

1 HB22
2 112958-1
3 By Representative Mitchell
4 RFD: Banking and Insurance
5 First Read: 12-JAN-10
6 PFD: 09/23/2009

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8 SYNOPSIS: Under existing law, property that is sold
9 for nonpayment of taxes may be redeemed by payment
10 of the amount for which the land was sold, plus
11 delinquent taxes and interest.

12 This bill would reduce the rate of interest
13 that a person is required to pay to redeem property
14 that is sold for nonpayment of taxes.

15
16 A BILL
17 TO BE ENTITLED
18 AN ACT
19

20 To amend Sections 40-10-121 and 40-10-122, Code of
21 Alabama 1975, relating to interest charges on the sale and
22 redemption of property for unpaid taxes, to reduce the rate of
23 interest that a person is required to pay to redeem property
24 that is sold for nonpayment of taxes.

25 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

26 Section 1. Sections 40-10-121 and 40-10-122, Code of
27 Alabama 1975, are amended to read as follows:

1 "§40-10-121.

2 "(a) In order to obtain the redemption of land from
3 tax sales where the same has been heretofore or hereafter sold
4 to the state, the party desiring to make such redemption shall
5 apply therefor as hereinafter provided and shall deposit with
6 the judge of probate of the county in which the land is
7 situated the amount of money for which the lands were sold,
8 with interest thereon at the rate of ~~12~~ seven percent,
9 together with the amount of all taxes found to be due on such
10 land since the date of sale, as provided herein, with interest
11 at the rate of ~~12~~ seven percent and all costs and fees due to
12 officers.

13 "(b) Upon application to the probate judge to redeem
14 land where the same has been sold to the state for taxes,
15 which application shall be made on blank forms to be furnished
16 by the Land Commissioner, the probate judge shall submit such
17 application to the tax assessor of the county in which the
18 land sought to be redeemed is located, and the assessor shall
19 without delay enter on such application an assessment value
20 for each of the years for which taxes are due, subsequent to
21 the year for which such land was sold to the state for taxes,
22 and such assessment value shall be such percentage as
23 established by law of the fair and reasonable market value of
24 such lands as of October 1 of the year or years subsequent to
25 the year for which the land was sold for taxes.

26 "(c) Any party having a right to redeem said
27 property, his agents, or attorney, shall have the right to

1 file a written protest with the board of equalization,
2 objecting to the valuation of said land as placed on said
3 property by the tax assessor, setting forth his ground of
4 objection to the assessed value of said property as fixed by
5 said tax assessor, and the board of equalization shall,
6 thereafter, fix a day for hearing said protest by giving to
7 the tax assessor and party desiring to redeem, his agents, or
8 attorney, at least 10 days' written notice of the day and
9 place of hearing said petition, and upon the hearing of said
10 cause, the board of equalization shall have the right to
11 review the assessed value of said property as fixed by the tax
12 assessor and shall fix and determine the assessed value for
13 each of the years subsequent to the year for which such land
14 was sold to the state for taxes, and the board of equalization
15 shall certify to the probate judge the assessed value of the
16 land so fixed.

17 "(d) The redemptioner shall deposit with the probate
18 judge the amount of money for which lands were sold for taxes,
19 plus the amount due for subsequent years based on the
20 assessment value as required to be fixed herein, and interest,
21 costs, and fees as provided in this section.

22 "(e) If any balance remains due to the state upon
23 any lien arising by reason of any installment redemption the
24 payment of which is secured under the provisions of Section
25 40-10-141, the redemptioner shall also deposit with the
26 probate judge the amount of the balance due upon such lien,
27 with interest to the date of redemption.

1 "(f) If the lands sought to be redeemed, or any
2 portion thereof, are situated in any municipality, the
3 redemptioner shall also deposit with the probate judge the
4 amount of any unpaid taxes assessed against the same by such
5 municipality, and an amount equal to any municipal taxes
6 thereon which, subsequent to the tax sale, were not assessed
7 by reason of the fact that such land had been purchased by the
8 State of Alabama, plus interest which would have accrued upon
9 such municipal taxes from the time the same would have
10 otherwise become delinquent, which amounts, with interest,
11 shall be treated and distributed in the same manner as taxes
12 and interest thereon.

13 "§40-10-122.

