

**Alabama Tax Liens and Tax Sales -**  
**Recent Legislation**

**William S. Hereford, Esq.**  
**Burr & Forman LLP**  
**420 North 20th Street**  
**Suite 3400**  
**Birmingham, Alabama 35203**  
**whereford@burr.com**

**Prepared for the Land Title Association of Alabama - Summer Conference**

**August 25, 2025**

## ALABAMA TAX LIENS AND TAX SALES – RECENT LEGISLATION

### I. 2024 LEGISLATION

In 2024, three bills directly affecting tax sales were enacted: (i) **Act 2024-83**, (ii) **Act 2024-261**, and (iii) **Act 2024-324**.

- **Act 2024-83** pertains to the Sale of Land system.
- **Act 2024-261** pertains to both the Sale of Land and Sale of Lien systems.
- **Act 2024-324** pertains to the Sale of Lien system.

Copies of these acts are attached to this outline.

To understand the significance of these changes, it is helpful to review Alabama's two tax sale systems.

### II. OVERVIEW OF ALABAMA'S TAX SALE SYSTEMS

Alabama has two distinct systems for collecting delinquent ad valorem taxes:

1. **Sale of Land:** Under this system, counties sell the delinquent taxpayer's land at public auction to recover unpaid taxes, accrued interest, and the costs of the sale. The highest bidder receives a certificate that can be exchanged for a deed if the property is not redeemed within three years.
2. **Sale of Lien:** Established by the legislature in 2018, this system allows the county to sell a lien against the property to recover unpaid taxes. The winning bidder receives a lien on the property, which can later be foreclosed judicially if the taxes remain unpaid. The majority of Alabama counties have adopted this newer system.

### III. SALE OF LAND (Ala. Code §§ 40-10-1 through 40-10-143)

Before 2019, all Alabama counties used the **Sale of Land** system. For properties that are delinquent as of January 1, the tax collector issues notices to the owner, and publishes notice of the auction date. Properties are sold at public auction to the highest bidder. If no one bids enough to cover the taxes, interest, and costs, the state automatically "bids in" the property. These properties are referred to as "sold to state" properties.

After the sale, the tax collector issues a certificate of purchase (commonly known as a "tax certificate"). If the property is not redeemed within three years, the purchaser is entitled to a tax deed conveying all the right, title, and interest of the taxpayer and the state to the property.<sup>1</sup>

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<sup>1</sup> Alabama Code § 40-10-29.

**A. Excess Bids**

Under the Sale of Land system, property is sold to the highest bidder at the auction, provided that the bid at least covers the past due taxes, interest, and sale costs. When the highest bid exceeds these amounts, the surplus funds (referred to as an "excess bid," "overbid," or "surplus") are held by the county subject to the requirements of Alabama Code § 40-10-28.

**B. Redemption from Tax Sales**

Any person or entity with an ownership interest, lien, or mortgage on the property at the time of the tax sale has the right to redeem. In Alabama, the right to redeem lasts for at least three years and can potentially extend indefinitely. There are two primary redemption periods:

**1. Statutory Redemption:**

This period begins when the property is sold and lasts for at least three years. During this time, any party with an interest in the property, including lienholders and mortgagees, can redeem it by paying the amount for which the land was sold, plus all subsequent taxes paid by the purchaser, and interest.<sup>2</sup>

When land is deemed to be sold to the state due to there being an insufficient bid at the auction, the time to redeem under § 40-10-120 is the greater of three years from the auction or until the state sells or assigns its interest in the land to an individual. Section 40-10-120 also provides that a lienholder's right to redeem continues for up to one year following written notice of the sale given by the purchaser.<sup>3</sup>

For properties located in an urban renewal or urban redevelopment project area, the purchaser is entitled to recover from the redeeming party casualty insurance premiums paid and the value of "permanent improvements" made on to the property, together with interest. For properties containing a residential structure, the purchaser is entitled to recover casualty insurance premiums paid and the value of all "preservation improvements" made on the property, regardless of location, with interest.<sup>4</sup>

For properties sold before 2020, the interest rate on the redemption amount was 12% per annum, and for properties sold after January 1, 2020, the rate is 8%. The redeeming party must pay interest on the excess bid, but only on the portion that does not exceed 15% of the property's market value.<sup>5</sup>

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<sup>2</sup> §§ 40-10-120(a) and -122(a).

<sup>3</sup> § 40-10-120(a).

<sup>4</sup> §40-10-122(b).

<sup>5</sup> §§ 40-10-83 and -122.

## 2. **Judicial Redemption:**

After the statutory redemption period, a judicial right of redemption remains if the owner has retained possession of the property, even if the possession is constructive or scrambling. Actual possession is not required. This right may be asserted through a lawsuit initiated by the redeeming party or in response to a suit filed by the tax sale purchaser seeking possession of the property.<sup>6</sup> The redemption amount includes the same elements as the statutory redemption but may also include the purchaser's reasonable attorney's fees when the redemption is in response to the purchaser filing a lawsuit for possession.<sup>7</sup>

Although the judicial redemption right exists in the context of a lawsuit, it is common for an owner and purchaser to effectuate a "redemption" by agreement. Under this approach, the purchaser and owner agree to an amount for which the purchaser will transfer its interest in the property (usually by quitclaim deed) to the owner. The benefit of this approach is that it avoids the time and expense involved with a lawsuit.

## IV. **SALE OF LIENS (ALA. CODE §§ 40-10-180 through 40-10-200)**

The **Sale of Lien** system, enacted in 2018, allows counties to sell tax liens at public auction to the bidder offering the lowest interest rate on redemption. Bidding starts at 12% per annum, and the winning bidder receives a tax lien certificate upon payment of the delinquent taxes, interest, and costs.<sup>8</sup> If more than one bidder offers 0.00%, the tax collector determines the winner by drawing lots.

**Redemption:** Anyone with an interest in the property can redeem it by paying the amount specified in the tax lien certificate plus interest at the rate bid.<sup>9</sup>

**Foreclosure:** After four years (formerly three) but no more than ten years, the lienholder may file a lawsuit to foreclose on the lien and quiet title. The right to redeem continues throughout the lawsuit until final judgment.<sup>10</sup>

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<sup>6</sup> § 40-10-82 and -83.

<sup>7</sup> § 40-10-83.

<sup>8</sup> §§ 40-10-182 through 40-10-184.

<sup>9</sup> § 40-10-193.

<sup>10</sup> § 40-10-197(h).

## V. 2024 LEGISLATIVE CHANGES - Acts 2024-83, 2024-261, and 2024-324

The following highlights many of the changes to the tax sale law resulting from the three new acts. For the specific details of all of the changes, each of the acts should be carefully reviewed.

