Peter A. Cooper *Legislative Service Commission*

H.B. 533

123rd General Assembly
(As Introduced)

Reps. D. Miller, DePiero, Redfern, Grendell, Allen, Patton, Flannery

BILL SUMMARY

- Eliminates the three-year time limit within which the holder of a tax certificate must seek foreclosure (tax certificates represent delinquent real property tax liens transferred to private parties, giving the certificate holder the right to receive any taxes that eventually are collected through foreclosure).

CONTENT AND OPERATION

Delinquent tax certificates--background and current law

(secs. 5721.30 to 5721.41)

In counties with a population of at least 200,000, county treasurers have the option to sell their tax liens through the sale of "tax certificates." The certificates may be sold at auction or, in counties with a population of at least 1.4 million, by a negotiated sale (i.e., a private sale negotiated between the county treasurer and another party). These certificates represent an interest in the proceeds from any foreclosure sale, plus interest and other amounts tendered by the certificate holder. The interest cannot exceed 18% annually. Any number of certificates may be sold in groups or "blocks" rather than individually. Certificates are transferable among persons (except to the property owner). Several certificates may be sold with respect to a single property, each representing a claim on the tax lien for different years. Between one and three years after a certificate is sold, the certificate holder may request the county treasurer to initiate foreclosure proceedings (if the certificate was sold at auction) or file a private foreclosure action (through a private attorney representing the certificate holder), as long as the property owner has not yet redeemed the property by paying the delinquent taxes and associated charges. The foreclosure proceeding ultimately results in the sale of the property to satisfy the certificates and court costs, or the transfer of ownership of the property to the certificate holder.

The three-year time limit for redeeming tax certificates may be extended if the certificate holder and the property owner agree to a "redemption payment plan," under which the owner agrees to pay the delinquency (plus fees, costs, and all other amounts due as represented by the certificate) directly to the certificate holder.

Elimination of three-year time limit

(secs. 5721.37, 5721.38, and 5721.39)

The bill eliminates the three-year time limit within which certificate holders must request foreclosure (in the case of certificates sold at auction) or file notice of foreclosure (in the case of certificates purchased through private sale). Since the bill does not substitute any other time limit, certificate holders may hold the certificates indefinitely before initiating foreclosure actions. Accordingly, the bill also eliminates the language regarding the extension of the three-year limit when a redemption payment plan is in effect. (Sec. 5721.38(C)(2).) The bill would have the effect of allowing delinquent property owners more time to redeem the property by paying the delinquency, and of allowing certificate holders to receive more interest, which would continue to accrue at the bid or negotiated interest rate. Since the bill does not specify otherwise, its elimination of the time period is presumed to apply only to certificates issued after the bill's effective date (sec. 1.48).

HISTORY

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