## Local Mandate Fiscal Impact Estimate Kentucky Legislative Research Commission 2016 Regular Session

## **Part I: Measure Information**

Bill Request #: 1408
Bill #: SB 229
Bill Subject/Title: AN ACT relating to land bank authorities.
Sponsor: Senator Morgan M. McGarvey
Unit of Government:XCityXCountyXUrban-CountyXCharter CountyXConsolidated LocalXGovernment
Office(s) Impacted:
Requirement: Mandatory X_ Optional
Effect on Powers & Duties: Modifies Existing Adds New Eliminates Existing

**Part II: Purpose and Mechanics** 

KRS 65.355(3) defines a land bank authority as being "established to acquire the tax delinquent properties of the parties in order to foster the public purpose of returning land that is in a non-revenue generating, non-tax producing status to effective utilization in order to provide housing, new industry, and jobs for the citizens of the county."

SB 229 amends the statutes governing the formation and operation of land banks to clarify and expand on the functions and duties of land bank authorities. SB 229 also changes the method for a land bank authority to obtain property offered at a foreclosure sale when one of the land bank parties is the initial plaintiff in an action against the property. Finally land bank authorities are permitted to retain the proceeds from the sale of property owned by the land bank authority, and are also entitled to receive 50% of the ad valorem taxes from the property for 5 years.

SB 229 is near identical to HB 219 from the 2015 Regular Session with the following addendum: SB 229 provides that the authority shall make actual payment to the court of any amount paid by a third-party purchaser for a delinquent real property tax bill, officially known as a certificate of delinquency. The court shall remit the payment to the third-party purchaser for

the certificate of delinquency and not include any charges, interest, or expenses incurred by the third-party purchaser.

## Part III: Fiscal Explanation, Bill Provisions, and Estimated Cost

**SB 229 has no mandatory provisions** in the proposed legislation, so there are no expenditures or costs that will be incurred by local jurisdictions as a result of the legislation that are not taken into account by the local jurisdiction in deciding whether to establish a land bank authority. SB 229 provides new funding sources to support land banks, which may encourage more cities and counties to establish land bank authorities to address blighted and abandoned property within their jurisdictions. To the extent that land bank authorities can help to bring vacant, abandoned, and blighted properties back to productive use, local jurisdictions will receive additional tax revenues, and will have reduced code enforcement responsibilities.

Data Sourc	e(s): <u>Nea</u>	Near-identical to RS 15 HB 219, LRC Staff					
Preparer:	Wendell F.	Butler <b>Review</b>	ver:	JWN	Date	:	2/12/16