### A. Act 2024-83 (Effective date: October 1, 2024 – Sale of Land)

This act modifies sections of the Sale of Land statutes (§§ 40-10-132 and 40-10-134) pertaining to the “sold to state” properties described in Section III. These are the properties at county auctions that are deemed sold to the state because no one made the minimum bid. Over the years, the number of these properties held by the state has grown to tens of thousands.

The act gives the state Land Commissioner the authority to sell properties held by the state for at least five years through public online auction. Starting January 1, 2025, the Land Commissioner may sell any "sold to state" properties held for more than five years via online public auction.<sup>11</sup>

Requirements for the online auction include:

- The state must use a “nationally recognized auction company.”
- The property must not have an “active” price quote.
- The auction company will be paid a contingency fee not to exceed 15%, and all expenses will be borne by the company.
- The auction company must give written notice to owners of record about the public auction.
- The Department of Revenue must publish a notice of the auction date and time on its website for 30 days prior to the auction.<sup>12</sup>

### B. Act 2024-261 (Effective date: October 1, 2024)

Act 2024-261 was enacted in response to the U.S. Supreme Court’s 2023 unanimous decision in **Tyler v. Hennepin County**, Minnesota, which held that while states may tax, seize, and sell property to recover taxes, any excess proceeds from the sale are subject to the Takings Clause. The Court ruled that states may only recover the taxes, interest, and related costs; any excess proceeds or equity in the property belong to the taxpayer.<sup>13</sup>

The year before, Alabama's own Supreme Court, in its unanimous **Douglas v. Roper** opinion, reached the same conclusion that the excess proceeds are property belonging to the owner: “The right of a property owner to recover excess funds generated from a tax sale is a vested right that

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<sup>11</sup> § 40-10-132(c).

<sup>12</sup> §§ 40-10-134(b)-(e).

<sup>13</sup> **Tyler v. Hennepin County, Minnesota**, 598 U.S. 631 (2023).

existed at common law... The excess funds stand in the place of the property and are representative of the owner's vested ownership interest in the property."<sup>14</sup>

### **Changes to the Sale of Land system (§ 40-10-28).**

After a tax sale, an owner has two independent rights: the right to the surplus funds and the right to redeem the property. Often, owners need to recover the surplus funds to redeem the property. Other times, they may not seek to redeem, but desire to receive the surplus from the sale of their property. Prior to 2013, § 40-10-28 allowed an owner to recover the excess without having to redeem the property. However, amendments in 2013, 2014, and 2017 imposed as a condition to receiving the surplus that an owner first redeem the property, and provided counties would become the owners of any surplus funds held for more than 10 years.

Act 2024-261 eliminates the redemption requirement for recovering surplus funds but introduces a new condition: owners may recover the surplus without redeeming, provided they first execute and record a release and waiver of any interest in the property and their right to redeem.<sup>15</sup>

### **Changes to the Sale of Lien system:**

Act 2024-261 also addresses Takings Clause concerns regarding the foreclosure of tax liens under the Sale of Lien system. The changes are intended to assure that all interested parties are given notice of the foreclosure and to provide those whose interests are being foreclosed the right to request a public auction so that any surplus value in the property being foreclosed can be returned to the owners.

### **Key changes include:**

- The time a tax lien holder must wait to foreclose has been extended from three years to four years following the lien sale.<sup>16</sup>
- A tax lien certificate holder cannot foreclose without first paying all delinquent taxes.<sup>17</sup>
- **Pre-suit notice requirements:** Between 30 and 180 days before filing a foreclosure lawsuit, the lien holder must provide specific written notice to the property owner, mortgage holders, the tax collector, and anyone reasonably believed to have an interest in the property. This notice must be detailed in an affidavit and filed in the foreclosure lawsuit.<sup>18</sup>

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<sup>14</sup> **Douglas v. Roper**, 374 So.3d 652, 668 (Ala. 2022).

<sup>15</sup> § 40-10-28(b).

<sup>16</sup> § 40-10-197(a)(1).

<sup>17</sup> § 40-10-197(b).

<sup>18</sup> § 40-10-197(c)(1).

- **Affidavit of notice:** The lien holder must file an affidavit identifying the persons and entities notified and the research method used to identify them.<sup>19</sup>
- **Pre-suit notice language:** Specific language must be used. Generally, the notice must warn that failure to answer within 30 days of service may result in default judgment, and that redemption rights exist until final judgment. It must also inform recipients that they may request a public auction of the property.<sup>20</sup>
- **Foreclosure lawsuit format:** The foreclosure lawsuit must include a specified warning to the defendants identifying the potential outcome of the lawsuit, and be filed as an **in rem** quiet title action with the corresponding procedural requirements, including the appointment of a guardian ad litem if necessary.<sup>21</sup>
- **Court findings:** Before entering a foreclosure judgment, the court make specific findings of fact, which include that the tax lien auction was valid, proper notice was sent, all liens are held by the plaintiff, no redemption has occurred, and no request for a public auction was made.<sup>22</sup>
- **Default judgment:** Default cannot be entered before the later of 30 days from filing the application and 90 days from the lawsuit filing date unless all defenses and rights are waived by the defendants.<sup>23</sup>

### **Owner Equity Protection – Right to Demand Public Auction**

Act 2024-261 adds a provision allowing anyone with redemption rights to demand a public auction before final judgment. Following such a demand, the court must appoint a commissioner to conduct an auction of the property. The proceeds of the auction are to pay the auction costs, and the amount of the tax lien and recoverable fees and expenses, with any remaining surplus to be paid to the owner.<sup>24</sup> All defenses to the foreclosure action must either be waived or adjudicated before the auction may occur.

#### **C. Act 2024-324 (Effective date: June 1, 2024 – Sale of Lien system)**

This act addresses the payment of property taxes following an initial tax lien sale. The winning bidder has the right to pay subsequent taxes and maintain the lien, but often bidders fail to do so, resulting in another lien sale.

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<sup>19</sup> § 40-10-197(c)(2).

<sup>20</sup> § 40-10-197(c)(3).

<sup>21</sup> § 40-10-197(d)(1)-(2).

<sup>22</sup> § 40-10-197(e)(1).

<sup>23</sup> § 40-10-197(e)(2)c.

<sup>24</sup> § 40-10-197(i)(1)-(7).

