

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 659** HLS 24RS 427

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

| | | |
|--|---------|--------------------------------|
| Date: April 3, 2024 | 8:50 AM | Author: PHELPS |
| Dept./Agy.: Local Government | | Analyst: Deborah Vivien |
| Subject: Increases penalties for tax sale property provisions | | |

TAX/PROPERTY

EG SEE FISC NOTE LF RV

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Increases certain penalties relative to certain prohibited actions regarding tax sale property

Current law prohibits the eviction, charging of lease or rental payments or placing construction or improvements during the redemptive period for property acquired in a tax sale. Current law authorizes a penalty on the purchaser of 5% of the acquisition price and 5% of any amount paid by the tax debtor residing in the tax sale property for rent or lease payments imposed during the redemptive period, whether property is involved in a tax sale or adjudicated sale. No party is specified to impose, collect or appropriate/distribute any proceeds from the penalties.

Proposed law retains current law and adds the penalty of the forfeiture of any statutory impositions should the property being violated be redeemed within the redemptive period.

| 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

It is not clear how the penalties are imposed, collected or utilized, thus it is not clear where the impacts would accrue. The LFO can find no evidence that these penalties have been imposed or collected under current law or whether this language is interpreted by any collectors to authorize such actions. The bill adds the forfeiture of statutory impositions other than the original tax debt to the amount recoverable by a violating purchaser if the property is redeemed within the redemptive period. It is not clear how or when the tax collector will be legally notified that the purchaser has no right to the statutory impositions upon redemption in order to effectuate the additional penalty in the bill.

According to the LA Sheriff Association 2023 publication on Ad Valorem Tax Collection, "The Collector has no authority to settle disputes arising between the tax sale purchaser and the owner(s) of record. The role of the Collector is to administer, collect and distribute the tax due, conduct tax sales of delinquent properties and to calculate and perform redemptions within the redemptive period as provided by law" (page 23). Without being directly involved in disputes between owner and purchaser, it is not clear how or if the tax collector will be responsible for the appropriate distribution of proceeds from redemptions.

REVENUE EXPLANATION

The bill addresses the forfeiture of statutory impositions by the purchaser if the property under violation is redeemed within the redemptive period. The bill does not cancel the statutory impositions which implies they must be paid upon redemption. It is not clear where the statutory impositions will accrue if the tax collector is somehow notified that the purchaser is no longer entitled to them.

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
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Legislative Fiscal Officer