

1 HB59
2 113808-1
3 By Representative Gordon
4 RFD: Banking and Insurance
5 First Read: 12-JAN-10
6 PFD: 12/08/2009

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8 SYNOPSIS: Under existing law, when a person redeems
9 land after it is sold for delinquent taxes, the
10 purchaser has to pay interest on the taxes paid at
11 the rate of 12 percent and interest on the excess
12 amount paid by the buyer for the land at 12 percent
13 from the date of sale to date of assignment of the
14 certificate of purchase, up to 15 percent of the
15 market value of the property.

16 This bill would eliminate lands sold to a
17 party other than the state for non-payment of taxes
18 from the provision requiring, as part of the
19 redemption of the lands, payment of the portion of
20 any excess bid that is less than or equal to 15
21 percent of the market value as established by the
22 county board of equalization, insurance premiums,
23 and permanent improvements made to property located
24 within certain urban renewal or urban redevelopment
25 project areas.

26
27 A BILL

1 TO BE ENTITLED

2 AN ACT

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4 To amend Section 40-10-122, Code of Alabama 1975, as
5 amended by Act 2009-508 of the 2009 Regular Session (Acts
6 2009, p. ___), relating to redemption of lands sold to a party
7 other than the state for non-payment of taxes; to eliminate
8 the provision requiring, as part of the redemption payment of
9 the portion of any excess bid that is less than or equal to 15
10 percent of the market value as established by the county board
11 of equalization, insurance premiums and permanent improvements
12 made to property located within certain urban renewal or urban
13 redevelopment project areas.

14 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

15 Section 1. Section 40-10-122, Code of Alabama 1975,
16 as amended by Act 2009-508 of the 2009 Regular Session (Acts
17 2009, p. ___), is amended further to read as follows:

18 "§40-10-122.

19 "~~(a)~~ In order to obtain the redemption of land from
20 tax sales where the same has been sold to one other than the
21 state, the party desiring to make such redemption shall
22 deposit with the judge of probate of the county in which the
23 land is situated the amount of money for which the lands were
24 sold, with interest payable at the rate of 12 percent per
25 annum from date of sale, ~~and, on the portion of any excess bid~~
26 ~~that is less than or equal to 15 percent of the market value~~
27 ~~as established by the assessing official,~~ together with the

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

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

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

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

4 ~~"(c) With respect to property which contains a~~
5 ~~residential structure at the time of the sale regardless of~~
6 ~~its location, the proposed redemptioner must pay to the~~
7 ~~purchaser or his or her transferee, in addition to any other~~
8 ~~requirements set forth in this section, the amounts set forth~~
9 ~~below:~~

10 ~~"(1) All insurance premiums paid or owed by the~~
11 ~~purchaser for casualty loss coverage on the residential~~
12 ~~structure with interest on the payments at 12 percent per~~
13 ~~annum.~~

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

17 ~~"(d) As used herein, "permanent improvements" shall~~
18 ~~include, but not be limited to, all repairs, improvements, and~~
19 ~~equipment attached to the property as fixtures. As used~~
20 ~~herein, "preservation improvements" shall mean improvements~~
21 ~~made to preserve the property by properly keeping it in repair~~
22 ~~for its proper and reasonable use, having due regard for the~~
23 ~~kind and character of the property at the time of sale. The~~
24 ~~proposed redemptioner shall make written demand upon the~~
25 ~~purchaser of a statement of the value of all permanent or~~
26 ~~preservation improvements as applicable made on the property~~
27 ~~since the tax sale. In response to written demand made~~

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

23 "(e) If the proposed redemptioner fails or refuses
24 to nominate a referee as provided in subsection (d), he or she
25 must pay the value put upon the improvements by the purchaser.
26 If the purchaser refuses or fails to appoint a referee, as
27 provided in subsection (d), the purchaser shall forfeit his or

1 ~~her claim to compensation for such improvements. The failure~~
2 ~~of the referees or either of them to act or to appoint an~~
3 ~~umpire shall not operate to impair or forfeit the right of~~
4 ~~either the proposed redemptioner or the purchaser in the~~
5 ~~premises and in the event of failure without fault of the~~
6 ~~parties to affect an award, the appropriate court shall~~
7 ~~proceed to ascertain the true value of such permanent or~~
8 ~~preservation improvements as applicable and enforce the~~
9 ~~redemption accordingly."~~

10 Section 2. This act shall become effective September
11 1, 2010, following its passage and approval by the Governor,
12 or its otherwise becoming law.