



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

Fiscal Note On: **SB 504** SLS 24RS 1883  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.: SB 286

**Date:** April 17, 2024 9:14 AM **Author:** LUNEAU  
**Dept./Agy.:** Local ad valorem taxing jurisdictions  
**Subject:** Changes to ad valorem tax sale, enforcement and notice **Analyst:** Deborah Vivien

TAX/AD VALOREM OR SEE FISC NOTE LF RV See Note Page 1 of 1  
 Provides relative to the assessment, payment and collection 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 action. Effective only after enactment and voter approval of SB 119 of 2024 Regular Session on November 5, 2024.

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>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<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>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	

**Annual Total**

**EXPENDITURE EXPLANATION**

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.

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