

# DEPARTMENT OF TAXATION

## 2015 Fiscal Impact Statement

1. **Patron** Robert D. Orrock, Sr.

2. **Bill Number** HB 1567

3. **Committee** Senate Finance

**House of Origin:**

           **Introduced**

           **Substitute**

           **Engrossed**

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

**Second House:**

  X   **In Committee**

           **Substitute**

           **Enrolled**

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

This bill would allow a suit for the judicial sale of tax-delinquent real property located in multiple jurisdictions to be brought in one locality, provided: 1) the taxes are delinquent in each such jurisdiction for not less than the minimum periods established by statute; and 2) the treasurers in each jurisdiction consent. The bill would also outline the information that must be identified in the suit, required publications, and notices, as well as the procedures that must be followed once the property has been sold.

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 may sell the real estate in order to collect the delinquent taxes on the property. Localities may sell property that has been declared blighted and property with an assessed value of \$100,000 according to a different schedule. In any such case, the judicial proceedings must be filed in the circuit court of the county or city in which the tax-delinquent real estate is located.

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 reduce the administrative costs associated with bringing suit for the sale of tax-delinquent real property. As such, the bill has the potential to increase revenues in those localities. This bill would have no impact on state revenues.

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

Localities utilizing judicial sales to collect delinquent taxes

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

## 11. Other comments:

### Generally

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. Judicial proceedings must be filed in the circuit court of the county or city in which the tax-delinquent real estate is located in order to subject the real estate to a lien for delinquent taxes.

Prior to instituting any judicial sale, localities must provide at least 30 days' 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 mortgage. Localities must also publish a list of real estate which will be offered for sale in a generally circulated newspaper in the locality at least 30 days prior to the commencement of the judicial proceedings. 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, interests, and costs, and in some instances, are permitted to set up installment payment agreements with the local treasurer for a maximum period of 36 months.

### Proposal

This bill would allow a suit for the judicial sale of tax-delinquent real property located in multiple jurisdictions to be brought in one locality, provided: 1) the taxes are delinquent in each such jurisdiction for not less than the minimum periods established by statute; and 2) the treasurers in each jurisdiction consent.

Under the terms of the bill, the taxes, penalties, interest and other charges due for each jurisdiction would need to be identified in the suit. In addition, the newspaper publications and party notices would need to specify each of the jurisdictions in which the property is situated. Once the property is sold, the bill would require: 1) that the order confirming the sale provide for the payment of taxes, penalties, interest, and other charges to each jurisdiction; and 2) that copies of the order confirming the sale and the deed conveying the property to the purchaser be recorded among the land records of the circuit court clerk for each jurisdiction within which the property is situated.

The effective date of this bill is not specified.

### Similar Legislation

**House Bill 1711** clarifies 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 meets the requirements for a nonjudicial sale.

**House Bill 2173** would authorize any locality to waive delinquent taxes on real property in exchange for the owner's donating the property to Habitat for Humanity or a similar nonprofit organization.

cc : Secretary of Finance

Date: 2/9/2015 KP  
DLAS File Name: HB1567F161