Act 2024-324 introduces the following changes:

- Tax lien auctions will include unpaid taxes, interest, fees, penalties, and prior years' costs, plus a \$45 administrative fee. If a previous tax lien holder failed to exercise their first right of purchase, their redemption amount is rolled into the subsequent sale.<sup>25</sup>
- Title report fees for bringing a foreclosure and quiet title action are recoverable.<sup>26</sup>
- Before obtaining title, a tax lien holder has no right to enter or possess the property, or to make repairs or alterations, and they are not liable for code violations.<sup>27</sup>
- The time during which counties can sell unsold properties at private sales is no longer limited to the 45 days following an auction. Counties may now conduct private sales at any time after the public auctions.<sup>28</sup>

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<sup>25</sup> § 40-10-184(b).

<sup>26</sup> § 40-10-193(a)(2).

<sup>27</sup> § 40-10-198(c).

<sup>28</sup> § 40-10-199(a).

**ALABAMA TAX SALE LAW CHANGES COMPARISON TABLE**

<b>Topic</b>	<b>Pre-2024 Law</b>	<b>Post-2024 Law</b>
Surplus Funds Recovery (Sale of Land)	Owner generally had to redeem property before recovering surplus funds; counties could keep surplus after 10 years.	Act 2024-261: Redemption not required to recover surplus; must execute and record waiver of property interest and redemption rights.
Sale of 'Sold to State' Properties (Sale of Land)	State Land Commissioner sold such properties via negotiated sale; no online auction process for properties >5 years.	Act 2024-83: Online public auction allowed for 'sold to state' properties >5 years, using nationally recognized auction company.
Foreclosure Timing (Sale of Lien)	Lienholder could foreclose after 3 years from lien sale.	Act 2024-261: Foreclosure wait extended to 4 years from lien sale.
Pre-Suit Notice Requirements (Sale of Lien)	Notice requirements less structured; no statutory affidavit requirement.	Act 2024-261: Detailed notice required 30-180 days pre-suit to owners, lienholders, tax collector; affidavit required with lawsuit.
Owner Right to Public Auction (Sale of Lien)	No explicit statutory right for owners to demand public auction before foreclosure judgment.	Act 2024-261: Owners (or anyone with redemption rights) can demand public auction; surplus proceeds to owner.
Private Sales of Unsold Properties (Sale of Lien)	Counties limited to 45 days after auction for private sales of unsold properties.	Act 2024-324: Counties may conduct private sales of unsold properties any time after public auction.



# ACT #2024 - 83

1 HB196  
2 V1HNVVV-3  
3 By Representative Ingram  
4 RFD: State Government  
5 First Read: 20-Feb-24





HB196 Enrolled

1 Enrolled, An Act,

2

3 Relating to the Land Commissioner; to amend Sections  
4 40-10-132 and 40-10-134, Code of Alabama 1975; to authorize  
5 the Land Commissioner to sell certain bid in land owned by the  
6 state by public auction in certain circumstances; and to  
7 provide for distribution of the proceeds of a sale.

8 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

11 "§40-10-132

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

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

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

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



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29 state.

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

34 (1) Sell the ~~same~~ property at private sale to any  
35 purchaser, who may pay ~~therefor~~ in cash to the Treasurer such  
36 sum of money as the Land Commissioner ~~may ascertain~~ ascertains  
37 to be sufficient to cover and satisfy all claims of the state  
38 and county, which sum shall not be less than the amount of  
39 money for which the lands were bid in by the state, with  
40 interest thereon at the rate of 12 percent per annum from the  
41 date of sale, together with the amount of all taxes due on the  
42 lands since date of sale, with interest thereon at the rate of  
43 12 percent per annum from the maturity of such taxes.

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

49 (3) If the ~~lands are~~ property is not within a municipal  
50 boundary, sell the ~~same~~ property to the county in which the  
51 lands are situated or ~~such~~ other entity as the county may  
52 designate, at the best price offered, irrespective of the  
53 amount of taxes and interest due.

54 (4) Sell the ~~same~~ property to such other entity created  
55 jointly by the municipality and the county in which the lands  
56 are situated as much as may be authorized by state law, at the



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57 best price offered, irrespective of the amount of taxes and  
58 interest due.

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

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

69 "§40-10-134

70 (a) When Commencing January 1, 2025, and subject to  
71 subsections (b) through (f), the Land Commissioner may sell  
72 lands by online public auction when those lands have been sold  
73 for taxes and bought in for the State of Alabama; and have not  
74 been redeemed or sold by the state; and a period of five years  
75 has elapsed from the date of sale to the state, the Land  
76 Commissioner, with the approval of the Governor, may sell the  
77 same at private sale to any purchaser for cash at The sale of  
78 the property by online public auction shall be subject to the  
79 provisions of subsections (b) through (e) and shall be for the  
80 best price obtainable, irrespective of the amount of taxes and  
81 interest due, after giving notice as provided for in Section  
82 40-10-133; provided that the holder of a tax lien certificate  
83 related to such land shall be given the option to purchase  
84 such land for an amount equal to the best price offered by any



85 ~~purchaser at a private sale.~~

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

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

94 (2) The land has not been redeemed.

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

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

103 (c) The contract with the auction company shall provide  
104 that the fee to the auction company shall be a contingency fee  
105 with all expenses borne by the company. The expenses shall  
106 include, but are not limited to, the costs of advertising as  
107 provided in subsection (e). The contingency fee shall not  
108 exceed 15 percent of the total amount of each successful bid  
109 at auction and shall be added as a premium to the total amount  
110 of each successful bid at auction.

111 (d) When the Land Commissioner contracts with an  
112 auction company pursuant to subsection (b), he or she shall



113 notify the owners of record, or persons having interest in the  
114 lands, that the state's tax lien interest on the property will  
115 be sold at auction and the date upon which this is scheduled  
116 to occur. Notification shall be achieved by means of  
117 publication on the Department of Revenue's website for a  
118 period of not less than 30 days prior to the auction. The  
119 publication shall include the date and time of the auction and  
120 a listing of the properties that are scheduled to be  
121 auctioned. Due to certain factors including, but not limited  
122 to, sales, redemptions, cancellations, or open price quotes  
123 occurring between the time of initial publication and the time  
124 of auction, the list may be amended as necessary throughout  
125 the publication period. Amending the list for these reasons  
126 shall not restart the 30-day publication period, nor shall it  
127 invalidate the actions of the Land Commissioner in complying  
128 with this subsection.

129 (e) The auction company, as part of its contracted  
130 responsibilities, shall advertise the auction. In its  
131 advertisement, the auction company shall make a prominent  
132 statement that purchasers will not receive clear title to any  
133 land sold at auction, and further, that they are bidding on  
134 the tax lien interest on lands held by the state for  
135 nonpayment of taxes which may have additional liens. The  
136 auction company and its agents shall not be liable for damages  
137 resulting from conducting the auction.

