiscal implications:

There will be no state revenue impact associated with this bill. The local revenue impact of this bill is not available, but expected to be minimal.

9. Specific agency or political subdivisions affected:

All localities

10. Technical amendment necessary: No.

11. Other comments:

Conveyance of Real Estate to Locality to Satisfy Taxes and Other Liens

Under current law, real estate may be sold at a public auction when real estate taxes on the property are delinquent for two years. In lieu of a public sale, the locality may petition the circuit court to appoint a special commissioner to convey the property to the locality in satisfaction of the delinquent real estate taxes and other liens imposed by the locality if the following conditions are met:

- The property must be encumbered by delinquent real estate taxes, a lien imposed by the locality for removal, repair or securing of a building or structure, or removal of trash or other nuisance;
- The property must have an assessed value of \$20,000 or less; and
- The taxes, liens, penalty and accumulated interest must exceed fifty percent of the assessed value of the property.

This bill lowers, to twenty-five percent of the assessed value of the parcel, the amount of delinquent real estate taxes necessary for a special commissioner to be appointed by a court to convey the property to the locality.

Appointment of Special Commissioner

In petitioning a circuit court to appoint a special commissioner, many of the procedures required in a traditional tax sale of real estate must be followed:

- The locality must notify the property owner of its petition for the appointment of a special commissioner and serve the property owner with the petition papers.
- The property owner must be allowed to present evidence to the court as to why the real estate should not be conveyed to the locality.

Effect of Conveyance

Conveyance of the property to the locality extinguishes the property owner's debt to the locality. The locality cannot collect any difference between the fair market value of the property and the debt. If the locality subsequently sells the property, any proceeds in excess of the debt must be paid over to the beneficiaries of liens against the property and the former owner or his heirs.

Other Legislation

This bill is identical to HB 2277.

cc : Secretary of Finance

Date: 03/04/03

Document : S:\2003leg\WorkInProgress\OTPwork\Senate Bills\SB0735FER161.doc