

## RÉSUMÉ DIGEST

ACT 411 (SB 55)

2025 Regular Session

Miller

Existing law defines various terms related to the payment and collection procedure for property tax lien auctions and adjudicated property.

New law modifies the definitions of the terms "acquiring person", "delinquent obligation", "owner", "tax auction party", "tax lien auction", "tax lien certificate", "tax sale certificate", and "termination price". Otherwise, retains definitions provided in existing law.

New law defines the term "face value" of a tax lien certificate as the total amount of the delinquent obligation at the time the tax lien certificate is issued. This shall include the delinquent statutory impositions and any interest and costs accruing prior to the issuance of the tax lien certificate but shall not include any penalty assessed pursuant to existing law.

New law defines the term "tax lien" as the right to receive payment of the delinquent obligation and includes the lien and privilege securing the delinquent obligation pursuant to existing law.

New law defines the term "tax lien certificate holder" as the purchaser of a tax lien and the purchaser's successors or assigns, provided that the tax lien has not been extinguished.

Existing law provides for the termination of a tax lien or a tax lien certificate.

New law changes the terminology from "termination of the tax lien" to "extinguishment of the tax lien" throughout existing law.

Existing law provides for the enforcement of a tax lien certificate.

New law changes the terminology from "tax lien certificate" to "tax lien" throughout existing law.

Existing law requires that any delinquent statutory impositions bear interest from the day after taxes were due until paid and provides for the rate at which interest accrues.

New law specifies that interest continues to accrue until either the statutory impositions are paid, a tax lien certificate is issued for the delinquent obligation on immovable property, or the moveable property is sold pursuant to the provisions of existing law.

Existing law provides for the time and payment of taxes and also details how and when interest and penalties accrue unpaid taxes.

New law requires that a delinquent obligation be secured by a lien and privilege in accordance with the provisions existing law. Further requires that the lien and privilege have priority over all other mortgages, liens, privileges, and other encumbrances.

Existing law allows the exclusion of delinquent obligations related to immovable property encumbered by a tax lien certificate issued to and held by a political subdivision from a tax lien auction at the election of the political subdivision. Further requires the tax collector to file a tax lien certificate in favor of the political subdivision in the mortgage records as soon as practical after being directed to do so by the political subdivision. New law retains existing law.

Existing law requires the tax lien certificate holder to send notice to each tax lien auction party at least 180 days but no more than one year before bringing an action.

New law changes the period of time for sending notice to at least six months but no more than one year before bringing an action; otherwise, retains existing law.

Existing law authorizes a tax lien certificate holder to make necessary repairs that are required to comply with the notice of order. Further authorizes a privilege on the immovable property to the tax lien certificate holder who makes the repairs.

New law stipulates that the privilege arising due to repairs is effective against third persons once the privilege is filed in the mortgage records and is preferred in rank to all other mortgages, privileges, and other rights effective against third persons and otherwise retains existing law.

Existing law prohibits the eviction of a tax debtor who remains the owner and resident of the property subject to a tax lien certificate.

New law provides that the tax lien certificate holder is also prohibited from charging rental or lease payments on the owner of occupants.

Existing law requires a penalty of 5% of the price paid by the acquiring person plus 5% of amounts paid by the tax debtor and provides that the penalty accrues until the property is redeemed.

New law clarifies that the penalty accrues until the property is redeemed, the tax lien is extinguished, or the debtor's interest is terminated.

Existing law provides for the authentication of a sale or donation of property.

New law replaces the terms "authenticate" and "authentication" with the terms "execute" and "execution"; otherwise, retains existing law.

New law requires that a political subdivision in whose favor a tax lien certificate is issued shall cause the certificate to be filed for registry in the mortgage records of the parish in which the property is located.

Existing law treats the availability of certain remedies as implicit and does not include separate rules for adjudicated properties versus tax lien certificates held by political subdivisions.

New law restores prior law rules for adjudicated properties and further explicitly separates the system to dispose of adjudicated properties by converting tax sale title to a tax lien and the disposal of adjudicated properties.

Existing law establishes a process for the sale or donation of adjudicated property.