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



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

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

152           Section 2. This act shall become effective on October  
153           1, 2024.

HB196 Enrolled



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\_\_\_\_\_  
Speaker of the House of Representatives

\_\_\_\_\_  
President and Presiding Officer of the Senate

House of Representatives

I hereby certify that the within Act originated in and was passed by the House 05-Mar-24, as amended.

John Treadwell  
Clerk

Senate

\_\_\_\_\_  
09-Apr-24  
\_\_\_\_\_

Passed

APPROVED

4-16-2024

TIME

3:30 pm

\_\_\_\_\_  
GOVERNOR

Alabama Secretary Of State

Act Num....: 2024-83  
Bill Num....: H-196

ENGROSSED 196

SPONSOR

Ingram

CO-SPONSORS

HOUSE ACTION

I HEREBY CERTIFY THAT THE RESOLUTION AS REQUIRED IN SECTION C OF ACT NO. 81-889 WAS ADOPTED AND IS ATTACHED TO THE BILL, H.B. 196  
YEAS 101 NAYS 0

JOHN TREADWELL, Clerk

I HEREBY CERTIFY THAT THE NOTICE & PROOF IS ATTACHED TO THE BILL, H.B. AS REQUIRED IN THE GENERAL ACTS OF ALABAMA, 1975 ACT NO. 919.

JOHN TREADWELL, Clerk

CONFERENCE COMMITTEE

House Conferees:

\_\_\_\_\_

SENATE ACTION

SGA

APP

DATE: 3-5 2024  
RD 1 RFD SGA

This Bill was referred to the Standing Committee of the Senate on SGA

and was acted upon by such Committee in session and is by order of the Committee returned therefrom with a favorable report w/amend(s) w/sub by a vote of yeas 6 nays 0 abstain 0  
this 30 day of March 2024  
John Harris, Chair

DATE: 3-21 2024  
RF FAV RD 2 CAL

DATE: 20

RE-REFERRED  RE-COMMITTED

Committee

I hereby certify that the Resolution as required in Section C of Act No. 81-889 was adopted and is attached to the Bill.  
HB 196  
YEAS 37 NAYS 0

PATRICK HARRIS,  
Secretary

FURTHER SENATE ACTION (OVER)



# ACT #2024-261

- 1 HB270
- 2 B7334J4-3
- 3 By Representative Sells
- 4 RFD: State Government
- 5 First Read: 29-Feb-24





## HB270 Enrolled

1 Enrolled, An Act,

2           Relating to tax delinquent properties; to amend  
3 Sections 40-10-28 and 40-10-197, Code of Alabama 1975, to  
4 further provide for the distribution of excess funds arising  
5 from tax sales occurring during certain time periods; to  
6 further provide the period of time during which certain tax  
7 lien purchasers may bring an action to foreclose the right to  
8 redeem and quiet title to property under certain conditions;  
9 to further provide procedure for sending notice of the action  
10 to defendants and for representing certain defendants; to  
11 further provide the circumstances under which the court may  
12 render judgment; to further provide rights not extinguished by  
13 the foreclosure; to provide the procedure for sale of the  
14 property at public auction and distribution of proceeds if a  
15 public auction is demanded by certain persons entitled to  
16 redeem; to provide for the distribution of surplus proceeds;  
17 to provide that the act shall apply only to tax liens for  
18 which there has been no final judgment in a foreclosure and  
19 quiet title action on or before the effective date of this  
20 act.

21 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

22           Section 1. Sections 40-10-28 and 40-10-197, Code of  
23 Alabama 1975, are amended to read as follows:

24           "§40-10-28

25           (a) (1) The excess arising from the sale of any real  
26 estate remaining after paying the amount of the decree of  
27 sale, including costs and expenses subsequently accruing,  
28 shall be paid over to a person or entity who has redeemed the



29 property as authorized in Section 40-10-120 or any other  
 30 provisions of Alabama law authorizing redemption from a tax  
 31 sale, provided proof that the person or entity requesting  
 32 payment of the excess has properly redeemed the property is  
 33 presented to the county commission within three years after  
 34 the tax sale has occurred. The county commission may retain  
 35 any interest earned on those funds. Until and unless the  
 36 property is redeemed, the excess funds from the tax sale shall  
 37 be held in a separate account in the county treasury during  
 38 the three-year period. If at the end of the three-year period  
 39 there has been no proper request for the excess funds, those  
 40 funds and any interest earned on those funds shall be  
 41 deposited to the credit of the general fund of the county and  
 42 shall thereafter be treated as part of the general fund of the  
 43 county.

44 (2) The Department of Revenue shall ~~promulgate~~adopt  
 45 rules authorizing the county commission to issue a voucher in  
 46 the amount of the excess bid to a person or entity ~~which~~that  
 47 has paid all other costs of redemption as required in this  
 48 subsection. The person or entity redeeming property may  
 49 present the voucher to the judge of probate in lieu of the  
 50 amount equal to the excess bid to complete the redemption  
 51 process. The rules ~~promulgated~~adopted by the department shall  
 52 include forms to be utilized for issuing such vouchers.

53 (b) At any time ~~more than~~after three years but ~~within~~no  
 54 later than 10 years after a tax sale that occurred in calendar  
 55 year 2016 or later, or at any time after three years but no  
 56 later than 11 years after a tax sale that occurred in calendar



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57 year 2015, or at any time after three years but no later than  
58 12 years after a tax sale that occurred in calendar year 2014,  
59 the excess funds arising from the sale shall be paid to  
60 ~~either~~any of the following:

61 (1) To any person or entity entitled to redeem under  
62 Section 40-10-83, or any other provisions of law authorizing  
63 redemption from the tax sale, upon proof of a circuit court  
64 order granting redemption to the person or entity.

65 (2) To the owner of the land at the time of the tax  
66 sale or a subsequent owner, upon proof provided to the tax  
67 collector or other official performing those duties that the  
68 land has been redeemed by negotiated agreement from the  
69 purchaser at the tax sale or the purchaser's successor in  
70 interest. Proof of negotiated redemption agreement shall  
71 include the following:

72 a. A copy of a properly recorded deed or conveyance to  
73 the redeeming party executed by the party from whom redemption  
74 was made.

75 b. If the redeeming party was not the owner of the land  
76 at the time of the tax sale, a copy of a properly recorded  
77 deed or conveyance from the owner at the time of the tax sale  
78 to the subsequent owner.

79 c. If the party from whom redemption was made is a  
80 successor in interest of the tax sale purchaser, a copy of a  
81 properly recorded deed or conveyance from the tax sale  
82 purchaser to the successor in interest.

