

# DEPARTMENT OF TAXATION

## 2011 Fiscal Impact Statement

1. **Patron** Walter A. Stosch

2. **Bill Number** SB 1478

**House of Origin:**

☐ **Introduced**

☐ **Substitute**

☐ **Engrossed**

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

4. **Title** Real Property Tax; Judicial Sale; Locality  
May Sell Certain Land

**Second House:**

☐ **In Committee**

☐ **Substitute**

☒ **Enrolled**

### 5. **Summary/Purpose:**

This bill would authorize localities, by ordinance, to provide for proceedings to conduct a judicial sale of certain real property located in a community development authority or on abutting property within a community development authority when a special tax or special assessment imposed on the property is delinquent on the first anniversary of the date on which the tax or assessment became due.

Under current law, when taxes are delinquent on the last day of the year following the two-year anniversary date on which such taxes were due, localities are authorized to sell the real estate for the purpose of collecting all delinquent taxes on such property.

The bill contains an emergency clause, and would be in force from its passage.

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. This bill could potentially result in localities experiencing increased revenues and reduced administrative expenses to the extent that they are able to sell tax delinquent real estate more rapidly.

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

All localities

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

## 11. Other comments:

### Community Development Authorities

A community development authority is a form of political subdivision that may be created by counties, cities or towns in response to a petition of the owners of at least 51% of the land area or assessed value of land in a contiguous area and may issue revenue bonds secured by sources of repayment generated from within the district.

### Collection of Delinquent Taxes

Localities have a broad array of tools to collect delinquent taxes including collection from the taxpayer's bank account, wages, income tax refunds, suits against the taxpayer personally, and sale of the real estate to which the tax lien has attached. When taxes are delinquent on the last day of the year following the two-year anniversary date on which such taxes were due, localities may sell the real estate for the purpose of collecting all delinquent taxes on such property. Localities are required to provide notice to the property owners and all other parties who have an interest in the real property, including any trustee under a deed of trust or mortgagee. Owners of the property may redeem it at any time prior to the date of the sale by paying all accumulated delinquent taxes, penalties, reasonable attorney's fees, interest and costs, and in some instances, are permitted to set up installment payment agreements with the local treasurer for a maximum period of 24 months.

Localities are authorized to institute proceedings to sell tax-delinquent property prior to the second anniversary of the date on which the taxes became due for real property containing: 1) structures that have been condemned by the local building official, 2) structures that constitute nuisances, 3) derelict buildings, or 4) structures that have been declared to be blighted. Localities may institute proceedings to sell these properties on the first anniversary of the date on which such taxes have become due. In addition, for real estate with an assessed value of \$100,000 or less where the taxes are delinquent on December 31 following the first anniversary of the date on which the taxes were due and on which there is a lien, which remains unpaid on December 31 following the first anniversary of the date on which the lien was recorded, the property is deemed subject to sale by public auction.

### Proposal

This bill would authorize localities, by ordinance, to provide for proceedings to conduct a judicial sale of certain real property located in a community development authority or on abutting property within a community development authority when a special tax or special assessment imposed on the property is delinquent on the first anniversary of the date on which the tax or assessment became due. The bill would prohibit the sale of real property that is a single family residence or an individual unit in a multi-unit structure if the owner of the property or unit is the resident on the first anniversary date.

As with any other judicial proceeding for the sale of tax delinquent property, this bill would require that the locality notify the property owner and any lien creditor at least 30 days prior to instituting any proceeding.

The effective date of this bill is not specified. The bill contains an emergency clause, and would be in force from its passage.

cc : Secretary of Finance

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