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FISCAL IMPACT STATEMENT

LS 6545
BILL NUMBER: SB 204

NOTE PREPARED: Dec 15, 2004
BILL AMENDED:

SUBJECT: Property Tax Liens in Tax Allocation Areas.

FIRST AUTHOR: Sen. Dillon
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill indicates which property of a taxpayer is subject to a property tax lien to secure the taxpayer's payment obligations to protect the bond or lease obligations of a redevelopment commission in an allocation area. It specifies the effective date of the lien.

The bill permits enforcement in the same manner that a lien for property taxes is enforced with respect to the obligations to which a taxpayer agrees after June 30, 2005, regardless of whether the agreement provides for a lien, except that the lien is inferior to a first mortgage lien.

Effective Date: July 1, 2005.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: Under current law, a redevelopment commission may enter into an agreement with a taxpayer in a TIF area that guarantees or secures the commission's debt obligations. If the agreement provides for a property tax lien, the lien attaches to the taxpayer's real property on the assessment date.

Under the proposal, for agreements entered into beginning on July 1, 2005, a lien would attach to the taxpayer's

property whether or not the agreement provides for a lien. If the agreement provides for a lien, it will attach as specified in the agreement. If the agreement does not specifically provide for a lien, a lien will attach to both the taxpayer's real and business personal property (if the personal property was tiffed) within the TIF area on the date of the agreement. No further action would be required of the redevelopment commission to attach the lien unless specified in the agreement.

Additionally, for agreements entered into before July 1, 2005, if the agreement provides for a lien but does not specify the property to which it attaches or the date on which it attaches, the lien would attach to both real and business personal property (if the personal property was tiffed) on the date of the agreement.

The bill would clarify the property to which a lien attaches and the date on which it attaches. It would also ensure that a lien would attach to the taxpayer's property if an agreement to secure a redevelopment commission's debt is entered into, even if lien language is omitted from the agreement. Property tax liens are for taxes, penalties, and costs and continue for 10 years from the original due date. Property tax liens are superior to all other liens. A property tax lien could provide a redevelopment commission with more leverage to collect taxes that are due from a delinquent taxpayer within a TIF district.

State Agencies Affected:

Local Agencies Affected: Local redevelopment commissions.

Information Sources:

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