83 (3) To the owner of the land at the time of the tax  
84 sale or a subsequent owner with a properly recorded deed or



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85 conveyance without a redemption if the owner or subsequent  
86 owner executes a release and waiver releasing any right to  
87 redeem the property and waiving any and all interest in the  
88 property which shall be recorded with the judge of probate.

89 (c) Upon receipt of proof of redemption or proof of  
90 release and waiver as required in subsection (b), the county  
91 commission shall order the payment of the excess funds as  
92 provided therein and retain any interest earned on those  
93 funds. If proof of redemption or proof of release and waiver  
94 is not received within 10 years after the tax sale that  
95 occurred in calendar year 2016 or later, within 11 years after  
96 a tax sale that occurred in calendar year 2015, or within 12  
97 years after a tax sale that occurred in calendar year 2014,  
98 the excess funds and any interest earned on the funds shall  
99 become the property of the county.

100 (d) Notwithstanding any other provision of law, the  
101 process for calculation, distribution, and retention of any  
102 excess funds resulting from the sale of real estate for taxes,  
103 including any interest earned on the funds, shall be governed  
104 by this section and shall apply regardless of when the tax  
105 sale occurred. Any prior actions taken regarding excess funds  
106 and any interest earned on the funds which were made in good  
107 faith reliance pursuant to this section prior to July 2, 2017,  
108 are ratified, validated, and affirmed."

109 "§40-10-197

110 (a) (1) At any time not less than ~~three~~four years after  
111 the tax lien auction or the tax official's sale of a tax lien  
112 but not more than 10 years after the auction or sale, if the



113 tax lien has not been redeemed, a holder of all of the sold,  
 114 unexpired, outstanding tax lien certificates for a parcel of  
 115 property may bring in the circuit court of the county in which  
 116 the property is located an action to foreclose the right to  
 117 redeem and to quiet title to the property in the name of the  
 118 holder of the tax lien certificate. If any applicable law or  
 119 court order prohibits bringing an action to foreclose the  
 120 right to redeem and to quiet title to the property, the  
 121 limitation provided in this section shall be extended 12  
 122 months following the termination of the prohibition.

123 (2) For purposes of this section, a tax lien  
 124 certificate shall be considered outstanding if it is owned by  
 125 the original holder of the tax lien certificate or his or her  
 126 successor in interest.

127 (b) If there are any unsold tax liens, the holder must  
 128 pay all due and owing taxes, interest, penalties, fees, and  
 129 costs prior to filing an action under this section.

130 ~~(b)~~ (c) (1) At least 30 days before filing a tax lien  
 131 foreclosure action under this article, but not more than 180  
 132 days before the action is commenced, the holder of the tax  
 133 lien certificates shall send notice of intent to file the  
 134 foreclosure action by certified mail or by United States mail,  
 135 First Class, postage pre-paid, to all of the following:

136 a. The property owner or owners of record, according to  
 137 the property tax records of the county in which the property  
 138 is located, at the ~~owner's~~ address shown in the records and at  
 139 the street address of the property if different.

140 b. All holders of outstanding mortgages, judgment



141 liens, or other liens on the property as recorded in the  
142 probate office of the county in which the property is located.

143 c. The tax collecting official of the county in which  
144 the property is located.

145 d. Any other person who may reasonably be believed to  
146 have an interest in the property, including, but not limited  
147 to, any of the following:

148 1. A person whose name appears on the face of a  
149 recorded deed, mortgage, or other relevant instrument.

150 2. A person who paid taxes on the property during the  
151 period that it has been owned by the property owner of record.

152 3. A person who appears to be the heir of the property  
153 owner of record, as shown by probate court records.

154 4. The registered agent and all persons appearing to  
155 have an ownership interest in the entity as recorded on the  
156 records of the probate court or the Secretary of State, or  
157 both, if the property is owned by a business entity.

158 (2) The holder of the tax lien certificates shall make  
159 an affidavit setting forth the names of the persons, entities,  
160 and organizations that were sent notice pursuant to  
161 subdivision (1) and how these persons were identified,  
162 including, but not limited to, the records searched. This  
163 affidavit must be filed in the subsequent action.

164 ~~(2)~~ (3) The notice shall include the property owner's  
165 name, the date of mailing, the uniform parcel number, the  
166 legal description and street address, if any, of the property,  
167 and the name and address of the holder of the tax lien  
168 certificate, and a statement that the holder proposes to file



169 ~~a tax lien foreclosure action as soon as 30 but not later than~~  
170 ~~180 days after the date of mailing of the notice.~~ If the  
171 holder fails to send the notice required by this subsection,  
172 the court shall dismiss any tax lien foreclosure action filed  
173 under this article. The notice shall also include a statement  
174 or words substantially to the same effect, as follows:

175 "Notice is hereby given that the holder of these tax  
176 liens proposes to file a tax lien foreclosure action as soon  
177 as 30, but not later than 180, days following the date this  
178 notice is mailed. Once this action is served, anyone who is  
179 named as a defendant has 30 days to file an answer, or a  
180 default judgment may be entered against that person. Any  
181 person with a right to redeem the property may do so at any  
182 time prior to the entry of final judgment in the proposed  
183 action, either by payment to the tax collecting official as  
184 provided by law before an action is commenced, or by filing a  
185 timely answer or motion in the court after an action has been  
186 commenced. A judgment quieting title may cause a person with  
187 an interest in or claim on the property to lose their interest  
188 or claim. Any person claiming an interest in the property may  
189 appear in the action. Any person who is entitled to redeem may  
190 request that the property be sold at public auction. IN  
191 SUMMARY, IF YOU DO NOT WANT TO LOSE ANY INTEREST OR EQUITY, OR  
192 BOTH, YOU MAY HAVE IN THE PROPERTY, ONCE THE TAX LIEN  
193 FORECLOSURE ACTION BEGINS, YOU MUST TAKE ALL REQUIRED MEASURES  
194 TO APPEAR IN AND RESPOND TO THE FORECLOSURE ACTION."

