

# DEPARTMENT OF TAXATION

## 2023 Fiscal Impact Statement

1. **Patron** Jeffrey M. Bourne

3. **Committee** House Finance

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

2. **Bill Number** HB 2110

**House of Origin:**

X **Introduced**

       **Substitute**

       **Engrossed**

**Second House:**

       **In Committee**

       **Substitute**

       **Enrolled**

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

This bill would extend to 72 months the time period for which a local tax official may suspend an action for the sale of tax delinquent property upon entering into an agreement with the owner of the property for the full payment of the delinquent amounts in installments within that period.

This bill would also allow the owner of real estate sold due to tax delinquency to redeem such real estate within 365 days after the judicial sale by making payment to the purchaser in the amount paid by the purchaser, plus the amount of taxes, penalties, interest, and other charges due to a locality and incurred by the purchaser after the judicial sale, plus interest thereon at the rate of six percent per year.

Under current law, local tax officials may suspend an action for the sale of tax delinquent property for up to 60 months if the taxpayer enters into an agreement to pay the delinquent taxes in installments within those 60 months. Owners of tax delinquent real estate are currently permitted to redeem the land only prior to the date of judicial sale.

If enacted during the regular session of the 2023 General Assembly, this bill would become effective July 1, 2023.

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.

Beginning July 1, 2021, local officials are empowered to suspend an action for sale of tax delinquent properties for up to 60 months if the owner of the land agrees to enter into an installment agreement to pay the delinquent taxes within that 60-month period. The locality must secure the installment agreement with a lien on the property. Prior to July 1, 2021, this time period for repayment was 36-months.

Current law also provides that owners of tax delinquent real estate may redeem the real estate prior to judicial sale by paying into court all taxes, penalties, and interest due both on the property and otherwise to the town or taxing authority, plus all costs including costs of publication and a reasonable attorney fee set by the court.

#### Proposal

This bill would extend to 72 months the time period for which a local tax official may suspend an action for the sale of tax delinquent property upon entering into an agreement with the owner of the property for the full payment of the delinquent amounts in installments within that period.

This bill would also allow the owner of real estate sold due to tax delinquency to redeem such real estate within 365 days after the judicial sale by making payment to the purchaser in the amount paid by the purchaser, plus the amount of taxes, penalties, interest, and other charges due to a locality and incurred by the purchaser after the judicial sale, plus interest thereon at the rate of six percent per year.

If enacted during the regular session of the 2023 General Assembly, this bill would become effective July 1, 2023

cc : Secretary of Finance

Date: 1/21/2023 VB  
HB2110F161