

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. Senate Bill 174

PRINTER NO. 131

AMOUNT

No Fiscal Impact

FUND

General Fund

DATE INTRODUCED

February 1, 2019

PRIME SPONSOR

Senator Browne

DESCRIPTION AND PURPOSE OF BILL

Senate Bill 174 creates a freestanding act to be known as the Abandoned Property Tax Sale Act to establish a process for declaring properties abandoned and ensuring that the properties, when purchased at tax sale, will be demolished or rehabilitated and returned to productive use.

The legislation defines “abandoned property” as a property on which there is a building that has not been legally occupied for at least the previous 12 months and of which the municipality finds that the building or property meets at least one of the following conditions:

- Is a public nuisance;
- Is in need of substantial rehabilitation and no rehabilitation has taken place during the previous 12 months;
- Is unfit for human habitation, occupancy or use;
- Its condition and vacancy materially increases the risk of fire to the building and to adjacent properties;
- Is subject to unauthorized entry leading to potential health and safety hazards, and the owner has failed to take reasonable and necessary measures to secure the building or the municipality has secured the building in order to prevent the hazards after the owner has failed to do so;
- Is an attractive nuisance to children, including the presence of abandoned wells, shafts, basements, excavation and unsafe structures;
- The presence of vermin or the accumulation of debris, uncut vegetation or physical deterioration of the structure or grounds has created potential health and safety hazards, and the owner has failed to take reasonable and necessary measures to remove the hazards;
- The dilapidated appearance or other condition of the building negatively affects the economic well-being of residents and businesses in close proximity to the building, including decreases in property value and loss of business, and the owner has failed to take reasonable and necessary measures to remedy the conditions; and
- The property is an attractive nuisance for illicit purposes, including prostitution, drug use and vagrancy.

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The term “abandoned property” includes structures if the structures are the only improvements on the property. The term does not include auxiliary structures that are incidental to the main building on the property.

Senate Bill 174 creates a process to remove or transform abandoned, blighted and tax-delinquent property and buildings and place them into productive reuse. At least 60 days prior to the date scheduled for a tax sale, a county shall make public a list of properties to be offered at sale, and a copy of the list shall be provided by the county to the mayor, or comparable municipal official, of a municipality where a property scheduled for sale is located. Within 30 days of receipt of the list, the municipality may notify the county of abandoned properties within the municipality's jurisdiction. No less than 15 days prior to the scheduled tax sale, the county shall make public a revised list to be offered for sale, indicating the abandoned properties.

In addition to any other requirements provided by existing law, the purchaser of an abandoned property under this act shall do the following within 30 days of the sale and prior to the transfer of title:

- Enter into a specified redevelopment agreement with the municipality or redevelopment authority where the property is located obligating the purchaser to redevelop the property in accordance with all municipal codes and officially adopted plans for the geographic area in which the property is located; and
- Post a bond to ensure compliance with the redevelopment agreement, naming the municipality or redevelopment authority as the beneficiary.

If a municipality or redevelopment authority determines that demolition of a building is appropriate, the purchaser may demolish instead of redeveloping the property.

This act shall take effect in 90 days.

FISCAL IMPACT:

Senate Bill 174 will have no adverse fiscal impact on Commonwealth or local funds.

The legislation provides a process whereby abandoned properties, when purchased at tax sale, will be either demolished or rehabilitated and returned to productive use. As such, Senate Bill 174 provides an opportunity for communities to modernize, revitalize and grow, which may provide increased local tax revenues by improving the local economy and moving abandoned property back onto the tax rolls.