195 (e) (d) (1) An action shall be commenced by filing a  
196 complaint in compliance with Section 6-6-561. Additionally,



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197 the complaint shall be accompanied by the following statement  
198 or words substantially to the same effect:

199 "A person with a right to redeem the property may do so  
200 at any time prior to the entry of final judgment in this  
201 action by filing a timely answer or motion in the court. A  
202 judgment quieting title may cause a person with an interest in  
203 or claim on the property to lose their interest or claim. Any  
204 person claiming an interest in the property may appear in this  
205 action. Any person who is entitled to redeem may request that  
206 the property be sold at public auction. IN SUMMARY, IF YOU DO  
207 NOT WANT TO LOSE ANY INTEREST OR EQUITY, OR BOTH, YOU MAY HAVE  
208 IN THE PROPERTY, YOU MUST TAKE ALL REQUIRED MEASURES TO APPEAR  
209 IN AND RESPOND TO THIS TAX LIEN FORECLOSURE ACTION." The  
210 holder shall not be required to plead or prove possession of  
211 the property. The holder shall name as parties defendant to  
212 the tax lien foreclosure action all persons entitled to redeem  
213 under this article. Upon filing the tax lien foreclosure  
214 action, the holder shall record a notice as provided by  
215 Section 35-4-131. Service of the complaint shall be made in  
216 accordance with Section 6-6-563. Notice shall also be  
217 published as provided by Section 6-6-564. An answer must be  
218 filed within 30 days following the date of service, as  
219 provided by Section 6-6-565.

220 (2) On the filing of a complaint, should it appear that  
221 any of the defendants is a minor or incapacitated or should  
222 the identity of some, or all, of the defendants be unknown,  
223 the court shall promptly appoint a guardian ad litem to  
224 represent and defend the interest of the minor or



225 incapacitated defendant, or unknown party in the proceeding.

226 (3) If the taxes have been paid by a person authorized  
227 to pay the taxes for any year in the intervening period  
228 between the first unredeemed lien and the filing of the  
229 action, the holder must also pay into court the amount of  
230 taxes that were paid, plus the interest on those taxes at the  
231 rate of interest specified in the oldest unredeemed tax lien  
232 certificate. If the property is foreclosed or sold through  
233 auction, this amount shall be distributed to the person who  
234 paid the taxes.

235 ~~(d)~~ (e) (1) In a tax lien foreclosure action, if the  
236 court finds that: (i) the tax lien auction or sale is valid;  
237 (ii), that proper notice has been given; (iii), that the  
238 holder is the holder of all of the sold, unexpired,  
239 outstanding tax certificates on the property; (iv), and that  
240 the tax liens have not been redeemed; and (v) no person has  
241 demanding that the property be sold by public auction under  
242 this section, the court shall enter judgment foreclosing the  
243 right of the defendant or defendants to redeem, shall vest  
244 good and marketable fee simple title in the holder, free of  
245 encumbrances, claims, and liens except as otherwise provided  
246 in subsection (f), and shall direct the circuit clerk to  
247 execute and deliver to the party in whose favor judgment is  
248 entered a deed conveying the interests of the defendants in  
249 the property described in the tax lien certificates.

250 (2)a. In no event may judgment be granted in a tax lien  
251 foreclosure action prior to the expiration of 90 days after it  
252 is filed, unless all persons possessing an ownership interest



253 in the property have filed an answer explicitly waiving any  
254 defense to the action, and all persons who are entitled to  
255 demand a sale of the parcel of property at public auction have  
256 filed an answer explicitly waiving their right to demand a  
257 sale at public auction.

258 b. Notwithstanding any other provision of law or the  
259 Alabama Rules of Civil Procedure to the contrary, an  
260 application for default judgment must be filed with the court  
261 and served on all parties who have appeared in the action as  
262 provided in the Alabama Rules of Civil Procedure and on any  
263 party who has not appeared in the action in accordance with  
264 Section 6-6-563. The holder of the tax lien certificates must  
265 submit an affidavit of service to the court.

266 c. Judgment may not be granted prior to 30 days after  
267 the service of the application for default judgment or 90 days  
268 after the filing of the action, whichever is later. The  
269 application for default judgment must specifically and  
270 prominently state the expected date on which judgment on the  
271 application may be entered and that any person seeking to  
272 protect an ownership or equity interest in the property must  
273 take all required measures to appear in and respond to the tax  
274 lien foreclosure action.

275 (2)(3) After entry of judgment, a party whose rights to  
276 redeem the tax liens ~~are~~ have been foreclosed has no further  
277 legal or equitable right, title, or interest in the property,  
278 subject to the right of appeal and stay of execution as in  
279 other civil actions.

280 (e)(f) The foreclosure of the right to redeem does not



281 extinguish any easement or right-of-way on or appurtenant to  
 282 the property or rights of any public utility or governmental  
 283 entity in the property, deed restrictions or covenants, or  
 284 plat restrictions or conditions. Any other liens shall be  
 285 extinguished according to their priority as provided by law.

286 ~~(f)~~ (g) (1) The clerk's deed executed in accordance with  
 287 subsection ~~(d)~~ (e) shall include all of the following  
 288 information:

- 289 a. The date of the judgment.
- 290 b. The number and style of the case.
- 291 c. The name of the plaintiff, who shall be stated as  
 292 the grantee.
- 293 d. The legal description of the property.
- 294 e. The uniform parcel number of the property.
- 295 f. The date of the conveyance.

296 (2) The original deed shall be delivered to the  
 297 plaintiff for recording in the probate records in the county  
 298 in which the property is located.

299 ~~(g)~~ (h) Any person who is entitled to redeem under this  
 300 article may redeem at any time before judgment is entered,  
 301 notwithstanding that an action ~~to foreclose~~ under this section  
 302 has been commenced, by paying into the circuit court the  
 303 redemption amount that would have been paid to the tax  
 304 collecting official under Section 40-10-193 ~~plus any other~~  
 305 ~~amounts determined by the court under this section. If the~~  
 306 ~~person who redeems has been served personally or by~~  
 307 ~~publication in the action, or if the person became an owner~~  
 308 ~~after the action began and redeems after a notice is recorded~~



309 ~~pursuant to subsection (c), the redeeming party shall also pay~~  
310 ~~into the court with the redemption amount the costs incurred~~  
311 ~~by the plaintiff in the action, including reasonable attorney~~  
312 ~~fees actually incurred, to be determined by the court. The~~  
313 ~~court shall then order the tax lien certificates cancelled and~~  
314 ~~the tax liens void, the redemption amount be paid to the tax~~  
315 ~~collecting official, and the costs and attorney fees be paid~~  
316 ~~to the plaintiff~~ for all sold, unexpired, outstanding tax lien  
317 certificates held by the holder, plus the amount of any other  
318 taxes that were paid pursuant to this section. If the person  
319 who redeems has been served in the action, or if the person  
320 became an owner after the action was commenced and redeems  
321 after a notice is recorded pursuant to subsection (d), the  
322 court shall also enter an order requiring the repayment of  
323 reasonable costs and reasonable attorney fees actually  
324 incurred in the action as established by the law and evidence,  
325 including, but not limited to, the filing fee. An award of  
326 costs and fees under this section shall be entered as a  
327 judgment against the redeemer, which may be enforced in the  
328 same manner as other judgments.