New law requires that if the sale or donation terminates an interest established by a filing in the conveyance records, then the affidavit of sale or donation must be also filed in the conveyance records; otherwise, retains existing law.

New law provides that immediately following the public sale of immovable property to enforce a tax lien held by a political subdivision and, if applicable, upon the satisfaction of any terms or conditions imposed by the ordinance authorizing the public sale, the political subdivision shall execute in favor of the winning bidder an act of sale. Stipulates that, except as otherwise provided in existing law and new law, the sale shall operate to terminate all interests in the immovable property.

Existing law allows a certificate holder, upon expiration of three years from the recordation of the tax lien certificate or 180 days after providing notice required under existing law, to petition a court seeking recognition of the delinquent obligation and tax lien and privilege.

New law changes the requirement from 180 days after providing notice to six months after providing notice and requires the petition to name each owner of the property as a defendant; otherwise, retains existing law.

Existing law provides procedures for recognition of amounts due under tax lien certificates. Further provides that after a certain time period, the tax lien certificate may only be terminated by the court or the tax lien certificate holder.

New law retains existing law and additionally sets forth actions parties are allowed to take after the six-month period including:

- (1) Filing a motion for judgment recognizing the tax lien and any privilege.

- (2) No longer accepting any attempted termination payments by the tax collector.
- (3) Filing of a contradictory motion for the court to set the termination price by any person holding an interest in the property. Further provides that the court shall enter an order fixing the termination price no later than 30 days after the motion is filed, order the mover to remit the full termination price no more than 30 days after signing of the order by depositing the full termination price into the court registry or delivering the full termination price to the certificate holder, and direct the clerk of court to terminate the tax lien certificate.

New law authorizes the governing body of a political subdivision to donate adjudicated property by ordinance to any person as allowed by existing constitution. Further authorizes the donated property to be used only as allowed by existing constitution.

Existing law, which becomes operative Jan. 1, 2026, provides for procedures and requirements relating to tax lien certificates. Authorizes a political subdivision to adopt ordinances which convert title to adjudicated property it holds into a tax lien certificate issued to the political subdivision. New law retains existing law.

New law adds that for purposes of existing law and new law, adjudicated property may be converted to a tax lien certificate property, and the period of adjudication may be included in the three-year period required for the tax lien certificate. Provides that if the conversion occurs after three years from the recordation of the adjudication, the property may be sold after compliance with the post-tax lien notice requirements provided in existing law.

New law makes technical changes to update and standardize terminology; otherwise, retains existing law.

New law applies to taxable periods beginning on or after Jan. 1, 2026.

Effective Jan. 1, 2026.

(Amends R.S. 47:2122, 2127, 2151, 2153(A),(B)(1)(intro. para.), (C)(1)(a) and (4), and (D), 2154(A) and (C)-(F), 2155, 2156, 2158, 2158.1, 2160, 2162, 2163, 2201-2204, 2206-2209, 2211, the heading of Part V of Ch. 5 of Subtitle III of Title 47 of the La. Revised Statutes of 1950, 2242, 2243(A) and (B), 2244, the heading of 2245 and 2245 (intro. para.), the heading of Subpart B of Part V of Ch. 5 of Subtitle III of Title 47 of the La. Revised Statutes of 1950, 2246, 2247, the heading of Part VI of Ch. 5 of Subtitle III of Title 47 of the La. Revised Statutes of 1950 as amended by §1 of Act No. 774 of the 2024 RS, R.S. 47:2127.1, 2140, 2151.1, 2160.1, 2164, 2207.1, 2241.1, 2266.1(A), (D), and (E), 2267, and 2268 as enacted by §1 of Act No. 774 of the 2024 RS, and the heading of Part III of Ch. 5 of Subtitle III of Title 47 of the La. Revised Statutes of 1950, R.S. 47:2145(E), the heading of Part IV of Ch. 5 of Subtitle III of Title 47 of the La. Revised Statutes of 1950, 2205, the heading of 2027 and (A), (B)(intro. para.), (C)(intro. para.), and (E); adds R.S. 47:2127(E) and 2208(F) of §1 of Act No. 774 of the 2024 RS; repeals R.S. 47:2153.1 as enacted by §1 of Act No. 774 of the 2024 RS)