Tax Lien Auction

Tax Lien Auction is an alternative remedy for collecting delinquent property taxes by the sale of a tax lien.

Authority and Requirements to Hold Tax Lien Auction

-The tax collecting official for each county has the sole authority to decide whether a county shall utilize the tax lien sale (auction) for collection of delinquent taxes that shall apply to all property in the county for the year.

-The tax collecting official's decision to change from the current remedy used for collecting delinquent taxes shall be:

-Published on the tax collecting official's website or by advertising once a week for three consecutive weeks in a newspaper

-Shall occur not later than October 1 when the property taxes become due and payable

General Definitions

Tax Lien: The perpetual first priority lien as provided by §40-1-3

Tax Lien Auction: The public sale of all liens as advertised and held no earlier than March 1 or later than June 15 of the current year where the tax lien certificate is based on the lowest interest rate bid on tax lien. The first bid shall not exceed 12%

Tax Lien Sale: The sale of an unsold tax lien by private sale between a tax collecting official and the purchaser of a tax lien

Uniform Parcel Number: The unique parcel identification number assigned to the parcel of land based on the tax lien date of the current tax year

Notification

When?

The tax collecting official shall conduct a public auction for the sale and transfer of delinquent tax liens. The tax collecting official shall notify the delinquent taxpayer of the auction at least 30 days prior to the tax lien auction

Advertising

How?

By first class mail and by any one of the following:

Advertising for once a week for three consecutive weeks in a newspaper with general circulation in the county

Advertising on an online website controlled by the tax collecting official and accessible from the tax collecting official's website

Posting at the courthouse of the county and if possible, in a public place in the precinct where the property is located

The notices shall declare the time and location of the auction

The tax collecting official may auction or sell tax liens representing delinquent taxes for any year taxes are delinquent or unpaid

Tax Lien Auction List

A list of tax liens for delinquent taxes for any year. This list shall contain the following:

-Names of persons appearing on the latest tax roll as the owners of tax-delinquent properties

-Description of property

-Year which taxes are delinquent

-Principal amount of delinquent taxes, and the amount of accrued interest, penalties, fees and costs to the day of tax lien auction

Day of Tax Lien Auction

The tax collecting official shall proceed to auction all tax liens described in the tax lien auction list §40-10-184

Any tax lien unsold after a tax lien auction shall be retained by the county for future auction or sale §40-10-184

Tax Lien will be sold to the person who pays all taxes, interest, penalties, fees, and costs due on property, including an administration fee of $45.00 and who in addition bids lowest interest rate on amount paid to redeem the property.

Beginning interest rate bid shall not exceed 12% and additional bids may be made at a rate less than the immediately preceding bid §40-10-184

Property is sold based on parcel ID and description §40-10-184

The purchase price for a tax lien shall be paid in certified funds no later than one hour before close of business on the date of the auction §40-10-186

The tax collecting official shall make, execute and deliver a tax lien certificate to each purchaser §40-10-187

Within 30 days of a completed tax lien auction, the tax collecting official will send a notice to the property owner for whom the property was assessed informing the property owner the tax lien has been auctioned §40-10-187

Tax Collecting Official shall make a correct record of all auctions and sales of tax liens in a durable book or an electronic file, which will be known as record of tax lien auction and sales §40-10-188

Redemption

Tax liens auctioned or sold may be redeemed by any of the following:

The owner, or his or her heirs or personal representative. §40-10-193

Any mortgagee or purchaser of the property or any portion of the property §40-10-193

Any other person who would be entitled to redeem under subsection (a) of Section 40-10-120, Code of Alabama 1975, if the property had been sold for taxes §40-10-193

Property may be redeemed under subdivision §40-10-193 by payment to the tax collecting official of the amount specified on the tax lien certificate.

The tax collecting official shall, upon application to redeem a tax lien, issue to the person a certificate of redemption §40-10-194

For each certificate of redemption, the tax collecting official shall collect from the person to whom the certificate of redemption is issued a fee of $10 §40-10-194

Within 10 days of issuance of any certificate of redemption, the tax collecting official shall mail a copy of the certificate of redemption to the holder of the tax lien certificate. Upon surrender of the original tax lien certificate, the tax collecting official shall pay the redemption money. §40-10-196

Action to Foreclose

At any time not less than three years after the auction or sale of a tax lien but not more than 10 years after the auction or sale, if the tax lien is not redeemed, the holder of the tax lien certificates may bring in the circuit court of the county in which the property is located an action to foreclose the right to redeem and quiet title to the property in the name of the holder of the tax lien certificates.§40-10-197 & §40-10-198

Unpurchased Tax Liens

The tax collecting official, within 45 days after the tax lien auction date, may sell at private sale an unsold tax lien. The purchaser at private sale shall be entitled to interest on the amount paid at a rate agreed to by the tax collecting official, not to exceed 12 percent

All tax liens that remain unsold by the tax lien auction shall be included in all future tax lien auctions until sold

Any tax lien not sold at auction shall be reported to the county commission and will be allowed credit for taxes due to this state upon final settlement with the Comptroller