329 ~~(h)~~ (i) (1) a. Any person entitled to redeem, without  
330 redeeming, may respond to the action by demanding that the  
331 parcel of property be sold at public auction. By demanding  
332 that the parcel of property be sold at public auction, the  
333 person concedes that the court may enter judgment foreclosing  
334 the right to redeem and vest good and marketable fee simple  
335 title in favor of the highest bidder.

336 b. A demand for auction may be made at any time before



337 judgment is entered and may be made in the alternative,  
338 however no auction shall occur before any other defense raised  
339 by any other party defendant has been waived or adjudicated.  
340 The demand for auction must be served on all parties as  
341 provided in the Alabama Rules of Civil Procedure for pleadings  
342 subsequent to the original complaint. Any other party to the  
343 action, except for the holder of the tax lien certificates,  
344 may object to the demand within 30 days following service. A  
345 holder of the tax lien certificates receiving the demand shall  
346 file an accounting of the reasonable costs and attorney fees  
347 incurred in the action within 30 days.

348 (2) If the court determines that the request for  
349 auction of the parcel of property is made by a proper person  
350 and is due to be granted, the court shall also determine the  
351 reasonable costs and attorney fees actually incurred by the  
352 holder of the tax lien certificates in the action in  
353 accordance with this section, plus the cost of the auction. It  
354 shall order a suitable commissioner to conduct the auction no  
355 later than 180 days from the date of the order.

356 (3) The auction of the parcel of property shall be  
357 conducted either on the premises of or within the courthouse  
358 or courthouse annex of the county, and awarded to the highest  
359 bidder for cash between the hours of 10:00 a.m. and 4:00 p.m.

360 (4) Notice of the auction shall be given for at least  
361 three successive weeks as provided by Section 6-8-60 and by  
362 posting a notice in the courthouse. The notice shall specify  
363 the property and shall state the location, time, and manner of  
364 the sale.

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365           (5) The minimum bid at the sale shall be set by the  
366 court as the amount required to redeem all outstanding tax  
367 lien certificates under Section 40-10-193, plus any back taxes  
368 paid prior to bringing the action and the costs and fees  
369 ordered by the court. The holder of the tax lien certificates  
370 shall automatically be deemed to bid the minimum amount. If  
371 the holder is the highest bidder, he or she shall receive a  
372 credit toward the purchase price equal to the minimum bid.

373           (6) The suitable commissioner shall report the results  
374 of the auction to the court for confirmation and shall deposit  
375 the proceeds of the auction, if any, with the clerk of court.  
376 The court shall enter judgment foreclosing the right of the  
377 defendant or defendants to redeem and shall vest good and  
378 marketable fee simple title to the highest bidder. The court  
379 shall direct the circuit clerk to execute and deliver a deed  
380 as described in this section to the highest bidder, except  
381 that, if no bid other than the minimum bid is received, the  
382 holder shall pay the cost of the auction prior to receiving  
383 the deed.

384           (7) The proceeds of the auction shall be applied first  
385 to the cost of the auction, and then distributed to the holder  
386 of the tax lien certificates in an amount equal to the amount  
387 required to redeem, plus any due and owing taxes, interest,  
388 penalties, fees, and costs that were paid by him or her prior  
389 to filing the action, plus the reasonable costs and fees  
390 actually incurred in the action as previously determined by  
391 the court. Any surplus shall then be distributed to the owner  
392 or owners of the property or their heirs or other successors



393 in interest, or to another proper person, as determined by the  
394 court. The provisions of Alabama law applicable to unclaimed  
395 property held by the state shall apply.

396 (j) If a tax lien that was purchased pursuant to this  
397 article is not redeemed and the holder of the tax lien  
398 certificate fails to commence a tax lien foreclosure action on  
399 or before 10 years ~~from the date of the tax lien~~  
400 ~~certificate~~after the tax lien auction or the tax official's  
401 sale of the tax lien, the tax lien certificate shall expire  
402 and the lien shall become void.

403 ~~(i)~~ (k) If a judicial proceeding prohibits bringing a  
404 tax lien foreclosure action, the time of expiration under this  
405 section shall be extended by 12 months following the  
406 completion of the judicial proceeding."

407 Section 2. This act shall become effective on October  
408 1, 2024, and shall apply to all tax liens for which a final  
409 judgment has not been rendered in a foreclosure and quiet  
410 title action on or before October 1, 2024.

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Speaker of the House of Representatives

President and Presiding Officer of the Senate

House of Representatives

I hereby certify that the within Act originated in and was passed by the House 02-Apr-24 as amended.

John Treadwell  
Clerk

Senate

25-Apr-24

Passed

APPROVED 5.7.2024  
TIME 3:00 PM  
  
GOVERNOR

Alabama Secretary Of State

Act Num....: 2024-261  
Bill Num....: H-270

ENGROSSED 270

SPONSOR

Sells

CO-SPONSORS

HOUSE ACTION

I HEREBY CERTIFY THAT THE RESOLUTION AS REQUIRED IN SECTION C OF ACT NO. 81-889 WAS ADOPTED AND IS ATTACHED TO THE BILL, H.B. 270  
YEAS 100 NAYS 0

JOHN TREADWELL, Clerk

I HEREBY CERTIFY THAT THE NOTICE & PROOF IS ATTACHED TO THE BILL, H.B. AS REQUIRED IN THE GENERAL ACTS OF ALABAMA, 1975 ACT NO. 919.

JOHN TREADWELL, Clerk

CONFERENCE COMMITTEE

House Conferees

SENATE ACTION

CJ Mc

DATE: 4-11 2025  
RD 1 RFD CPMG

This Bill was referred to the Standing Committee of the Senate on C+MG

and was acted upon by such Committee in session and is by order of the Committee returned therefrom with a favorable report w/amend(s) 0 w/sub 0 by a vote of yeas 7 nays 0 abstain 0  
this 10th day of April 20 24  
Chair

DATE: 4-11 2025  
RF JAL RD 2 CAL

DATE: 20  
RE-REFERRED  RE-COMMITTED   
Committee

I hereby certify that the Resolution as required in Section C of Act No. 81-889 was adopted and is attached to the Bill, HB 270  
YEAS 32 NAYS 0

PATRICK HARRIS,  
Secretary

FURTHER SENATE ACTION (OVER)



# ACT #2024 - 324

- 1 HB335
- 2 YIYM626-3
- 3 By Representative Hill
- 4 RFD: Judiciary
- 5 First Read: 19-Mar-24