14 "(a) In order to obtain the redemption of land from
15 tax sales where the same has been sold to one other than the
16 state, the party desiring to make such redemption shall
17 deposit with the judge of probate of the county in which the
18 land is situated the amount of money for which the lands were
19 sold, with interest payable at the rate of ~~12~~ seven percent
20 per annum from date of sale, and, on the portion of any excess
21 bid that is less than or equal to 15 percent of the market
22 value as established by the county board of equalization,
23 together with the amount of all taxes which have been paid by
24 the purchaser, which fact shall be ascertained by consulting
25 the records in the office of the tax collector, or other tax
26 collecting official, with interest on said payment at ~~12~~ seven
27 percent per annum. If any taxes on said land have been

1 assessed to the purchaser and have not been paid, and if said
2 taxes are due which may be ascertained by consulting the tax
3 collector or other tax collecting official of the county, the
4 probate judge shall also require the party desiring to redeem
5 said land to pay the tax collector or other tax collecting
6 official the taxes due on said lands which have not been paid
7 by the purchaser before he or she is entitled to redeem the
8 same. In all redemptions of land from tax sales, the party
9 securing the redemption shall pay all costs and fees as herein
10 provided for due to officers and a fee of \$.50 to the judge of
11 probate for his or her services in the matter of redemption.
12 This application and payment may be executed by an on-line
13 transaction via the Internet or other on-line provision.

14 "(b) With respect to property located within an
15 urban renewal or urban redevelopment project area designated
16 pursuant to Chapters 2 or 3 of Title 24, the proposed
17 redemptioner must pay to the purchaser or his or her
18 transferee, in addition to any other requirements set forth in
19 this section, the amounts set forth below:

20 "(1) All insurance premiums paid or owed by the
21 purchaser for casualty loss coverage on insurable structures
22 with interest on said payments at ~~12~~ seven percent per annum.

23 "(2) The value of all permanent improvements made on
24 the property determined in accordance with this section with
25 interest on said value at ~~12~~ seven percent per annum.

26 "(c) With respect to property which contains a
27 residential structure at the time of the sale regardless of

1 its location, the proposed redemptioner must pay to the
2 purchaser or his or her transferee, in addition to any other
3 requirements set forth in this section, the amounts set forth
4 below:

5 "(1) All insurance premiums paid or owed by the
6 purchaser for casualty loss coverage on the residential
7 structure with interest on the payments at ~~12~~ seven percent
8 per annum.

9 "(2) The value of all preservation improvements made
10 on the property determined in accordance with this section
11 with interest on the value at ~~12~~ seven percent per annum.

12 "(d) As used herein, "permanent improvements" shall
13 include, but not be limited to, all repairs, improvements, and
14 equipment attached to the property as fixtures. As used
15 herein, "preservation improvements" shall mean improvements
16 made to preserve the property by properly keeping it in repair
17 for its proper and reasonable use, having due regard for the
18 kind and character of the property at the time of sale. The
19 proposed redemptioner shall make written demand upon the
20 purchaser of a statement of the value of all permanent or
21 preservation improvements as applicable made on the property
22 since the tax sale. In response to written demand made
23 pursuant to this subsection, within 10 days from the receipt
24 of such demand, the purchaser shall furnish the proposed
25 redemptioner with the amount claimed as the value of such
26 permanent or preservation improvements as applicable; and
27 within 10 days after receipt of such response, the proposed

1 redemptioner either shall accept the value so stated by the
2 purchaser or, disagreeing therewith, shall appoint a referee
3 to ascertain the value of such permanent or preservation
4 improvements as applicable. The proposed redemptioner shall in
5 writing (i) notify the purchaser of his or her disagreement as
6 to the value; and (ii) inform the purchaser of the name of the
7 referee appointed by him or her. Within 10 days after the
8 receipt of such notice, the purchaser shall appoint a referee
9 to ascertain the value of the permanent or preservation
10 improvements as applicable and advise the proposed
11 redemptioner of the name of the appointee. Within 10 days
12 after the purchaser has appointed his or her referee, the two
13 referees shall meet and confer upon the award to be made by
14 them. If they cannot agree, the referees shall at once appoint
15 an umpire, and the award by a majority of such body shall be
16 made within 10 days after the appointment of the umpire and
17 shall be final between the parties.

18 "(e) If the proposed redemptioner fails or refuses
19 to nominate a referee as provided in subsection (d), he or she
20 must pay the value put upon the improvements by the purchaser.
21 If the purchaser refuses or fails to appoint a referee, as
22 provided in subsection (d), the purchaser shall forfeit his or
23 her claim to compensation for such improvements. The failure
24 of the referees or either of them to act or to appoint an
25 umpire shall not operate to impair or forfeit the right of
26 either the proposed redemptioner or the purchaser in the
27 premises and in the event of failure without fault of the

1 parties to affect an award, the appropriate court shall
2 proceed to ascertain the true value of such permanent or
3 preservation improvements as applicable and enforce the
4 redemption accordingly."

5 Section 2. This act shall become effective for all
6 tax years beginning on or after October 1, 2010, following its
7 passage and approval by the Governor, or its otherwise
8 becoming law.