

# DEPARTMENT OF TAXATION

## 2015 Fiscal Impact Statement

1. **Patron** Gregory D. Habibeb

3. **Committee** Senate Finance

4. **Title** Real Property Tax Lien; Third Party  
Agreements to Assign Lien

2. **Bill Number** HB 1489

**House of Origin:**

           **Introduced**

           **Substitute**

           **Engrossed**

**Second House:**

  X   **In Committee**

           **Substitute**

           **Enrolled**

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

This bill would extend the maximum length of time during which a taxpayer may reimburse a third party for the local taxes, charges, fees, and other obligations that were assumed by the third party under a third-party tax payment agreement, to allow for a period of installment payments over eight years.

Under current law, local treasurers are authorized to enter into agreements with third parties in order to enable the third parties to assume payment of a taxpayer's outstanding tax bill, including the local taxes, charges, fees, delinquent taxes, penalties, interest, and other obligations due and owing the locality. Currently, any such payment agreement must require the taxpayer to reimburse the third party in installments over a maximum period of two years.

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 impact local revenues by an unknown amount. This bill would have no impact on state revenues.

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

Localities utilizing third-party agreements

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

## 11. Other comments:

Under current law, local treasurers are authorized to enter into agreements with third parties in order to enable the third parties to assume payment of a taxpayer's outstanding tax bill, including the local taxes, charges, fees, delinquent taxes, penalties, interest, and other obligations due and owing the locality. Under these agreements, the taxpayer must subsequently reimburse the third party in installments over a maximum period of twenty-four months. The third party is authorized to charge the taxpayer interest and fees.

If the third party can demonstrate that a good-faith effort to collect payment from the taxpayer was made, and that the taxpayer is more than thirty days delinquent in his obligations to the third party, the third party is entitled to a refund from the locality for any funds, exclusive of interest and fees, owed to the third party. Once the locality reimburses the third party, the amount of the reimbursement must be recorded in the tax rolls of the locality as delinquent taxes, and the taxpayer must be notified within five days of reinstatement. If the taxpayer fails to remit full payment by the ordinary due date, the treasurer may apply penalties and interest.

### Proposal

This bill would extend the maximum length of time during which a taxpayer may reimburse a third party for the local taxes, charges, fees, and other obligations that were assumed by the third party under a third-party tax payment agreement to allow for a period of installment payments over eight years.

The effective date of this bill is not specified.

cc : Secretary of Finance

Date: 2/13/2015 KP  
DLAS File Name: HB 1489F161