

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6976
BILL NUMBER: SB 341

NOTE PREPARED: Jan 7, 2006
BILL AMENDED:

SUBJECT: Tax sales and redevelopment.

FIRST AUTHOR: Sen. Wyss
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: The bill requires notice of a tax sale to be mailed via certified mail, return receipt requested. It deletes the \$25 limit on postage and publication costs that can be included in the minimum bid amount. It provides for the certification for tax sale of real property for which any property taxes or special assessments are delinquent from the prior year's fall installment (rather than the spring installment, under current law). It also allows all counties to use a provision that currently allows only Marion County to designate certain delinquent properties for acquisition. It prohibits persons who have violated the unsafe building law from bidding at tax sales. The bill provides that a sale to an ineligible bidder is subject to forfeiture, based on the determination of the county treasurer. It provides that in the event of forfeiture, the amount of the bid will be applied to the amounts owed by the ineligible bidder and a certificate for the property shall be issued to the county executive. It repeals a provision authorizing a second tax sale. It also provides that property not sold at the single tax sale shall be transferred to the county executive (or the metropolitan development commission, in the case of Marion County). It replaces the term "county commissioners" with "county executive" in the tax sale statutes.

The bill increases the interest rate on delinquent tax payments made by mortgagees from 6% to 10% (the same rate applicable to tax sale purchasers). It provides that liens for special assessments have the same priority status as liens for property taxes. The bill allows the county executive or metropolitan development commission to hold, manage, maintain, use, convey, or dispose for any redevelopment purposes those properties not sold for the minimum bid. It gives redevelopment commissions and the metropolitan redevelopment commission additional powers concerning the disposition of tax sale properties.

It provides that if a county executive disposes of real property, the property taxes collected for each item of

the real property for the following five years shall be disbursed as follows: (1) 50% in the same manner and in the same proportions as property taxes are disbursed. (2) 50% to the county executive that sold or otherwise conveyed the parcel. The bill provides that the disbursements to the county executive must be deposited in the unsafe building fund.

It allows amounts deposited in the tax sale surplus fund to be transferred to the redevelopment fund, the unsafe building fund, or the housing trust fund. It allows a hearing authority under the unsafe building law to impose fines and additional civil penalties under certain circumstances.

The bill allows the civil penalties and fines to be collected under the special assessment procedures. It increases the amount of a civil penalty that may be imposed by a court under the unsafe building law from \$1,000 to \$5,000. It also allows a court to require a performance bond from a property owner if the property owner requests additional time to comply with an order under the unsafe building law. It amends the notice requirements for certain actions under the unsafe building law.

Effective Date: July 1, 2006.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: Certain provisions of the bill could increase administrative costs by an indeterminable amount. However, it is presumed that local units will be able to cover any additional costs given their existing resources.

The bill also provides that if a county executive disposes of real property, the property taxes collected for each item of the real property for the following five years shall be disbursed as follows: 50% in the same manner and in the same proportions as property taxes are disbursed, and 50% to the county executive that sold or otherwise conveyed the parcel. It provides that the disbursements to the county executive must be deposited in the unsafe building fund. The bill also allows amounts deposited in the tax sale surplus fund to be transferred to the redevelopment fund, the unsafe building fund, or the housing trust fund. These provisions may result in expanded uses of the revenues generated.

Explanation of Local Revenues: The bill increases the interest rate on delinquent tax payments made by mortgagees from 6% to 10%. It allows a hearing authority under the Unsafe Building Law to impose fines and additional civil penalties under certain circumstances. The bill allows the civil penalties and fines to be collected under the special assessment procedures. The bill increases the amount of a civil penalty that may be imposed by a court under the unsafe building law from \$1,000 to \$5,000. Certain provisions of the bill may allow for additional revenue to be generated from tax sales. The above provisions may increase revenues to local units. The specific impact is indeterminable.

State Agencies Affected:

Local Agencies Affected: All.

Information Sources:

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