

**DEPARTMENT OF TAXATION
2020 Fiscal Impact Statement**

1. Patron Stephen E. Heretick

3. Committee House Finance

4. Title Tax Delinquent Real Property; Correction of
Tax Records

2. Bill Number HB 1581

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would clarify that it is the responsibility of the treasurer rather than the circuit court clerk to update the delinquent tax books regarding the correction or satisfaction of delinquent real property taxes encumbering properties sold for delinquent taxes and other debts.

If enacted during the Regular Session of the 2020 General Assembly, this bill would become effective July 1, 2020.

6. Budget amendment necessary: No

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

8. Fiscal implications:

Administrative Costs

This bill would have no impact on state administrative costs but could result in administrative costs to localities.

Revenue Impact

This bill would have no impact on state revenues but could have an unknown impact on local revenues.

9. Specific agency or political subdivisions affected:

All localities

10. Technical amendment necessary: No

11. Other comments:

Correction of Local Taxes

Under current law, if a commissioner of the revenue, or other assessing official is satisfied that they have erroneously assessed any local tax, the commissioner can correct such assessment. If the assessment has been paid, the governing body of the county or city directs the treasurer to refund the excess to the taxpayer, with interest upon the certificate of the commissioner with the consent of the town, city or county attorney, or the attorney for the Commonwealth, that such assessment was erroneous. However, the governing body of the county, city or town may authorize the treasurer to approve and issue any refund up to \$2,500 as a result of an erroneous assessment.

Sales of Tax Delinquent Properties

In any proceedings for the sale of real estate or to subject real estate to the payment of debts, if it appears to the court that the real estate cannot be sold for enough to pay off the liens of taxes, levies, and assessments returned delinquent against it, and it further appears that the purchase price offered is adequate and reasonable, the sale will be confirmed.

The court then decrees the payment and distribution of the proceeds of such sale pro rata to the taxes, levies, and assessments due the Commonwealth or any political subdivision thereof, after having first deducted the cost of such proceedings in court. The payment is then certified to the clerk of the appropriate court who has charge of the delinquent tax books. The clerk causes the lien of such taxes, levies, and assessments to be marked satisfied upon the list of delinquent lands regardless of whether the same shall have been paid in full.

Proposal

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Similar Legislation

House Bill 316 would increase from \$2,500 to \$5,000 the maximum amount at which the governing body of a locality may authorize its treasurer to approve and issue a refund of taxes paid as a result of an erroneous tax assessment.

House Bill 1534 would authorize the board of supervisors of any county that has adopted the urban county executive form of government to enter into agreements with towns located partially or wholly within such county for the collection and enforcement of real or personal property taxes by the county official responsible for assessment or collection of

taxes. The authority granted to such counties is similar to authority granted to Loudoun County under existing law.

House Bill 1583 would provide that a local treasurer's power to summon a taxpayer or other person to answer questions under oath or produce documents for the purpose of collecting delinquent amounts owed to the locality applies to any amounts, charges, or fees owed to the locality as well as to taxes owed to the locality.

cc: Secretary of Finance

Date: 1/24/2020 SK
HB1581F161