

DEPARTMENT OF TAXATION

2014 Fiscal Impact Statement

1. **Patron** Robert H. Brink

3. **Committee** House Finance

4. **Title** Judicial Sale of Real Estate; Obsolete
Language

2. **Bill Number** HB 663

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would remove obsolete language that refers to the judicial sale of real estate deemed abandoned under the Tax Code. Legislation enacted in the 2009 General Assembly Session removed the provisions of the Tax Code setting forth the requirements for real estate to be deemed abandoned.

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 state or local revenues.

9. Specific agency or political subdivisions affected:

None

10. Technical amendment necessary: No.

11. Other comments:

Judicial Sale

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 may sell property that has been declared blighted on the first anniversary of the date on which delinquent taxes are due. Real

estate with an assessed value of \$100,000 or less is subject to sale at public auction 1) when taxes are delinquent on the last day of the year following the first anniversary date on which such taxes were due or 2) when there is a lien on the real estate for certain reasons, which lien remains unpaid on the last day of the year following the first anniversary of the date on which such lien was recorded.

In certain instances, the court may refer the case to a commissioner in chancery for hearing and report. Upon i) receipt of proper service of process on all parties, a written real estate title certificate, and the written report of a licensed real estate appraiser where there is no dispute as to title or value; ii) receipt of the report of the commissioner in chancery; or iii) where the assessor for the locality files an affidavit with the court of value and the value is averred to not exceed \$100,000, the court may appoint a special commissioner to sell properties and execute the necessary deeds when a sale is found necessary or advisable.

Proposal

This bill would remove obsolete language that refers to the judicial sale of real estate deemed abandoned under the Tax Code. Legislation enacted in the 2009 General Assembly Session removed the provisions of the Tax Code setting forth the requirements for real estate to be deemed abandoned.

The effective date of this bill is not specified.

Similar Legislation

House Bill 224 and **Senate Bill 68** (identical) would change the criteria for transferring certain tax-delinquent real property to localities through a special commissioner in the Cities of Norfolk, Richmond, Hopewell, Newport News, Petersburg, and Hampton by reducing the percentage of taxes and liens from exceeding 35 percent to 20 percent and of taxes alone from 15 percent to 10 percent, respectively, and including parcels with an assessed value of \$100,000 or less.

House Bill 966 would add Portsmouth to the list of cities that may petition for appointment of a special commissioner to convey real estate with delinquent taxes, when such taxes and liens together exceed 35% or the taxes alone exceed 15% of the assessed property value, instead of 50% and 25% respectively.

House Bill 499 would reduce to three years the number of years of tax payment delinquency before a locality may sell real property that measures less than 4,000 square feet or is determined unsuitable for building.

House Bill 772 and **Senate Bill 483** (identical) would authorize a third party who pays the delinquent taxes due on the taxpayer's real property to be assigned the tax lien on the property, if the taxpayer agrees.

House Bill 875 would allow a locality to condition the sale of certain tax-delinquent real property on the purchaser's investing a certain amount in improvements to the property.

cc : Secretary of Finance

Date: 1/14/2014 AM
DLAS File Name: HB663F161