

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6322

BILL NUMBER: SB 219

NOTE PREPARED: Dec 2, 2006

BILL AMENDED:

SUBJECT: Use of Licensed Auctioneer For Tax Sales.

FIRST AUTHOR: Sen. Kruse

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill requires that the sale of real property for delinquent property taxes or under a tax warrant be conducted by a licensed auctioneer.

Effective Date: July 1, 2007.

Explanation of State Expenditures:

Explanation of State Revenues: According to current law, a county sheriff *may* engage an auctioneer to sell property in order to collect a judgement arising from a tax warrant. This bill would *require* the sheriff to engage an auctioneer for the sale of **real** property under a tax warrant. The bill would still allow the sheriff the option to engage an auctioneer for the sale of property other than real property.

After a tax sale where a county sheriff engages an auctioneer, the auctioneer is to be paid from the gross proceeds of the sale before other expenses and the judgement are paid. The net proceeds are then used to pay respective portions to the Department of State Revenue, the county treasurer and the clerk of the circuit or superior court, and the sheriff's collection fee of 10%. The sheriff's collection fee is then deposited in the county's general fund if the sheriff has entered into a salary contract with the county.

When an auctioneer is engaged for a sheriff's tax sale, the net proceeds could either increase or decrease depending on the sale price the auctioneer is able to bring for each piece of personal property. The fiscal impact of this provision of the bill is indeterminable.

The State Department of Revenue reports that as of November 27, 2006, 52,235 sheriff's warrants were outstanding and worth approximately \$51,096,104. These funds are distributed in dedicated accounts and the state General Fund, depending on the type of tax warrant issued.

Explanation of Local Expenditures:

Explanation of Local Revenues: This bill also requires county treasurers to contract with an auctioneer to sell real property when it is delinquent in taxes or special assessments. This bill makes it explicit that the expenses incurred by the county to contract an auctioneer are considered an actual cost to be included in the sale price of the property. Current statute also considers this expense as part of the sale price as it provides that a county may not sell the property for an amount that is less than the:

- delinquent taxes and special assessments;
- taxes and special assessments due on the property in the year of the sale;
- penalties due on the delinquencies;
- costs incurred by the county due to the sale;
- unpaid costs due from a prior tax sale; and
- other reasonable collection expenses.

The fiscal impact to the county when it contracts with an auctioneer would also be dependent on the sale price the auctioneer can bring for a piece of property and whether that price increases or decreases the net proceeds of the sale.

At least 76 of the 92 counties in Indiana contract with an auctioneer to hold the treasurer's tax sales. At least an additional 4 counties may have in-house resources to hold a tax sale without the help of an auctioneer.

State Agencies Affected: Department of State Revenue.

Local Agencies Affected: County Treasurers.

Information Sources: Joe Edwards, SRI, 842-5818; James Chandler, Department of State Revenue, 232-2162.

Fiscal Analyst: Chris Baker, 317-232-9851.