

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6976

BILL NUMBER: SB 341

NOTE PREPARED: Feb 2, 2006

BILL AMENDED: Jan 26, 2006

SUBJECT: Tax sales and redevelopment.

FIRST AUTHOR: Sen. Wyss

FIRST SPONSOR: Rep. Buck

BILL STATUS: As Passed Senate

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: (Amended) *Tax Sales:* This bill deletes the \$25 limit on postage and publication costs that can be included in the minimum bid amount and provides that the price of property sold at a tax sale includes the greater of \$25 or the amount of the postage and publication costs. It replaces the term "county commissioners" with "county executive" in the tax sale statutes. It provides that if a county executive disposes of real property, the property taxes collected for the real property in the first year the real property is subject to taxation after the year the real property is sold or otherwise conveyed shall be disbursed to the county executive that sold or otherwise conveyed the real property. It provides that the disbursements to the county executive must be deposited in the county general fund, the redevelopment fund, the unsafe building fund, or the housing trust fund. It also specifies that this disbursement to the county executive terminates in the second year the item of real property is subject to taxation.

Unsafe Premises: The bill requires certain orders under the Unsafe Building Law to also be served on persons having a present possessory interest in the premises. It specifies that a person with a property interest in an unsafe premises who does not (1) record an instrument reflecting the interest; or (2) provide to the enforcement authority the person's name and address, and the location of the unsafe premises; is deemed to consent to reasonable action taken under the Unsafe Building Law for which notice would be required and relinquishes a claim to notice. It prohibits persons who have violated the Unsafe Building Law from bidding at tax sales. It allows a hearing authority under the Unsafe Building Law to impose fines and additional civil penalties under certain circumstances. It also 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. The bill provides that a hearing authority under the unsafe building law may impose additional civil penalties if the hearing authority finds that: (1) significant work on the premises to comply with the original order has not been accomplished; and (2) the premises have a negative

effect on property values or the quality of life of the surrounding area or the premises require the provision of services by local government in excess of the services required by ordinary properties. The bill 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.

Special Assessments: This bill also provides that liens for special assessments have the same priority status as liens for property taxes. It allows the civil penalties and fines to be collected under the special assessment procedures.

Delinquent Tax Payments: The bill also increases the interest rate on delinquent tax payments made by mortgagees from 6% to 10% (the same rate applicable to tax sale purchasers). It also 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 allows all counties to use a provision that currently allows only Marion County to designate certain delinquent properties for acquisition.

Forfeiture: It also 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. The bill provides that in the case of a tax sale purchase that may be forfeited because the purchaser owes delinquent taxes or assessments, the county treasurer must notify the person in writing that the sale is subject to forfeiture if the person does not pay the amounts that the person owes within 30 days of the notice.

No Second Tax Sales: It repeals a provision authorizing a second tax sale. It 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).

Redevelopment: 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. The bill gives redevelopment commissions and the metropolitan redevelopment commission additional powers concerning the disposition of tax sale properties.

Effective Date: (Amended) July 1, 2006; January 1, 2007.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) 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.

It provides that if a county executive disposes of real property, the property taxes collected for the real property in the first year the real property is subject to taxation after the year the real property is sold or otherwise conveyed shall be disbursed to the county executive that sold or otherwise conveyed the real property. Disbursements to the county executive must be deposited in the county general fund, the redevelopment fund,

the unsafe building fund, or the housing trust fund. It also specifies that this disbursement to the county executive terminates in the second year the item of real property is subject to taxation. These provisions may result in expanded uses of the revenues generated.

Explanation of Local Revenues: (Revised) 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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