

Alabama Tax Liens and Tax Sales Recent Legislative Changes

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Overview: Alabama's Tax Sale Systems

- Sale of Land: Public auction of property to recover taxes, interest, and costs.
- Sale of Lien: Public auction of lien; bid interest rate; foreclosure possible later.

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Sale of Land – Key Points

- Delinquent Jan 1 → Notice to owner → Public auction.
- Highest bid covers taxes/costs; excess is surplus.
- Certificate of Purchase → 3-year statutory redemption.
- Issuance of tax deed.
- Judicial redemption possible if possession retained.

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Sale of Lien – Key Points

- Enacted 2018; most counties have now adopted.
- Auction: Lowest interest rate bid wins.
- Redemption: Pay lien + interest bid.
- Foreclosure previously at 3 years; extended to 4 years in 2024.

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2024 Legislative Changes Overview

- Act 2024-83: Online auctions for 'sold to state' >5 years.
- Act 2024-261: Surplus recovery without redemption; stronger notice for lien foreclosure.
- Act 2024-324: Streamlines lienholder rights & private sales.

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Act 2024-83 – Sold to State Properties

- State Land Commissioner may sell properties >5 years via online auction.
- Must use nationally recognized auction company.
- Potential to reduce long-held state-owned parcels and clear title.

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Act 2024-261 – Surplus & Foreclosure Changes

- Surplus recovery no longer requires redemption – waiver required.
- Lien foreclosure wait extended to 4 years.
- Detailed pre-suit notice & affidavit required.
- Right to demand public auction before judgment.

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Act 2024-324 – Lien Sales & Private Sales

- Lienholder can pay subsequent taxes to maintain lien.
- Recoverable title report costs in foreclosure.
- No possession before title issued.
- Private sale allowed anytime after public auction.

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Pre-2024 vs Post-2024 – Key Changes

- Surplus funds recovery: redemption requirement removed.
- Foreclosure timing: extended from 3 to 4 years.
- Pre-suit notice: formal requirements added.
- Sold-to-state sales: online auctions allowed.
- Private sale timing expanded.

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Case Law Context – Why 2024 Changes Matter

- Douglas v. Roper (Ala. 2022): Surplus funds = vested property right.
- Tyler v. Hennepin County (U.S. 2023): Takings Clause requires return of surplus.
- Aligns AL law with constitutional requirements; protects owner equity.

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Questions & Discussion

- Scenario examples: surplus without redemption; lien foreclosure notice defects.
- Impact on title insurance underwriting.
- Practical enforcement challenges.

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