

DEPARTMENT OF TAXATION

2011 Fiscal Impact Statement

1. **Patron** David B. Albo

2. **Bill Number** HB 1425

House of Origin:

☐ **Introduced**

☐ **Substitute**

☐ **Engrossed**

3. **Committee** Passed by House and Senate

4. **Title** Local taxes; collection

Second House:

☐ **In Committee**

☐ **Substitute**

☒ **Enrolled**

5. **Summary/Purpose:**

This bill would reduce the period of delinquency before which private collection agents may be used to collect delinquent local taxes from six months to three months. This bill would also remove the exclusion of real estate taxes from the local taxes that a treasurer may refer to private collection agents for collection.

The effective date of this bill is not specified.

6. **Budget amendment necessary:** No.

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

8. **Fiscal implications:**

This bill would have no impact on state revenues. The impact of this bill on local revenues is unknown. However, to the extent accelerating the transfer of delinquent bills increases collections, there would be a revenue gain for localities.

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

All localities.

10. **Technical amendment necessary:** No.

11. **Other comments:**

Current Law

Under current law, the treasurer in any county, city, or town, with the approval of the local governing body, may employ the services of private collection agents to assist with the collection of any local taxes, other than real estate taxes, that remain delinquent for a period of six months or more and for which the statute of limitations has not yet run.

Prior to referring a delinquent account to a collection agent, the treasurer must provide written notification of the delinquency by first-class mail to the taxpayer at the address contained in the tax records of the city or county. If the treasurer has reason to believe that the taxpayer's address as contained in such records is no longer current, such notice must be provided at the address, if any, as the treasurer may obtain from sources available to him pursuant to general law.

Proposed Legislation

This bill would reduce the period of delinquency before which a treasurer or governing body may use a sheriff, attorney, or private collection agent to collect delinquent local taxes from six months to three months.

This bill would also allow local treasurers to refer real estate taxes to private collection agents for collection, in addition to other local taxes that may currently be referred to private collection agents.

The effective date of this bill is not specified.

cc : Secretary of Finance

Date: 3/4/2011 KLC
HB1425FER161