

COMMITTEE ON FINANCE

07/06/2021-AMENDED AND REPORTED OUT TO THE FLOOR
06/24/2021-REPORTED OUT TO THE COMMITTEE ON RULES AND JUDICIARY

BILL NO. 34-0066

Thirty-Fourth Legislature of the Virgin Islands

May 28, 2021

An Act amending title 33 Virgin Islands Code, chapter 89 subchapter III, section 2541 to allow the Lt. Governor to collect unpaid property taxes and unpaid public sewer fees from the sale of delinquent taxpayer's real property

PROPOSED BY: Senators Dwayne M. DeGraff and Franklin D. Johnson
Co-sponsors: Marvin A. Blyden, Samuel Carrión
and Carla Joseph

Be it enacted by the Legislature of the Virgin Islands:

SECTION 1. Title 33 Virgin Islands Code, chapter 89, is amended as follows:

(a) In Subchapter III, section 2541 is amended by adding subsection (d) to read as follows:

“(d) The Lieutenant Governor may elect to proceed to collect any due property taxes and public sewer system user fees that are unpaid within the period prescribed in section 2496 of this title, pursuant to a judicial foreclosure in rem proceedings brought against the property of the delinquent taxpayer. Such proceedings is brought against the real property only, and is to foreclose the tax liens. No personal judgment may be entered herein for such taxes, or any part thereof.

1 (1) The Magistrate Division and the Superior Court have concurrent jurisdiction
2 over the foreclosure in rem proceedings.

3 (2) Notice of such proceedings is considered sufficient when the Lieutenant
4 Governor causes to be filed in court a Petition of Foreclosure of Tax Delinquent Parcels
5 with an attached list of all parcels affected by delinquent taxes. Upon the filing of the
6 Petition of Foreclosure, the Lieutenant Governor shall cause the Petition and the attached
7 list to be published daily for eight consecutive weeks in a newspaper of general
8 circulation within each district.

9 (3) The Petition of Foreclosure must give notice as to the effect of the filing, the
10 nature of the proceeding, the persons affected, the right of redemption, the date for return
11 of an answer, and the penalty for failure to answer. The List that is attached to the Petition
12 must contain as to each parcel, the following:

13 (A) A brief description of the property including the parcel identification
14 number, the physical description of the property, and the last property owner of
15 record as it appears in the Office of the Tax Assessor, sufficient to identify each
16 parcel affected by such tax lien; and

17 (B) A statement of the amount of delinquent taxes plus penalties and
18 interest and costs.

19 (4) The Petition of Foreclosure must be signed by the Lieutenant Governor, or
20 the Lieutenant Governor's designee, and must be mailed to the last owner of record to
21 provide actual notice to the property owner of record within the Office of the Tax
22 Assessor.

23 (5) If any person having the right to redeem or answer fails to answer, such
24 person is considered in default and is barred and foreclosed from all his rights, title, and
25 interest to the parcels described in the Petition of Foreclosure, and a judgment in

1 foreclosure may be taken by default. A motion to reopen a default foreclosure judgment
2 may not be brought later than 120 days after the entry of the judgment.

3 (6) Any proceeding brought pursuant to this subsection must be given preference
4 over all other proceedings and actions in the Superior or Magistrate Court and must be
5 resolved within 180 days from the filing of the petition.

6 (7) Upon entry of a final judgment, title to all properties foreclosed pursuant to
7 this subsection vests in a Trust created and established in the Office of the Lieutenant
8 Governor. All property so vested must be listed on an inventory to be updated annually
9 by the Lieutenant Governor and made available for public inspection.

10 (8) Property acquired pursuant to this section must be disposed of pursuant to
11 the regulations of the Trust, but 75% of the properties must be made available for sale
12 and purchase annually as affordable housing for persons who qualify as first time
13 homebuyers, veterans, middle & low-to-moderate income, senior citizens or disabled
14 persons.

15 (9) Pursuant to this subsection, there is established in the Treasury of the
16 Government of the Virgin Islands a revolving fund for the Trust, administered as a
17 separate and distinct fund in the Treasury of the Government of the Virgin Islands. The
18 fund consists of all monies earned by the Trust, and the Commissioner of Finance shall
19 submit an annual report on the financial status of the fund to the Governor and the
20 Legislature.

21 (b) Subchapter IV, section 2584 is amended by designing the existing language as
22 subsection (a) and inserting subsection (b) to read as follows:

23 “(b) The owner of any property that has been foreclosed, or the owner’s or assigns or
24 anyone having any right or interest in the property, may redeem the property not later than six
25 months from the date of the foreclosure by paying to the Office of the Lieutenant Governor the

1 full foreclosure amount plus all costs and attorney’s fees, with interest at the rate of twelve
2 percent per annum and real property taxes and public sewer system user fees due for the period
3 between the date of foreclosure and the date tender is made to the Office of the Lieutenant
4 Governor. Upon payment of the required amount, the redemptioner shall receive a judgment
5 of redemption, which judgment operates as a release and cancellation of foreclosure. Property
6 so released remains subject to all liens and legal claims against it, other than the tax and public
7 sewer system user fee liens for which it was foreclosed, to the same extent and in manner as
8 though said property had not been foreclosed.”

9 **SECTION 2.** Title 33, subtitle 3, chapter 111 of the Virgin Islands Code is amended
10 by adding an appropriately numbered section that reads as follows:

11 **§ ____ Delinquent Property and Sewer Fees Revolving Fund**

12 (a) There is established a special fund in the Treasury of the Virgin Islands designated
13 as the “Delinquent Property and Sewer Fees Revolving Fund” consisting of all monies
14 recovered from the sale of real property sold at auction pursuant to chapter 89, subchapter III,
15 section 2541 of this title.

16 (b) The Commissioner of Finance shall make available, out of the funds disbursements
17 to the Office of the Lieutenant Governor, for cost associated with the sale and collection of the
18 proceeds of the sale of the foreclosed properties.

19 (c) The Commissioner of Finance shall maintain and provide for the administration of
20 the fund, and no funds therein shall be available for expenditure, except as provided in this
21 section.

22 **BILL SUMMARY**
23

24 Section 1 of this bill amends title 33, chapter 89 of the Virgin Islands Code. In
25 subchapter III, section 2541 is amended by adding a new subsection (d) which allows the Lt.
26 Governor to bring a foreclosure proceeding against a delinquent property for unpaid and due
27 property taxes and sewer user fees and gives the Magistrate and Superior Courts concurrent
28 jurisdiction.

1 Under Section 1, subchapter IV, section 2584 is amended by designating the existing
2 language as subsection (a) and adding a new subsection (b) to allow for the redemption of the
3 property sold pursuant to section 2541 of title 33 of the Virgin Islands Code as amended by
4 this Act.

5 Section 2 of this bill amends title 33, subtitle 3, chapter 111 of the Virgin Islands code
6 establishing the Delinquent Property and Sewer Fees Revolving Fund to cover the cost
7 associated with the sale or redemption of the properties aggrieved by the foreclosure.

8 **BR 21-0252/March 27, 2021/AA**