ALABAMA REVENUE DEPARTMENT
ADMINISTRATIVE CODE

CHAPTER 810-4-6
CLARIFICATION OF PROCEDURES FOR TAX LIEN AUCTION AND TAX LIEN SALE

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810-4-6-.01 Clarification Of Procedures For Tax Lien Auction And Tax Lien Sale.

(1) Title 40, Chapter 10, Code of Ala. 1975, allows the option for a county to collect delinquent ad valorem taxes through a tax lien auction or tax lien sale.

(2) DEFINITIONS: Definitions related to terms used in this rule may be found in §40-10-181, Code of Ala. 1975.

(3) Each county tax collecting official shall have sole authority to decide whether his or her county shall utilize the method of tax lien auction or sale to collect delinquent property taxes. The method decided by the tax collecting official shall apply to all property in that county for the year so decided. The decision for which method to use shall be made no later than October 1 when property taxes become due and payable. If the tax collecting official chooses to hold a tax lien auction or sale then notice must be published in accordance with §40-10-180, Code of Ala. 1975. Notice under §40-0-180(c), Code of Ala. 1975, is not required for a tax lien auction if a tax lien auction was held by the county the prior year. If the tax collecting official holds a tax lien auction one year and the next year decides to hold a tax sale, notice shall be published in accordance with §40-10-180, Code of Ala. 1975.

(4) The principal amount of the delinquent taxes, the amount of accrued and accruing interest thereon, and penalties, fees, and costs proposed through the day of the tax lien auction relating to each year of assessment shall be included on the tax lien auction list.

(5) If the interest rate bid for the property reaches 0.00 percent and more than one bidder remains, the tax collecting official shall draw lots to determine the winning bidder for the property.

The process of drawing lots shall be left to the discretion of the county tax collecting official. The tax collecting official shall have written procedures in place prior to the tax sale auction and the procedures shall be made available to all bidders on or before the day of the auction.

(6) The tax collecting official shall pay the redemption money to the holder of the tax lien certificate of sale upon surrender of the original tax lien certificate. If the original tax lien certificate has been lost or destroyed, a copy made in accordance with §40-10-190, Code of Ala. 1975, shall be acceptable.
Author: Kristie Pratt
Statutory Authority: Code of Ala. 1975, §§40-2A-7(a)(5), 40-2-11, 40-8-1(6).
History: **New Rule:** Filed September 24, 2018; effective November 8, 2018.

810-4-6-.02 Reduction Of Interest Rate On Redemptions Of Tax Delinquent Property And Verification Of Allowable Costs/Expenses.

(1) This change only applies to redemptions from tax sales that occur on or after January 1, 2020.

(a) Once the tax becomes delinquent it accrues interest at a rate of 12 percent per annum in accordance with §40-5-9, Code of Ala. 1975. The 12 percent per annum interest rate remains in effect until the tax sale.

(b) If property is sold in a tax sale occurring after January 1, 2020, an eight percent interest rate must be used to calculate the redemption.

(2) When processing a redemption of a tax sale that occurred after January 1, 2020, the Redemption Official is not required to verify that costs or expenses provided in §§40-10-122(b) through 40-10-122(e), Code of Ala. 1975 have been paid for the proposed redemptioner to take possession of the property.

(3) At the time funds are collected in accordance with §40-10-122(a)(1), Code of Ala. 1975, the official may determine whether the property is located within an urban renewal or urban redevelopment project area designated pursuant to Chapter 2 or 3 of Title 24, Code of Ala. 1975, or if it contained a residential structure at the time of the tax sale, regardless of location.

(a) If the property does not fall into one of the categories described in paragraph (3), the redemption must be completed, and a Redemption Certificate issued.

(b) If the property does fall into one of the categories described in paragraph (3), and the proposed redemptioner can provide the appropriate documentation to verify payment of the allowable costs or expenses, the redemption must be completed, and a Redemption Certificate issued.

(c) If the property does fall into one of the categories described in paragraph (3), but appropriate documentation cannot be provided to verify payment of the allowable costs or expenses, the official must hold the funds until the proposed redemptioner provides verification of payment. The proposed redemptioner must reimburse the purchaser for these costs prior to January 1 of the following tax year (or by the expiration of the three-year statutory redemption period if it comes first). If the proposed redemptioner fails to do this, the right of possession in the property is forfeited, and the redemption fails. The official must refund the proposed redemptioner funds which were paid in accordance with §40-10-122(a)(1), Code of Ala. 1975.

(4) If the proposed redemptioner forfeits the right to possession under §40-10-122(a)(2), Code of Ala. 1975, the redemptioner may continue to attempt redemption until the three-year statutory redemption period expires.

Author: Kristie Pratt

Statutory Authority: Code of Ala. 1975, §§40-2A-7(a)(5), 40-10-75, 40-10-76, 40-10-77, 40-10-83, 40-10-121 and 40-10-122.

History: New Rule: Published November 29, 2019, Effective January 13, 2020.