

SENATE BILL 1166

By Norris

AN ACT to amend Tennessee Code Annotated, Title 67,
Chapter 5, relative to tax liens and sale of certain
properties.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-5-2501, is amended by adding
the following language, to be designated as new subsection (c):

(c)

(1) This subsection (c) shall only apply in any county or municipality
having a population in excess of eight hundred thousand (800,000), according to
the 2000 federal census or any subsequent federal census.

(2) The court shall order a sale of the land located in a federally
designated qualified census tracts for cash, subject to the equity of redemption.

(3) At all tax sales for properties located in a federally designated
qualified census tract and meeting the requirements of subdivision (c)(4), the
clerk of the court, acting for the state, may, if authorized by the county trustee or
if approved by a majority vote of the legislative bodies of both the county and
municipality, offer the sale of the property at public auction for a minimum bid
amount equal to the lesser of the appraised value of the property, as determined
by the county assessor for the most recent tax year of record, for that particular
tax parcel, or the amount as ascertained pursuant to subdivision (a)(2).

(4) Properties eligible for a reduced minimum bid amount shall be:

(A) Commercial property, as identified by the county assessor
designation, located in a federally designated qualified census tract that
is:

(i) Abandoned or vacant; or

(ii) Deemed in violation of any local anti-neglect ordinance;

or

(B) Residential property, as identified by the county assessor designation, located in a federally designated qualified census tract that is:

(i) Abandoned or vacant; or

(ii) Deemed in violation of any local anti-neglect ordinance.

(5)

(A) Under no circumstances shall the owner of the property or the owner's spouse, child, step-child, brother, sister, son-in-law, daughter-in-law, parent-in-law, parent, grandparent, or agent or representative be entitled to purchase the property at public auction for any amount less than the total amount owed in delinquent taxes, liens, fees, and fines.

(B) Where no non-governmental bidder offers the same or larger bid, the county or municipality shall bid the minimum amount as ascertained in subdivision (c)(3); provided, that when the delinquent tax attorney for the county or municipality determines that the environmental risks are such that it is not in the best interests of the county or municipality for a minimum bid to be offered at the tax sale, the clerk shall not offer a bid on the property at the tax sale.

(C) Where a non-governmental bidder purchases the property at a tax sale for a minimum bid based upon the appraised value of the property pursuant to subdivision (c)(3), the amount paid in to the clerk of

court as the final bid, shall be divided as follows: the court commission shall be prorated according to the sale amount, and the clerk of courts shall first receive that amount; a ratio shall be determined between county and municipal tax liens, in proportion to the amounts ascertained by the master at reference, and the balance of the amount paid for the property shall second, be distributed to the county trustee and municipality by ratio equal to the amounts due for delinquent taxes on the land, such that this amount is accepted in full satisfaction of the tax liens settled under that particular tax sale.

SECTION 2. Tennessee Code Annotated, Section 67-5-2702, is amended by adding the following language, to be designated as new subsection (c):

(c) Persons entitled to redeem property sold pursuant § 67-5-2501(c), and situated in federally designated qualified census tracts, may do so by paying the monies to the clerk as required by § 67-5-2703 and by filing any statement required by § 67-5-2503(b) within twelve (12) months after entry of an order of confirmation of the tax sale by the court; a taxpayer may redeem property sold pursuant § 67-5-2501(c), and situated in a federally designated qualified census tract that has been previously redeemed by paying to the clerk the monies as required by § 67-5-2703 within twelve (12) months after entry of an order of confirmation of the tax sale by the court. In which case, upon the entry of the order of redemption using the procedure outlined in § 67-5-2704, the clerk shall disburse the monies paid to redeem, plus interest at a rate of ten percent (10%) per annum computed from the date of the order of the previous redemption, to the person previously redeeming as ordered by the court.

SECTION 3. Tennessee Code Annotated, Section 67-5-2503, is amended by designating the existing language as subsection (a), and by adding the following language, to be designated as subsection (b):

(b) In order to redeem property that has been sold under § 67-5-2501(c), and is situated in a federally designated qualified census tract, any person entitled to redeem the property shall pay to the clerk of court who sold the property the amount owed for the delinquent taxes, interest, and penalties, court costs and any other court ordered charges, such amount having been set and identified in the master's reference report, and interest at a rate of ten percent (10%) per annum computed from the date of the sale on the entire purchase price paid at the sale.

SECTION 4. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 5. This act shall take effect July 1, 2011, the public welfare requiring it.