

**DEPARTMENT OF TAXATION
2017 Fiscal Impact Statement**

1. **Patron** Daniel W. Marshall, III
3. **Committee** House Courts of Justice
4. **Title** Recordation of Deeds; City of Danville

2. **Bill Number** HB 1699
House of Origin:
 X **Introduced**
 Substitute
 Engrossed
- Second House:**
 In Committee
 Substitute
 Enrolled

5. Summary/Purpose:

This bill would authorize the City of Danville to enact an ordinance authorizing a pilot project providing that the clerk shall not record any deed with an assessed value of \$50,000 or less unless the city director of finance certifies that there are no liens against the property for unpaid taxes, fines, or other charges that rank on a parity with liens for unpaid taxes owed to the City of Danville. The pilot project would not apply to deeds of trust, deeds of easement, deeds in which a public service company, railroad, or cable system operator is either a grantor or grantee, deeds prepared under the supervision of the Office of the Attorney General, deeds conveying property to the Danville Redevelopment and Housing Authority, and deeds conveying real property to satisfy liens or delinquent taxes.

The City of Danville would be required to make a written report to the Virginia Housing Commission on or before May 31, 2020, if the pilot project is established. The provisions of the bill would expire on July 1, 2021.

The effective date of this bill is not specified.

6. **Budget amendment necessary:** No.
7. **No Fiscal Impact.** (See Line 8.)
8. **Fiscal implications:**

Administrative Costs

The administrative costs for the City of Danville to implement the pilot project set forth in this bill is unknown.

Revenue Impact

To the extent that requiring the city director of finance to certify that there are no liens against certain parcels of property prior to the clerk recording the deed would facilitate the

collection of delinquent taxes, this bill would have an unknown positive impact to the City of Danville. This bill would have no impact on state revenues.

9. Specific agency or political subdivisions affected:

City of Danville

10. Technical amendment necessary: No.

11. Other comments:

Generally

Any tax or levy assessed on real estate constitutes a lien against such property which must be paid before other liens or judgments. 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.

Proposal

This bill would authorize the City of Danville to enact an ordinance authorizing a pilot project providing that the clerk shall not record any deed with an assessed value of \$50,000 or less unless the city director of finance certifies that there are no liens against the property for unpaid taxes, fines, or other charges that rank on a parity with liens for unpaid taxes owed to the City of Danville. The pilot project would not apply to deeds of trust, deeds of easement, deeds in which a public service company, railroad, or cable system operator is either a grantor or grantee, deeds prepared under the supervision of the Office of the Attorney General, deeds conveying property to the Danville Redevelopment and Housing Authority, and deeds conveying real property to satisfy liens or delinquent taxes.

The City of Danville would be required to make a written report to the Virginia Housing Commission on or before May 31, 2020, if the pilot project is established. The provisions of the bill would expire on July 1, 2021. The bill is a recommendation of the Virginia Housing Commission.

The effective date of this bill is not specified.

cc : Secretary of Finance

Date: 1/22/2017 AM
DLAS File Name: HB1699F161