

DEPARTMENT OF TAXATION

2015 Fiscal Impact Statement

1. **Patron** Joseph R. Yost

2. **Bill Number** HB 1711

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

House of Origin:

 Introduced

 Substitute

 Engrossed

4. **Title** Real Property Tax; Nonjudicial Sale of Tax-Delinquent Property

Second House:

 In Committee

 Substitute

 X **Enrolled**

5. **Summary/Purpose:**

This bill would clarify that any official designated by the locality to administer its zoning ordinance is qualified to make a determination as to whether certain tax-delinquent real property is unsuitable for building due to the size, shape, zoning, or soils of the parcel, and therefore does not meet the criteria for a nonjudicial sale.

Under current law, local treasurers may publicly auction small parcels on which delinquent taxes have accrued for three years or more. The parcels must be assessed at less than \$10,000 and be either (1) less than 4,000 square feet (.0918 acre), or (2) a parcel of any size that the locality's zoning administrator has determined to be unsuitable for building due to the size, shape, zoning or soils of the parcel.

The effective date of this bill is not specified.

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

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

8. **Fiscal implications:**

This bill would have no impact on local or state revenues.

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

All localities

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

11. **Other comments:**

Local treasurers are authorized to sell at public auction small parcels of real property on which delinquent taxes have accrued for three years or more. The parcels must be assessed at less than \$10,000 and be either (1) less than 4,000 square feet (.0918 acre,

which would be a 63.25' x 63.25' lot), or (2) a parcel of any size that the locality's zoning administrator has determined to be unsuitable for building due to the size, shape, zoning or soils of the parcel.

The treasurer conducting the sale must send notice by certified or registered mail to the owners of record and anyone else appearing to have an interest in the property, such as mortgage or judgment lien holders, post a notice of sale at the property and the courthouse, and advertise the sale.

The owner may redeem the property at any time before the sale by paying the delinquent taxes, penalties, interest, and pro-rata cost of advertising the sale. The treasurer may enter into an installment payment agreement with the owner for up to 12 months to pay the full redemption amount.

Any parcel that has not been redeemed by the owner may be sold to the highest bidder at the public auction. Any sale made is free and clear of the tax lien, but does not affect any easements recorded prior to the date of sale. If the sale proceeds are insufficient to pay the taxes in full, the remaining delinquent taxes remain the personal liability of the former owner. The sale proceeds must be applied first to the costs of sale, then to the taxes, penalty and interest due on the parcel, then to any other taxes or other charges owned by the former owner to the jurisdiction. Excess proceeds remain the property of the former owner and are kept by the treasurer in an interest-bearing escrow account. The former owner has two years from the date of the sale to make a claim for payment of the excess proceeds, after which time, the treasurer must deposit the excess proceeds in the jurisdiction's general fund. If there is no successful bidder at the public auction, the treasurer must add the costs of sale incurred by the jurisdiction to the delinquent real estate account.

Proposal

This bill would clarify that any official designated by the locality to administer its zoning ordinance is qualified to make a determination as to whether certain tax-delinquent real property is unsuitable for building due to the size, shape, zoning, or soils of the parcel, and therefore does not meet the criteria for a nonjudicial sale.

The effective date of this bill is not specified.

cc : Secretary of Finance

Date: 2/18/2015 KP
DLAS File Name: HB1711FER161