

1 SB264
2 182926-2
3 By Senator Pittman
4 RFD: Fiscal Responsibility and Economic Development
5 First Read: 02-MAR-17

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8 SYNOPSIS: Under existing law, the Land Commissioner,
9 with the approval of the Governor, may sell lands
10 that have been sold for taxes and bought in for the
11 State of Alabama and not redeemed for five years.

12 This bill would require the Land
13 Commissioner to contract with a nationally
14 recognized auction company to sell at public
15 auction lands sold for taxes and bought in for the
16 State of Alabama which have not been redeemed at
17 public auction within five years from the date the
18 land was sold.

19
20 A BILL
21 TO BE ENTITLED
22 AN ACT

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24 To amend Section 40-10-134, Code of Alabama 1975,
25 relating to the sale of land sold for taxes and bought in for
26 the State of Alabama; to provide further for the sale of land
27 that is not redeemed.

1 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

2 Section 1. Section 40-10-134, Code of Alabama 1975,
3 is amended to read as follows:

4 "§40-10-134.

5 "(a) Subject to subsections (b) to (g), inclusive,
6 when ~~When~~ lands have been sold for taxes and bought in for the
7 State of Alabama and have not been redeemed or sold by the
8 state and a period of five years has elapsed from the date of
9 sale to the state, the Land Commissioner, with the approval of
10 the Governor, may sell the same at private sale to any
11 purchaser for cash at the best price obtainable, irrespective
12 of the amount of taxes due, after giving notice as provided
13 for in Section 40-10-133; provided that the holder of a tax
14 lien certificate related to such land shall be given the
15 option to purchase such land for an amount equal to the best
16 price offered by any purchaser at a private sale.

17 "(b) Commencing January 1, 2019, the sale of lands
18 under this section shall be by public auction pursuant to
19 subsections (c) to (g), inclusive.

20 "(c) By December 31, 2018, and at least every fifth
21 year thereafter, the Land Commissioner shall contract with a
22 nationally recognized auction company to sell at public
23 auction the state's tax lien interest on any lands sold for
24 nonpayment of taxes and bought in for the State of Alabama
25 which have not been redeemed by the property owner or sold by
26 the State of Alabama within the five years from the date the
27 land was initially sold for nonpayment of taxes and bought in

1 for the State of Alabama or upon which there is not an active
2 price quote. The term active price quote shall mean the amount
3 provided to an applicant which is necessary to purchase the
4 state's tax lien interest on land bid in by the state for
5 nonpayment of taxes and includes accrued ad valorem taxes and
6 interest, fees, and costs associated with the land. The quote
7 shall remain active for 20 calendar days from the date of the
8 original quote. The contract shall provide that the fee to the
9 auction company shall be a contingency fee with all expenses
10 borne by the company. These expenses shall include, but not be
11 limited to, the costs of advertising as provided in subsection
12 (e).

13 "(d) When the Land Commissioner contracts with a
14 nationally recognized auction company for the purposes set
15 forth in subsection (c), he or she shall notify the owners, or
16 persons having interest in such lands, that the state's tax
17 lien interest on their properties will be sold at auction and
18 the date upon which this will occur. This shall be achieved by
19 means of publication on the website of the Department of
20 Revenue for a period of not less than 30 days before the
21 auction. The publication shall include the date and time of
22 the auction and a listing of properties that will be
23 auctioned. Due to certain factors including, but not limited
24 to, sales, redemptions, cancellations, open price quotes, or
25 the addition of newly eligible properties occurring between
26 the time of initial publication and the time of auction, the
27 list may be updated as necessary throughout the publication

1 period. Updating the list for these reasons shall not require
2 the 30-day publication period to restart, nor does it
3 invalidate the actions of the Land Commissioner in complying
4 with this section.

5 "(e) The auction company, as part of its contracted
6 responsibilities, shall advertise the auction. In its
7 advertisement, the auction company shall make a disclaiming
8 statement that purchasers will not receive clear title to any
9 land sold at the auction, and further, that they are bidding
10 on the tax lien interest on lands held by the state for
11 nonpayment of taxes upon which additional liens may exist.

12 "(f) The Department of Revenue shall distribute the
13 funds derived from this section as follows:

14 "(1) For properties in which the current assessment
15 includes state, county, and municipal millages, the total
16 amount received shall be divided into three equal shares. One
17 share shall be disbursed to the state, one share disbursed to
18 the county, and one share disbursed to the municipality.

19 "(2) For properties in which the current assessment
20 does not include a municipal millage and only includes state
21 and county millages, the total amount received shall be
22 divided into two equal shares. One share shall be disbursed to
23 the state and one share disbursed to the county.

24 "(g) The Department of Revenue shall promulgate and
25 issue any rules necessary to implement and administer this
26 section. The rules shall be adopted pursuant to the Alabama
27 Administrative Procedure Act."

1 Section 2. This act shall become effective
2 immediately following its passage and approval by the
3 Governor, or its otherwise becoming law.