

1 SB53  
2 125508-3  
3 By Senators Pittman and Whatley  
4 RFD: Fiscal Responsibility and Economic Development  
5 First Read: 03-MAR-15  
6 PFD: 03/02/2015

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8 SYNOPSIS: Under existing law, a person redeeming land  
9 sold at a tax sale to one other than the state is  
10 required to pay interest on the tax due and on the  
11 excess bid at the tax sale.

12 This bill would require the person desiring  
13 to redeem the land to deposit with the judge of  
14 probate the amount for which the land was sold,  
15 with interest payable only on the amount of tax due  
16 on the date of the sale.

17 This bill would reduce the interest payable  
18 on land sold for unpaid tax, insurance premiums,  
19 permanent improvements, and the value of all  
20 preservation improvements.

21 This bill would provide for retroactive  
22 effect.

23  
24 A BILL  
25 TO BE ENTITLED  
26 AN ACT  
27

1           To amend Section 40-10-122, Code of Alabama 1975, to  
2 provide further for the redemption process for land sold for  
3 taxes to a party other than the state; reduce the interest  
4 payable on land sold for unpaid tax, insurance premiums,  
5 permanent improvements, and the value of all preservation  
6 improvements; and to provide for retroactive effect.

7 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

8           Section 1. Section 40-10-122, Code of Alabama 1975,  
9 is amended to read as follows:

10           "§40-10-122.

11           "(a) In order to obtain the redemption of land from  
12 tax sales where the same has been sold to one other than the  
13 state, the party desiring to make such redemption shall  
14 deposit with the judge of probate of the county in which the  
15 land is situated the amount of money for which the lands were  
16 sold, with interest payable at the rate of ~~12~~ one percent per  
17 annum from date of sale, ~~and, on the portion of any excess bid~~  
18 ~~that is less than or equal to 15 percent of the market value~~  
19 ~~as established by the county board of equalization,~~ only on  
20 the tax amount due on the date of sale together with the  
21 amount of all taxes which have been paid by the purchaser,  
22 which fact shall be ascertained by consulting the records in  
23 the office of the tax collector, or other tax collecting  
24 official, with interest on said payment at ~~12~~ one percent per  
25 annum. If any taxes on said land have been assessed to the  
26 purchaser and have not been paid, and if said taxes are due  
27 which may be ascertained by consulting the tax collector or

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

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

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

18 "(c) With respect to property which contains a  
19 residential structure at the time of the sale regardless of  
20 its location, the proposed redemptioner must pay to the  
21 purchaser or his or her transferee, in addition to any other  
22 requirements set forth in this section, the amounts set forth  
23 below:

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

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

4           "(d) As used herein, "permanent improvements" shall  
5 include, but not be limited to, all repairs, improvements, and  
6 equipment attached to the property as fixtures. As used  
7 herein, "preservation improvements" shall mean improvements  
8 made to preserve the property by properly keeping it in repair  
9 for its proper and reasonable use, having due regard for the  
10 kind and character of the property at the time of sale. The  
11 proposed redemptioner shall make written demand upon the  
12 purchaser of a statement of the value of all permanent or  
13 preservation improvements as applicable made on the property  
14 since the tax sale. In response to written demand made  
15 pursuant to this subsection, within 10 days from the receipt  
16 of such demand, the purchaser shall furnish the proposed  
17 redemptioner with the amount claimed as the value of such  
18 permanent or preservation improvements as applicable; and  
19 within 10 days after receipt of such response, the proposed  
20 redemptioner either shall accept the value so stated by the  
21 purchaser or, disagreeing therewith, shall appoint a referee  
22 to ascertain the value of such permanent or preservation  
23 improvements as applicable. The proposed redemptioner shall in  
24 writing (i) notify the purchaser of his or her disagreement as  
25 to the value; and (ii) inform the purchaser of the name of the  
26 referee appointed by him or her. Within 10 days after the  
27 receipt of such notice, the purchaser shall appoint a referee

1 to ascertain the value of the permanent or preservation  
2 improvements as applicable and advise the proposed  
3 redemptioner of the name of the appointee. Within 10 days  
4 after the purchaser has appointed his or her referee, the two  
5 referees shall meet and confer upon the award to be made by  
6 them. If they cannot agree, the referees shall at once appoint  
7 an umpire, and the award by a majority of such body shall be  
8 made within 10 days after the appointment of the umpire and  
9 shall be final between the parties.

10 "(e) If the proposed redemptioner fails or refuses  
11 to nominate a referee as provided in subsection (d), he or she  
12 must pay the value put upon the improvements by the purchaser.  
13 If the purchaser refuses or fails to appoint a referee, as  
14 provided in subsection (d), the purchaser shall forfeit his or  
15 her claim to compensation for such improvements. The failure  
16 of the referees or either of them to act or to appoint an  
17 umpire shall not operate to impair or forfeit the right of  
18 either the proposed redemptioner or the purchaser in the  
19 premises and in the event of failure without fault of the  
20 parties to affect an award, the appropriate court shall  
21 proceed to ascertain the true value of such permanent or  
22 preservation improvements as applicable and enforce the  
23 redemption accordingly."

24 Section 2. This act shall become effective on the  
25 first day of the third month following its passage and  
26 approval by the Governor, or its otherwise becoming law;  
27 provided, however, the operation of this act shall be

1 retroactive to October 1, 2008, but no refunds of interest or  
2 excess bid paid shall be due or issued as a result of the  
3 retroactive operation of this act.