

1 SB47
2 188593-1
3 By Senator Pittman
4 RFD: Fiscal Responsibility and Economic Development
5 First Read: 09-JAN-18
6 PFD: 01/05/2018

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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 qualified auction
14 company to sell at public auction lands sold for
15 taxes and bought in for the State of Alabama which
16 have not been redeemed at public auction within
17 five years from the date the land was sold.

18 This bill would exempt property located in
19 certain municipalities which have formed local land
20 bank authorities from the auction process.

21 This bill would also exempt property located
22 in Class 2 or Class 4 municipalities which have not
23 formed local land bank authorities from the auction
24 process.

25
26 A BILL
27 TO BE ENTITLED

1 AN ACT

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3 To amend Section 40-10-134, Code of Alabama 1975,
4 relating to the sale of land sold for taxes and bought in for
5 the State of Alabama; to provide further for the sale of land
6 that is not redeemed; to exempt property located in certain
7 municipalities which have formed local land bank authorities
8 from the auction process; and to exempt property located in
9 Class 2 or Class 4 municipalities which have not formed local
10 land bank authorities from the auction process.

11 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

12 Section 1. Section 40-10-134 of the Code of Alabama
13 1975, is amended to read as follows:

14 "§40-10-134.

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

1 "(b) Commencing January 1, 2020, the sale of lands
2 under this section, excluding the sale of lands located in
3 municipalities which have formed local land bank authorities
4 or Class 2 or Class 4 municipalities which have not formed
5 local land bank authorities, pursuant to Section 24-9-10 on or
6 before January 1, 2017, shall be by public auction pursuant to
7 subsections (c) to (g), inclusive.

8 "(c) By December 31, 2019, and no later than at
9 least every fifth year thereafter, the Land Commissioner shall
10 contract with a qualified auction company to sell at public
11 auction the state's tax lien interest on any lands sold for
12 nonpayment of taxes and bought in for the State of Alabama
13 which have not been redeemed by the property owner or sold by
14 the State of Alabama within the five years from the date the
15 land was initially sold for nonpayment of taxes and bought in
16 for the State of Alabama or upon which there is not an active
17 price quote. The term active price quote shall mean the amount
18 provided to an applicant which is necessary to purchase the
19 state's tax lien interest on land bid in by the state for
20 nonpayment of taxes and includes accrued ad valorem taxes and
21 interest, fees, and costs associated with the sales of the
22 land. The quote shall remain active for 20 calendar days from
23 the date of the original quote. The contract shall provide
24 that the fee to the auction company shall be a contingency fee
25 with all expenses borne by the company and shall be deducted
26 before the distribution of the net proceeds. The contingency
27 fee shall not exceed 15 percent of the total amount of each

1 successful bid at auction and shall be added as a premium to
2 the total amount of each successful bid at auction. These
3 expenses shall include, but not be limited to, the costs of
4 advertising as provided in subsection (e).

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

24 "(e) The auction company, as part of its contracted
25 responsibilities, shall advertise the auction. In its
26 advertisement, the auction company shall make a disclaiming
27 statement that purchasers will not receive clear title to any

1 land sold at the auction, and further, that they are bidding
2 on the tax lien interest on lands held by the state for
3 nonpayment of taxes upon which additional liens may exist.

4 "(f) Notwithstanding any other laws to the contrary,
5 the Department of Revenue shall distribute the funds derived
6 from this section as follows:

7 "(1) For properties in which the current assessment
8 includes state, county, and municipal millages, the total
9 amount received shall be divided into three equal shares. One
10 share shall be disbursed to the State General Fund, one share
11 disbursed to the county general fund, and one share disbursed
12 to the municipality.

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

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

23 "(h) Any provision of subsection (a) to the contrary
24 notwithstanding, subsections (b) to (g), inclusive, do not
25 apply to property located in municipalities which have formed
26 a local land bank authority pursuant to Section 24-9-10 on or
27 before January 1, 2017, and to property located in Class 2 or

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

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

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