



**House State Government Reported Substitute for
HB196**

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A BILL
TO BE ENTITLED
AN ACT

Relating to the Land Commissioner; to amend Sections 40-10-132 and 40-10-134, Code of Alabama 1975; to authorize the Land Commissioner to sell certain bid in land owned by the state by public auction in certain circumstances; and to provide for distribution of the proceeds of a sale.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Sections 40-10-132 and 40-10-134, Code of Alabama 1975, are amended to read as follows:

"§40-10-132

(a) ~~It shall be the duty of the~~ The Land Commissioner ~~to cause to be prepared a suitable book, in which shall be entered a description, as accurate as can be obtained, of all the lands which have been bid in by the state, with the amount of state and county taxes due thereon and the date when such lands were bid in; and, when three years shall have elapsed from the date of sale, such portions of lands as have not been redeemed shall be subject to sale by the state; and the Land Commissioner, with the approval of the Governor, may do any of the following~~ shall maintain a listing of all the lands that have been bid in for the state, which shall include the



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29 following:

30 (1) A legal description of the property, as it appears
31 on the certificate of purchase provided to the state as
32 required by Section 40-10-20.

33 (2) The amount of state and county taxes due.

34 (3) The date when the property was bid in for the
35 state.

36 (b) After three years from the date of the sale, any
37 portions of property that have not been redeemed shall be
38 subject to sale by the state. The Land Commissioner may sell
39 the property in any of the following ways:

40 (1) Sell the ~~same property~~ at private sale to any
41 purchaser, who may pay ~~therefor~~ in cash to the Treasurer such
42 sum of money as the Land Commissioner ~~may ascertain~~ ascertains
43 to be sufficient to cover and satisfy all claims of the state
44 and county, which sum shall not be less than the amount of
45 money for which the lands were bid in by the state, with
46 interest thereon at the rate of 12 percent per annum from the
47 date of sale, together with the amount of all taxes due on the
48 lands since date of sale, with interest thereon at the rate of
49 12 percent per annum from the maturity of such taxes.

50 (2) If the lands are within a municipal boundary, sell
51 the ~~same property~~ to the municipality or ~~such~~ other nonprofit
52 or governmental entity as the municipality may designate, at
53 the best price offered, irrespective of the amount of taxes
54 and interest due.

55 (3) If the ~~lands are~~ property is not within a municipal
56 boundary, sell the ~~same property~~ to the county in which the



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57 lands are situated or ~~such~~ other entity as the county may
58 designate, at the best price offered, irrespective of the
59 amount of taxes and interest due.

60 (4) Sell the ~~same~~ property to such other entity created
61 jointly by the municipality and the county in which the lands
62 are situated as much as may be authorized by state law, at the
63 best price offered, irrespective of the amount of taxes and
64 interest due.

65 (5) Sell the ~~same~~ property to a land bank authority
66 created as authorized by Chapter 9, Title 24, for no
67 consideration, irrespective of the amount of taxes and
68 interest due.

69 ~~(b) (c) Notwithstanding the foregoing, if the lands have~~
70 If the property has not been redeemed or sold by the state
71 within five years from the date of the sale, ~~such lands the~~
72 property may be sold by the Land Commissioner by online public
73 auction as provided in Section 40-10-134, irrespective of the
74 amount of taxes and interest due."

75 "§40-10-134

76 (a) ~~When~~ Commencing January 1, 2025, and subject to
77 subsections (b) through (f), the Land Commissioner may sell
78 lands by online public auction when those lands have been sold
79 for taxes and bought in for the State of Alabama; ~~and~~ have not
80 been redeemed or sold by the state; and a period of five years
81 has elapsed from the date of sale to the state. ~~, the Land~~
82 ~~Commissioner, with the approval of the Governor, may sell the~~
83 ~~same at private sale to any purchaser for cash at~~ The sale of
84 the property by online public auction shall be subject to the



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85 provisions of subsections (b) through (e) and shall be for the
86 best price obtainable, irrespective of the amount of taxes and
87 interest due, ~~after giving notice as provided for in Section~~
88 ~~40-10-133; provided that the holder of a tax lien certificate~~
89 ~~related to such land shall be given the option to purchase~~
90 ~~such land for an amount equal to the best price offered by any~~
91 ~~purchaser at a private sale.~~

92 (b) When selling lands by public auction, the Land
93 Commissioner shall contract with a nationally recognized
94 auction company to sell at public auction the state's tax
95 interest on any lands sold for nonpayment of taxes and bought
96 in for the State of Alabama which meet the following
97 requirements:

98 (1) The property has been bid in for the state for at
99 least five years.

100 (2) The land has not been redeemed.

101 (3) The state has not sold or assigned its tax interest
102 in the land.

103 (4) There is no active price quote on the land. The
104 term "active price quote" means a statement that has been
105 issued to an applicant which provides the amount necessary to
106 purchase the state's tax interest in the land, and the
107 applicant is still within the period of time stated in the
108 price quote to accept and submit payment.

109 (c) The contract with the auction company shall provide
110 that the fee to the auction company shall be a contingency fee
111 with all expenses borne by the company. The expenses shall
112 include, but are not limited to, the costs of advertising as



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113 provided in subsection (e). The contingency fee shall not
114 exceed 15 percent of the total amount of each successful bid
115 at auction and shall be added as a premium to the total amount
116 of each successful bid at auction.

117 (d) When the Land Commissioner contracts with an
118 auction company pursuant to subsection (b), he or she shall
119 notify the owners of record, or persons having interest in the
120 lands, that the state's tax lien interest on the property will
121 be sold at auction and the date upon which this is scheduled
122 to occur. Notification shall be achieved by means of
123 publication on the Department of Revenue's website for a
124 period of not less than 30 days prior to the auction. The
125 publication shall include the date and time of the auction and
126 a listing of the properties that are scheduled to be
127 auctioned. Due to certain factors including, but not limited
128 to, sales, redemptions, cancellations, or open price quotes
129 occurring between the time of initial publication and the time
130 of auction, the list may be amended as necessary throughout
131 the publication period. Amending the list for these reasons
132 shall not restart the 30-day publication period, nor shall it
133 invalidate the actions of the Land Commissioner in complying
134 with this subsection.

135 (e) The auction company, as part of its contracted
136 responsibilities, shall advertise the auction. In its
137 advertisement, the auction company shall make a prominent
138 statement that purchasers will not receive clear title to any
139 land sold at auction, and further, that they are bidding on
140 the tax lien interest on lands held by the state for



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141 nonpayment of taxes which may have additional liens. The
142 auction company and its agents shall not be liable for damages
143 resulting from conducting the auction.

144 (f) Any provision of law to the contrary
145 notwithstanding, the Department of Revenue shall distribute
146 the funds derived from this section as follows:

147 (1) For properties in which the current assessment
148 includes state, county, and municipal taxes, the total amount
149 received shall be divided into three equal shares. One share
150 shall be disbursed to the State General Fund, one share
151 disbursed to the county general fund, and one share disbursed
152 to the municipality.

153 (2) For properties in which the current assessment
154 includes only state and county taxes, the total amount
155 received shall be divided into two equal shares. One share
156 shall be disbursed to the State General Fund, and one share
157 disbursed to the county general fund."

158 Section 2. This act shall become effective on October
159 1, 2024.