

**DEPARTMENT OF TAXATION  
2021 Fiscal Impact Statement**

1. **Patron** Patrick A. Hope

3. **Committee** House Finance

4. **Title** Tax delinquent property; sale of land for delinquent taxes

2. **Bill Number** HB 2165

**House of Origin:**

  X   **Introduced**

       **Substitute**

       **Engrossed**

**Second House:**

       **In Committee**

       **Substitute**

       **Enrolled**

**5. Summary/Purpose:**

This bill would extend to 60 months the time period for which a local tax official may suspend an action for the sale of tax delinquent property. The bill would also authorize an official to suspend an action for sale if a person not a party to the action gives notice asserting ownership rights in the subject property via testate or intestate succession. If a court determines such person has ownership rights in the property, such person would be allowed to enter into an installment plan to pay the delinquent taxes over a reasonable period of time not to exceed 60 months.

The bill also provides that a final court order confirming the sale of tax delinquent property shall not be entered sooner than the later of (i) 90 days after the official gives notice of the action, or (ii) 90 days after the official receives notice from a person not a party to the action asserting ownership rights.

Under current law, local tax officials may suspend an action for the sale of tax delinquent property for up to 36 months if the taxpayer enters into an agreement to pay the delinquent taxes in installments within those 36 months.

If enacted during the Regular Session of the 2021 General Assembly, this bill would become effective July 1, 2021.

6. **Budget amendment necessary:** No.

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

**8. Fiscal implications:**

Administrative Costs

This bill may have an unknown impact on local administrative costs. This bill would have no impact on state administrative costs.

## Revenue Impact

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

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

All localities

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

### **11. Other comments:**

#### Current Law

Current law provides that, when any taxes on any real estate in a locality are delinquent on December 31 following the second anniversary of the date on which such taxes have become due, the property may be sold for the purpose of collecting all delinquent taxes on such property, or, in the case of real property upon which is situated (i) any structure that has been condemned by the local building official pursuant to applicable law or ordinance; (ii) any nuisance; (iii) any derelict building; or (iv) any property that has been declared to be blighted as the term is defined in state law, the first anniversary of the date on which such taxes have become due.

Local officials are currently empowered to suspend an action for sale of tax delinquent properties for up to 36 months if the owner of the land agrees to enter into an installment agreement to pay the delinquent taxes within that 36-month period. The locality must secure the installment agreement with a lien on the property.

#### Proposal

This bill would extend to 60 months the time period for which a local tax official may suspend an action for the sale of tax delinquent property. The bill would also authorize an official to suspend an action for sale if a person not a party to the action gives notice asserting ownership rights in the subject property via testate or intestate succession. If a court determines such person has ownership rights in the property, such person would be allowed to enter into an installment plan to pay the delinquent taxes over a reasonable period of time not to exceed 60 months.

The bill also provides that a final court order confirming the sale of tax delinquent property shall not be entered sooner than the later of (i) 90 days after the official gives notice of the action, or (ii) 90 days after the official receives notice from a person not a party to the action asserting ownership rights.

If enacted during the Regular Session of the 2021 General Assembly, this bill would become effective July 1, 2021

## Similar Legislation

**House Bill 1969** would provide that localities with a fiscal stress index score of 100 or higher may classify blighted or derelict properties as a separate class of taxable property and assess such property at a higher rate, and sell delinquent tax lands six-months after the locality has incurred abatement costs for condemned or derelict buildings on the property. The bill would also add these localities to the list of localities that have different requirements for appointment of a special commissioner appointed to convey tax-delinquent real estate in lieu of public sale at auction.

**House Bill 2052** would require that where a locality has established land banks, those land banks be offered, prior to public sale at auction, the right of first refusal for tax delinquent parcels where the value of such parcel does not exceed 80 percent of the median value of parcels in the locality. The bill would also provide that if the land bank fails to begin rehabilitation of the purchased property within one year, the land would revert back to the locality.

cc : Secretary of Finance

Date: 1/17/2021 VB  
HB2165F161