HB196

V1HNVVV-2

By Representative Ingram

RFD: State Government

First Read: 20-Feb-24

A BILL

TO BE ENTITLED

AN ACT

Relating to the Land Commissioner; to amend Sections 40-10-132 and 40-10-134, Code of Alabama 1975; to authorize the Land Commissioner to sell certain bid in land owned by the state by public auction in certain circumstances; and to provide for distribution of the proceeds of a sale.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Sections 40-10-132 and 40-10-134, Code of Alabama 1975, are amended to read as follows:

"§40-10-132

(a) ~~It shall be the duty of the~~ The Land Commissioner ~~to cause to be prepared a suitable book, in which shall be entered a description, as accurate as can be obtained, of all the lands which have been bid in by the state, with the amount of state and county taxes due thereon and the date when such lands were bid in; and, when three years shall have elapsed from the date of sale, such portions of lands as have not been redeemed shall be subject to sale by the state; and the Land Commissioner, with the approval of the Governor, may do any of the following~~ shall maintain a listing of all the lands that have been bid in for the state, which shall include the

following:

(1) A legal description of the property, as it appears on the certificate of purchase provided to the state as required by Section 40-10-20.

(2) The amount of state and county taxes due.

(3) The date when the property was bid in for the state.

(b) After three years from the date of the sale, any portions of property that have not been redeemed shall be subject to sale by the state. The Land Commissioner may sell the property in any of the following ways:

(1) Sell the ~~same~~ property at private sale to any purchaser, who may pay ~~therefor~~ in cash to the Treasurer such sum of money as the Land Commissioner ~~may ascertain~~ ascertains to be sufficient to cover and satisfy all claims of the state and county, which sum shall not be less than the amount of money for which the lands were bid in by the state, with interest thereon at the rate of 12 percent per annum from the date of sale, together with the amount of all taxes due on the lands since date of sale, with interest thereon at the rate of 12 percent per annum from the maturity of such taxes.

(2) If the lands are within a municipal boundary, sell the ~~same~~ property to the municipality or ~~such~~ other nonprofit or governmental entity as the municipality may designate, at the best price offered, irrespective of the amount of taxes and interest due.

(3) If the ~~lands are~~ property is not within a municipal boundary, sell the ~~same~~ property to the county in which the

lands are situated or ~~such~~ other entity as the county may designate, at the best price offered, irrespective of the amount of taxes and interest due.

(4) Sell the ~~same~~ property to such other entity created jointly by the municipality and the county in which the lands are situated as much as may be authorized by state law, at the best price offered, irrespective of the amount of taxes and interest due.

(5) Sell the ~~same~~ property to a land bank authority created as authorized by Chapter 9, Title 24, for no consideration, irrespective of the amount of taxes and interest due.

~~(b)~~ (c) ~~Notwithstanding the foregoing, if the lands have~~ If the property has not been redeemed or sold by the state within five years from the date of the sale, ~~such lands~~ the property may be sold by the Land Commissioner by online public auction as provided in Section 40-10-134, irrespective of the amount of taxes and interest due."

"§40-10-134

(a) ~~When~~ Commencing January 1, 2025, and subject to subsections (b) through (f), the Land Commissioner may sell lands by online public auction when those lands have been sold for taxes and bought in for the State of Alabama; ~~and~~ have not been redeemed or sold by the state; and a period of five years has elapsed from the date of sale to the state., ~~the Land Commissioner, with the approval of the Governor, may sell the same at private sale to any purchaser for cash at~~ The sale of the property by online public auction shall be subject to the

provisions of subsections (b) through (e) and shall be for the best price obtainable, irrespective of the amount of taxes and interest due~~, after giving notice as provided for in Section 40-10-133; provided that the holder of a tax lien certificate related to such land shall be given the option to purchase such land for an amount equal to the best price offered by any purchaser at a private sale~~.

(b) When selling lands by public auction, the Land Commissioner shall contract with a nationally recognized auction company to sell at public auction the state's tax interest on any lands sold for nonpayment of taxes and bought in for the State of Alabama which meet the following requirements:

(1) The property has been bid in for the state for at least five years.

(2) The land has not been redeemed.

(3) The state has not sold or assigned its tax interest in the land.

(4) There is no active price quote on the land. The term "active price quote" means a statement that has been issued to an applicant which provides the amount necessary to purchase the state's tax interest in the land, and the applicant is still within the period of time stated in the price quote to accept and submit payment.

(c) The contract with the auction company shall provide that the fee to the auction company shall be a contingency fee with all expenses borne by the company. The expenses shall include, but are not limited to, the costs of advertising as

provided in subsection (e). The contingency fee shall not exceed 15 percent of the total amount of each successful bid at auction and shall be added as a premium to the total amount of each successful bid at auction.

(d) When the Land Commissioner contracts with an auction company pursuant to subsection (b), he or she shall notify the owners of record, or persons having interest in the lands, that the state's tax lien interest on the property will be sold at auction and the date upon which this is scheduled to occur. Notification shall be achieved by means of publication on the Department of Revenue's website for a period of not less than 30 days prior to the auction. The publication shall include the date and time of the auction and a listing of the properties that are scheduled to be auctioned. Due to certain factors including, but not limited to, sales, redemptions, cancellations, or open price quotes occurring between the time of initial publication and the time of auction, the list may be amended as necessary throughout the publication period. Amending the list for these reasons shall not restart the 30-day publication period, nor shall it invalidate the actions of the Land Commissioner in complying with this subsection.

(e) The auction company, as part of its contracted responsibilities, shall advertise the auction. In its advertisement, the auction company shall make a prominent statement that purchasers will not receive clear title to any land sold at auction, and further, that they are bidding on the tax lien interest on lands held by the state for

nonpayment of taxes which may have additional liens. The auction company and its agents shall not be liable for damages resulting from conducting the auction.

(f) Any provision of law to the contrary notwithstanding, the Department of Revenue shall distribute the funds derived from this section as follows:

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

(2) For properties in which the current assessment includes only state and county taxes, the total amount received shall be divided into two equal shares. One share shall be disbursed to the State General Fund, and one share disbursed to the county general fund."

Section 2. This act shall become effective on October 1, 2024.

House of Representatives

Read for the first time and referred .....20-Feb-24
to the House of Representatives
committee on State Government

Read for the second time and placed .....28-Feb-24
on the calendar:
1 amendment

Read for the third time and passed .....05-Mar-24
as amended
Yeas 103
Nays 0
Abstains 0

John Treadwell
Clerk