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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/09/11

SPONSOR Cook LAST UPDATED 02/27/11 HB 220/aHBIC/aHJC

SHORT TITLE Time Period for Right of Redemption SB \_\_\_\_\_

ANALYST Wilson

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY11	FY12	FY13	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
<b>Total</b>		\$10.0-\$20.0	\$10.0-\$20.0	\$20.0-\$40.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Administrative Office of the Courts (AOC)

Attorney General's Office (AGO)

Regulation & Licensing (RLD)

### SUMMARY

#### Synopsis of HJC Amendment

The House Judiciary Committee amendment to House Bill 220 strikes the HBIC amendment and puts "affected" back into the bill. In the same section, the district court upon a showing of good cause by the State that redemption will be effected, may increase the redemption period from one month to not more than nine months.

#### Synopsis of HBIC Amendment

The House Business & Industry Committee amendment to House Bill 22 corrects the misuse of a word by changing "effected" to "affected".

#### Synopsis of Original Bill

House Bill 220 gives the same rights to the State as those provided all other persons in matters of judicial sales made pursuant to judgment in a suit in which the State is a party for the purpose of a quiet title, a foreclosure of a mortgage or another lien upon real estate or personal property.

The Bill shortens from nine months to one month the period of time the State has to exercise a right of redemption on the judicial sale of real property on which the State has a lien or other encumbrance. The bill empowers a district court to extend the period up to nine months upon sufficient showing by the State that such extension is warranted.

### **FISCAL IMPLICATIONS**

This bill could conceivably result in a few more properties being redeemed by the state after initial foreclosure sale. The AOC cannot determine how many such properties the state might redeem if given more time, so it would be speculation to guess how much more activity motions to increase the time for redemption may create if the bill became law. The AOC is currently working on possible parameters to measure resulting case activity increase.

This bill may have a slight effect on budgets to the extent that further activity may take place in a foreclosure than the status quo will allow.

### **SIGNIFICANT ISSUES**

In order to redeem a property, the state must be able to complete the repurchase of a foreclosed upon property from an initial foreclosure purchaser within 30 days. The question is whether the state can convince a foreclosure court that “redemption will be affected” if the state’s internal processes cannot be finalized within the existing statute’s one month period for redemption. By comparison, federal law allows the IRS 120 days to redeem to satisfy a junior tax lien.

DW/bym:svb