

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

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4 ENGROSSED

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7 A BILL
8 TO BE ENTITLED
9 AN ACT

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11 To amend Section 40-10-134, Code of Alabama 1975,
12 relating to the sale of land sold for taxes and bought in for
13 the State of Alabama; to provide further for the sale of land
14 that is not redeemed; to exempt property located in certain
15 municipalities which have formed local land bank authorities
16 from the auction process; and to exempt property located in
17 Class 2 or Class 4 municipalities which have not formed local
18 land bank authorities from the auction process.

19 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

22 "§40-10-134.

23 "(a) Subject to subsections (b) to (g), inclusive,
24 when ~~when~~ lands have been sold for taxes and bought in for the
25 State of Alabama and have not been redeemed or sold by the
26 state and a period of five years has elapsed from the date of
27 sale to the state, the Land Commissioner, with the approval of

1 the Governor, may sell the same at private sale to any
2 purchaser for cash at the best price obtainable, irrespective
3 of the amount of taxes due, after giving notice as provided
4 for in Section 40-10-133; provided that the holder of a tax
5 lien certificate related to such land shall be given the
6 option to purchase such land for an amount equal to the best
7 price offered by any purchaser at a private sale.

8 "(b) Commencing January 1, 2019, the sale of lands
9 under this section, excluding the sale of lands located in
10 municipalities which have formed local land bank authorities
11 or Class 2 or Class 4 municipalities which have not formed
12 local land bank authorities, pursuant to Section 24-9-10 on or
13 before January 1, 2017, shall be by public auction pursuant to
14 subsections (c) to (g), inclusive.

15 "(c) By December 31, 2018, and at least every fifth
16 year thereafter, the Land Commissioner shall contract with a
17 nationally recognized auction company to sell at public
18 auction the state's tax lien interest on any lands sold for
19 nonpayment of taxes and bought in for the State of Alabama
20 which have not been redeemed by the property owner or sold by
21 the State of Alabama within the five years from the date the
22 land was initially sold for nonpayment of taxes and bought in
23 for the State of Alabama or upon which there is not an active
24 price quote. The term active price quote shall mean the amount
25 provided to an applicant which is necessary to purchase the
26 state's tax lien interest on land bid in by the state for
27 nonpayment of taxes and includes accrued ad valorem taxes and

1 interest, fees, and costs associated with the land. The quote
2 shall remain active for 20 calendar days from the date of the
3 original quote. The contract shall provide that the fee to the
4 auction company shall be a contingency fee with all expenses
5 borne by the company. These expenses shall include, but not be
6 limited to, the costs of advertising as provided in subsection
7 (e).

8 "(d) When the Land Commissioner contracts with a
9 nationally recognized auction company for the purposes set
10 forth in subsection (c), he or she shall notify the owners, or
11 persons having interest in such lands, that the state's tax
12 lien interest on their properties will be sold at auction and
13 the date upon which this will occur. This shall be achieved by
14 means of publication on the website of the Department of
15 Revenue for a period of not less than 30 days before the
16 auction. The publication shall include the date and time of
17 the auction and a listing of properties that will be
18 auctioned. Due to certain factors including, but not limited
19 to, sales, redemptions, cancellations, open price quotes, or
20 the addition of newly eligible properties occurring between
21 the time of initial publication and the time of auction, the
22 list may be updated as necessary throughout the publication
23 period. Updating the list for these reasons shall not require
24 the 30-day publication period to restart, nor does it
25 invalidate the actions of the Land Commissioner in complying
26 with this section.

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

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

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

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

20 "(g) The Department of Revenue shall promulgate and
21 issue any rules necessary to implement and administer this
22 section. The rules shall be adopted pursuant to the Alabama
23 Administrative Procedure Act.

24 "(h) Any provision of subsection (a) to the contrary
25 notwithstanding, subsections (b) to (g), inclusive, do not
26 apply to property located in municipalities which have formed
27 a local land bank authority pursuant to Section 24-9-10 on or

1 before January 1, 2017, and to property located in Class 2 or
2 Class 4 municipalities which have not formed a local land bank
3 authority pursuant to Section 24-9-10 on or before January 1,
4 2017."

5 Section 2. This act shall not apply to any lands
6 held by the state located in a jurisdiction which has adopted
7 an expedited quiet title procedure authorized by law.

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

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Senate

Read for the first time and referred to the Senate
committee on Fiscal Responsibility and Economic
Development..... 02-MAR-17

Read for the second time and placed on the calen-
dar 1 amendment..... 09-MAR-17

Read for the third time and passed as amended 13-APR-17

Yeas 27
Nays 0

Patrick Harris,
Secretary.