Louisiana Legislative Fiscal Office Fiscal Notes	LEGISLATIVE FISCAL (Fiscal Note						
Office		Fiscal Note On:	SB	505	SLS	24RS	1877
Fiscal Notes		Bill Text Version:	REEN	IGROSS	ED		
		Opp. Chamb. Action:					
And a fame		Proposed Amd.:					
		Sub. Bill For.:	SB	393			
Date: April 24, 2024	7:03 AM	A	uthor	: MILLEF	λ, G.		
Dept./Agy.: Local ad valorem	taxing jurisdictions						
Subject: Changes to ad val	lorem tax sale enforcement and notice	A	nalyst	: Debora	ah Vivi	en	

Subject: Changes to ad valorem tax sale, enforcement and notice

RE SEE FISC NOTE LF RV See Note

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Provides relative to the assessment, payment, and allocation of ad valorem taxes. (See Act)

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 maintains current interest and penalty rates but contains numerous amendments and repeals to the language regarding ad valorem tax sales, including but not limited to securing tax auctions with a lien in the amount of statutory impositions instead of property title with foreclosure to recoup, allowing bidding down of interest, declaring unclaimed excess proceeds, after appraisal, as unclaimed property of the debtor, allowing tax bill to remain in the name of the debtor and prohibits automated (bot) bidding. The bill applies to tax periods that begin on or after January 1, 2024. The tax lien prescribes after 7 years but filing suit halts prescription. Mandatory notice required 6 months prior to filing enforcement Effective only after enactment and voter approval of SB 119 of 2024 Regular Session on November 5, 2024. action.

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

EXPENDITURE EXPLANATION

TAX/AD VALOREM

The expenditure impact to local taxing jurisdictions in regard to this bill is indeterminate as local governments appear to be grappling with the magnitude of changes in the bill. It is assumed that local taxing jurisdictions can incorporate the changes in the bill as per notifications, nomenclature and tax sale (auction) procedures without the need for significant resources. It is possible that system adjustments with employee training, printing/publication and advertising expenses may be incurred. Should unforeseen expenditures be necessary, additional resources may be requested, presumably as a local appropriation.

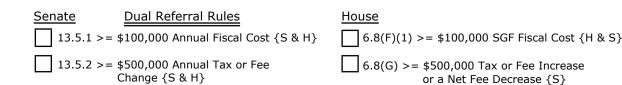
REVENUE EXPLANATION

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, though specific impacts have not yet been submitted as a fiscal note response.

It is not clear if changing the tax sale security from title to lien with foreclosure requirements would shift marketability, and thus local collections, though a more direct path to a clear title may be a consideration. The bill appears to shift the tax sale process toward more sophisticated purchasers willing to undergo foreclosure proceedings with possibly a higher cash flow availability than is necessary under current law. Comparison with the existing tax sale appears to rely on leverage during foreclosure and possibly forfeited claims of excess proceeds to match appreciation of or excess property value under the existing system, though the bill does mandate an appraisal to help the transactional consideration of fair market value.

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 12 months, remanded to the state as unclaimed property of the debtor. Currently, these funds remain within the registry of the court indefinitely unless the court specifically 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, and thus local collections, 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.



Alan M. Bodberger

Alan M. Boxberger Legislative Fiscal Officer