



**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**

Fiscal Note On: **HB 871** HLS 24RS 1694  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.: **REVISED**

**Date:** April 12, 2024 5:10 PM **Author:** HENRY, CHANCE  
**Dept./Agy.:** Local ad valorem taxing jurisdictions **Analyst:** Deborah Vivien  
**Subject:** Changes to ad valorem tax sale, enforcement and notice

TAX/AD VALOREM TAX OR SEE FISC NOTE LF RV See Note Page 1 of 1  
 Provides for procedures for the collection of delinquent ad valorem taxes and statutory impositions, tax auctions, tax auction certificates, and the redemption of certain property  
Current law provides for provisions regarding sales of property to satisfy delinquent ad valorem tax debt, including interest, penalties, liens, titles, notifications, enforcement, among other issues.

Proposed law includes numerous amendments and repeals to the language regarding ad valorem tax sales, including but not limited to renaming sales as auctions, securing tax auctions with a lien in the amount of statutory impositions instead of property title, increasing interest from 1% to 1.25% per month and the penalty from 5% to 6%, tempering notification procedures regarding actions during delinquency, disposal of equity proceeds after judicial sale and foreclosure guidelines with mandatory judgment of seizure and sale.

EXPENDITURES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<b>SEE BELOW</b>					

**Annual Total**

REVENUES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<b>SEE BELOW</b>					

**Annual Total**

**EXPENDITURE EXPLANATION**

The expenditure impact to local taxing jurisdictions in regard to this bill is indeterminate. The LFO has been in communication with multiple associations and agencies representing local governmental entities. To this point, many have been either non-responsive or unable to predict specific fiscal impacts that may result from adoption of the provisions included in the bill. Due to less binding notification requirements and a documentary obligation that appears to be similar to existing law, it seems likely that local taxing jurisdictions will have a minimal impact to administrative burdens.

**REVENUE EXPLANATION**

The revenue impact to local taxing jurisdictions in regard to this bill is indeterminate. The LFO has been in communication with multiple associations and agencies representing local governmental entities. To this point, many have been either non-responsive or unable to predict specific fiscal impacts that may result from adoption of the provisions included in the bill.

It is not clear if changing the tax sale security from title to lien with foreclosure requirements would shift marketability, though a more direct path to a clear title may be a consideration. However, the bill also increases interest from 1% to 1.25% per month and penalty from 5% to 6%, which may make the lien investment more attractive but would also be payable by the property owner at redemption. If the political subdivision with delinquent debt deems the property blighted, abandoned or in violation of property standards, the tax auction purchaser may alter or repair the property up to standard and add the expense as a statutory imposition owed by the property owner.

Should property not be redeemed during the redemptive period, which remains at 3 years, the tax auction purchaser would have 7 years to begin foreclosure proceedings, in which the court shall find for seizure and sale of the property. Any equity proceeds from the sale, which are sale proceeds in excess of that owed, are to be deposited to the registry of the court and, if not claimed by the debtor within 18 months, disbursed to the tax auction purchaser. Currently, these funds remain within the registry of the court indefinitely unless the court orders a transfer to the state treasury as unclaimed property.

LFO makes no determination whether any component of the law will lead to a change in redemption patterns beyond those currently experienced. However, any recipient of ad valorem taxes including those with direct millages or those with dedicated funds initiated from ad valorem taxes may be impacted positively or negatively by portions of the bill.

Senate Dual Referral Rules  
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}  
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House  
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}  
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

*Alan M. Boxberger*  
 Alan M. Boxberger  
 Legislative Fiscal Officer