



Legislation Text

File #: 22-0167, **Version:** 1

Ordinance to Amend and Reenact the City Code of the City of Hampton, Virginia by Amending Chapter 37, Taxation, Article II, Real Estate Taxes, Division 1, Generally, Sec 37-31 to Amend the Duration Surplus Funds are Retained by the City

PURPOSE/BACKGROUND:

Hampton Code Section 37-31 - Surplus proceeds paid to the City from delinquent real estate tax sales currently reads as follows:

Within three (3) calendar years of the City receiving surplus funds from the sale of real estate pursuant to Virginia Code Section 58.1-3967, as amended, the council may, upon the request of the former owner, his heirs or assigns, or unknown beneficiary of said real estate pay over such amount of the surplus funds as the council may deem appropriate to the former owner, his heirs or assigns, or unknown beneficiary upon presentation of an order of the circuit court in which such real estate is located evidencing a prior entitlement thereto and the amount of such entitlement, subject to offset of administrative costs incurred by the city.

Discussion:

As currently written, this section provides that the City retain the proceeds from delinquent real estate tax sales for a period of three (3) years to allow parties entitled to the funds time to come forward before they can be deposited in the City's general fund. The state code requires that the funds must remain with the court for two (2) years after the confirmation date of the sale. After two (2) years, the Circuit Court Clerk shall direct the funds be paid to the City. The Virginia Code does not require that the City to retain the funds for any period of time before being deposited into the City's general fund. However, it may be in the City's best interest to retain the funds for a limited time to insure parties entitled to the proceeds of the tax sale have the opportunity to come forward, however, it is our opinion that (3) years is too long. Both the City Attorney's Office and the Hampton City Treasurer recommend that the current Section 37-31 be amended and that the period of time funds are held by the City should be reduced to (1) year.

Impact:

This revision still allows ample time for eligible parties to come forward while reducing the time the City must hold the funds before they are available for use by the City.

Recommendation:

Approve the Ordinance

BE IT ORDAINED by the City Council of the City of Hampton, Virginia, that Section 37-31 of Chapter 37 of the City Code of the City of Hampton, Virginia be adopted to read as follows:

Chapter 37 - TAXATION

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Article II. - REAL ESTATE TAXES

DIVISION 1. - GENERALLY

...

Sec. 37-31. - Surplus proceeds paid to the city from delinquent real estate tax sales

Within one (1) calendar year of the city receiving surplus funds from the sale of real estate pursuant to Virginia Code Section 58.1-3967, as amended, the council may, upon the request of the former owner, his heirs or assigns, or unknown beneficiary of said real estate pay over such amount of the surplus funds as the council may deem appropriate to the former owner, his heirs or assigns, or unknown beneficiary upon presentation of an order of the circuit court in which such real estate is located evidencing a prior entitlement thereto and the amount of such entitlement, subject to offset of administrative costs incurred by the city.