

# DEPARTMENT OF TAXATION

## 2019 Fiscal Impact Statement

1. **Patron** Les R. Adams

3. **Committee** House Finance

4. **Title** Real Estate with Delinquent Taxes or Liens;  
Appointment of Special Commissioner; City  
of Martinsville

2. **Bill Number** HB 2405

**House of Origin:**

  X   **Introduced**

       **Substitute**

       **Engrossed**

**Second House:**

       **In Committee**

       **Substitute**

       **Enrolled**

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

This bill would add the city of Martinsville to the list of cities that are authorized to have a special commissioner convey tax-delinquent real estate to the locality in lieu of a public sale at auction when the property has an assessed value that falls below certain specified amounts, and the percentage of taxes and other liens, together with penalty and accumulated interest or the percentage of taxes alone exceeds certain amounts.

Under current law, the Cities of Norfolk, Richmond, Hopewell, Newport News, Petersburg, Fredericksburg, and Hampton are authorized to have a special commissioner convey real estate in lieu of a public sale at auction when: 1) the tax-delinquent property has an assessed value of \$50,000 or less; and 2) the percentage of taxes and other liens, together with penalty and accumulated interest exceeds 35 percent of the assessed value of the parcel or the percentage of taxes alone exceeds 15 percent of the assessed value of the parcel. The special commissioner may also convey real estate to the specified cities when: 1) the tax-delinquent property has an assessed value of \$100,000 or less; 2) the percentage of taxes and other liens, together with penalty and accumulated interest exceeds 20 percent of the assessed value of the parcel or the percentage of taxes alone exceeds 10 percent of the parcel's assessed value; 3) the property is unoccupied; and 4) the locality contracts to sell the parcel to a nonprofit organization that will renovate or construct a single-family dwelling on the parcel for sale as a residence for a person whose income falls below the area median income.

If enacted during the 2019 Regular Session of the General Assembly, this bill would become effective July 1, 2019.

6. **Budget amendment necessary:** No

7. **Fiscal Impact Estimates are:** Not available. (See Line 8.)

## **8. Fiscal implications:**

### Administrative Costs

This bill could have an unknown effect on local administrative costs. It would have no impact on state administrative costs.

### Revenue Impact

This bill could have an unknown impact on local revenues. It would have no impact on state revenue.

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

City of Martinsville

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

## **11. Other comments:**

Localities have a broad array of tools to collect taxes and liens including collection from the taxpayer's bank account, wages, or income tax refunds, suits against the taxpayer personally, and sale of the real estate to which the tax lien has attached.

Currently, a locality may also seek to convey a parcel or parcels of real estate to the locality instead of selling the property at public auction if (i) each parcel has delinquent real estate taxes or the locality has a lien against the parcel for removal, repair or securing of a building or structure; removal of trash, garbage, refuse, litter; or the cutting of grass, weeds or other foreign growth, (ii) each parcel has an assessed value of \$50,000 or less, and (iii) such taxes and liens, together, including penalty and accumulated interest, exceed 50 percent of the assessed value of the parcel or such taxes alone exceed 25 percent of the assessed value of the parcel.

The Cities of Norfolk, Richmond, Hopewell, Newport News, Petersburg, Fredericksburg, and Hampton are authorized to have a special commissioner convey real estate in lieu of a public sale at auction when: 1) the tax-delinquent property has an assessed value of \$50,000 or less; and 2) the percentage of taxes and other liens, together with penalty and accumulated interest exceeds 35 percent of the assessed value of the parcel or the percentage of taxes alone exceeds 15 percent of the assessed value of the parcel. The special commissioner may also convey real estate to the specified cities when: 1) the tax-delinquent property has an assessed value of \$100,000 or less; 2) the percentage of taxes and other liens, together with penalty and accumulated interest exceeds 20 percent of the assessed value of the parcel or the percentage of taxes alone exceeds 10 percent of the parcel's assessed value; 3) the property is unoccupied; and 4) the locality contracts to sell the parcel to a nonprofit organization that will renovate or construct a single-family dwelling on the parcel for sale as a residence for a person whose income falls below the area median income

To convey a parcel or parcels of real estate to the locality, the locality must petition the circuit court to appoint a special commissioner to execute the necessary deed or deeds to complete the conveyance.

### Proposal

This bill would add the city of Martinsville to the list of cities that currently consists of Norfolk, Richmond, Hopewell, Newport News, Petersburg, Fredericksburg, and Hampton that are authorized to have a special commissioner convey tax-delinquent real estate to the locality in lieu of a public sale at auction when the tax-delinquent property has an assessed value of \$50,000 or less; and the percentage of taxes and other liens, together with penalty and accumulated interest exceeds 35 percent of the assessed value of the parcel or the percentage of taxes alone exceeds 15 percent of the assessed value of the parcel. The special commissioner may also convey real estate to the specified cities when the tax-delinquent property has an assessed value of \$100,000 or less; the percentage of taxes and other liens, together with penalty and accumulated interest exceeds 20 percent of the assessed value of the parcel or the percentage of taxes alone exceeds 10 percent of the parcel's assessed value; the property is unoccupied; and the locality contracts to sell the parcel to a nonprofit organization that will renovate or construct a single-family dwelling on the parcel for sale as a residence for a person whose income falls below the area median income

If enacted during the 2019 Regular Session of the General Assembly, this bill would become effective July 1, 2019.

### Similar Legislation

**House Bill 2060** would increase the assessed value of a parcel of land that could be subject to appointment of a special commissioner to convey the real estate to a locality as a result of unpaid real property taxes or liens from \$100,000 to \$150,000 in Norfolk, Richmond, Hopewell, Newport News, Petersburg, Fredericksburg, and Hampton and from \$50,000 to \$75,000 in all other localities.

cc : Secretary of Finance

Date: 1/15/2019 SK  
HB2405F161