

**Bill Analysis and Fiscal Impact Report
Taxation and Revenue Department**

February 1, 2026

Bill:
HB-220

Sponsor:
Representative Pamela Herndon

Short Title:
Time of Sale or Transfer for Delinquent Taxes

Description:
This bill changes the length of time taxpayers work with county treasurers to pay unpaid property taxes before delinquent property is transferred to the Property Tax Division (PTD) of the Taxation and Revenue Department (Tax & Rev) for continued collection efforts from two years to four years. The bill also increases the time delinquent before real property can be sold due to delinquent property taxes from three years to five years.

Effective Date, Applicability, and Contingency Language:
Not specified or 90 days following adjournment (May 20, 2026). Applicable to property tax years beginning on or after January 1, 2026.

Taxation and Revenue Department Analyst:
Lucinda Sydow

Estimated Revenue Impact*

FY26	FY27	FY28	FY29	FY30	Recurring or Non-Recurring	Fund(s) Affected
--	Indeterminate negative – see narrative				R	Tax & Rev – Property Tax Division fund
--	Indeterminate positive – see narrative				R	Counties, Municipalities, Property Taxing Districts
--	Indeterminate positive – see narrative				R	State General Obligation Bond Fund
--	Indeterminate – see narrative				R	Taxpayers

* In thousands of dollars. Parentheses () indicate a revenue loss. ** Recurring (R) or Non-Recurring (NR).

Methodology for Estimated Revenue Impact:

The extension of time for county treasurers to collect property tax to four years from two and the sale of properties due to delinquency from three years to five, may shift potential collection from delinquent properties out by two years. When a property is sold, the proceeds are split between Tax & Rev’s PTD for the administration of the tax sale and the respective county treasurer for distribution to appropriate governmental units to which delinquent tax is owed: any balance goes to the former owner after payment of the delinquent taxes. The bill is expected to slightly increase revenue retained by county treasurers as it provides them with more time to attempt collection, and decrease the amount of revenue to the PTD’s enterprise fund.

Historically, for every \$1 Tax & Rev’s PTD retains from the delinquent amounts it collects, it sends \$2 back to counties for distribution to all entities that owed the delinquent property tax. The amount the PTD retains from its delinquent activities pays for all PTD operations. As a result, the PTD does not rely on any

General Fund for operations. By delaying involvement of PTD in collecting delinquent property taxes, this bill is likely to cause PTD to begin requiring support from the General Fund to sustain its operations.

Policy Issues:

Allowing a homeowner to stay in a property accruing delinquent taxes and interest does not benefit the homeowner. The earlier an owner becomes aware of the delinquency and the possibility that the property may be auctioned, the better the chances the owner can catch up on the tax due. If allowed to wait for five years, there may be no reasonable possibility of paying the delinquency property tax and the accrued penalty and interest. During the longer time frame, there is a risk that property’s condition deteriorates. The longer the taxes are delinquent, and dilapidated properties are not occupied, it creates higher vacancy rates and code violations, negatively impacting the value and safety of surrounding properties in the community, potentially leading to further economic decline.

Adding more time for counties to collect property taxes would likely intensify the issue by causing a concentration of tax bills for property owners and further delaying critical revenue for local services, ultimately worsening the financial situation for both taxpayers and local government.

Technical Issues:

None.

Other Issues:

None.

Administrative & Compliance Impact:

Tax & Rev would have a period of two years where the PTD would not be administering sales and then would resume a new normal cycle. PTD is likely to require General Fund appropriations as a result of delaying PTD’s administration in delinquent properties as discussed above under “Methodology for Estimated Revenue Impact.”

Estimated Additional Operating Budget Impact*

FY26	FY27	FY28	3 Year Total Cost	Recurring or Non-Recurring	Fund(s) or Agency Affected
--	Indeterminate negative	Indeterminate negative	Indeterminate negative	R	PTD

* In thousands of dollars. Parentheses () indicate a cost saving. ** Recurring (R) or Non-Recurring (NR).