## HB335 Enrolled

1 Enrolled, An Act,

2 Relating to tax lien auctions and sales; to amend  
3 Sections 40-10-182, 40-10-183, 40-10-184, 40-10-186,  
4 40-10-187, 40-10-191, 40-10-193, 40-10-198, 40-10-199, and  
5 40-10-200, Code of Alabama 1975; and to add Section 40-10-202  
6 to the Code of Alabama 1975; to further provide for times a  
7 public auction may be held; to further provide for fees; to  
8 provide for the purchase price of a tax lien if a holder of a  
9 tax lien certificate fails to purchase a subsequent tax lien;  
10 to provide for the transfer of the tax lien and rights of the  
11 purchaser; to further provide for who may redeem a tax lien  
12 that has been auctioned or sold; to further provide for a  
13 title report for use in a foreclosure and quiet title action;  
14 to prohibit a holder of a tax lien certificate from entering  
15 upon or possessing any property until a deed is received; to  
16 prevent a holder of a tax lien certificate from being  
17 criminally or civilly liable for violations in certain  
18 circumstances; and to provide that certain books and records  
19 are prima facie evidence in certain circumstances.

20 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

21 Section 1. Sections 40-10-182, 40-10-183, 40-10-184,  
22 40-10-186, 40-10-187, 40-10-191, 40-10-193, 40-10-198,  
23 40-10-199, and 40-10-200, Code of Alabama 1975, are amended to  
24 read as follows:

25 "§40-10-182

26 (a) All tax liens representing unpaid and delinquent  
27 taxes on real property shall be subject to a tax lien auction  
28 or a tax lien sale.



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29 (b) (1) If the sale of a tax lien is chosen as the  
30 method to collect delinquent property taxes, the tax  
31 collecting official of any county shall conduct a public  
32 auction for the sale and transfer of delinquent tax liens  
33 between the hours of 8:30 a.m. and 4:00 p.m. on the auction  
34 date. The tax collecting official shall notify the delinquent  
35 taxpayer of the auction and all charges pursuant to Section  
36 40-10-183 at least 30 days prior to the tax lien auction by  
37 first class mail and by any one of the following:

38 a. Advertising ~~for~~ once a week for three consecutive  
39 weeks in a newspaper with general circulation in the county  
40 where the property is located.

41 b. Advertising on an online website controlled by the  
42 tax collecting official and accessible from the tax collecting  
43 official's website.

44 c. Posting at the courthouse of the county and if  
45 possible in a public place in the precinct where the property  
46 is located.

47 (2) The notices shall declare the time, the method,  
48 whether online or in person, and the location of the auction.

49 (c) The tax collecting official may auction or sell tax  
50 liens representing delinquent taxes for any year taxes are  
51 delinquent and unpaid."

52 "\$40-10-183

53 At least 30 days prior to any tax lien auction, the tax  
54 collecting official shall prepare and maintain a list of all  
55 unsold tax liens. The list shall be known as the tax lien  
56 auction list and shall contain all of the following:



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57 (1) The names of the several persons appearing in the  
58 latest tax roll as the respective owners of tax-delinquent  
59 properties.

60 (2) A description of each property as it appears in the  
61 latest tax roll.

62 (3) The year or years for which taxes are delinquent on  
63 each property.

64 (4) The principal amount of the delinquent taxes and  
65 the amount of accrued and accruing interest thereon and  
66 penalties, fees, and administration costs pursuant to Section  
67 40-10-184(b) relating to each year of assessment."

68 "§40-10-184

69 (a) On the day and time designated for a tax lien  
70 auction, the tax collecting official shall proceed to auction  
71 all tax liens described in the tax lien auction list compiled  
72 as provided in Section 40-10-183, except those for which the  
73 taxes, penalties, interest, fees, and costs ~~thereon~~ have been  
74 paid. Any tax lien unsold after a tax lien auction shall ~~be~~  
75 ~~retained by the county~~ continue pursuant to Section 40-1-3 for  
76 future auction or sale as provided in this article. Interest  
77 shall continue to accrue on unsold tax liens at the rate  
78 imposed on delinquent real property taxes.

79 (b) (1) A tax lien shall be sold at auction pursuant to  
80 this article to the person who: (i) pays all taxes due,  
81 including unpaid taxes for previous years, interest,  
82 penalties, fees, and costs due on the property, ~~including an~~  
83 ~~origination cost of twenty dollars (\$20) as of the date of~~  
84 ~~auction and a twenty dollar (\$20) auction~~ (ii) pays an

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85 administrative fee, and who, in addition, of forty-five  
86 dollars (\$45), effective upon the preparation of the tax lien  
87 auction list, plus the amount to be paid to the holder of a  
88 tax lien certificate who has not exercised his or her first  
89 right to purchase as provided in Section 40-10-191; and (iii)  
90 bids the lowest interest rate on the amount required to be  
91 paid to redeem the property from the sale.

92 (2) The beginning interest rate bid shall not exceed a  
93 rate of 12 percent and additional bids may be made at a rate  
94 less than the immediately preceding bid.

95 (3) If the interest rate bid for the property reaches  
96 0.00 percent and more than one bidder remains, an in-person  
97 auction ends in a tie and the winner cannot be determined, the  
98 tax collecting official shall draw lots to determine the  
99 winning bidder for the property. If an online auction ends in  
100 a tie and the winner cannot be determined, the tie shall be  
101 resolved by a random number generator.

102 (c) The sale of a tax lien does not extinguish any deed  
103 restriction, deed covenant, or easement on or appurtenant to  
104 the parcel. A tax lien offered for auction or sale shall be  
105 identified by a uniform parcel number and a legal  
106 description."

107 "\$40-10-186

108 (a) The purchase price for a tax lien shall be the  
109 amount ~~of delinquent taxes plus any interest, penalties, fees,~~  
110 ~~and costs accrued as of the date of the auction or sale~~as  
111 required in Section 40-10-184.

112 (b) The purchase price for a tax lien shall be paid in



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113 a form acceptable to the tax collecting official not later  
114 than one hour before close of business on the date of the  
115 auction or sale or, if the auction is online, not later than  
116 the close of business two days following the date of the  
117 auction.

118 (c) The purchase price for a tax lien received by the  
119 tax collecting official shall be credited to the tax  
120 collecting official for purposes of calculating commissions,  
121 if any, on taxes collected by the tax collecting official  
122 pursuant to Section 40-5-4."

123 "§40-10-187

124 (a) The tax collecting official, upon receipt of the  
125 purchase price, shall make, execute, and deliver a tax lien  
126 certificate to each purchaser ~~at a tax lien sale or auction or~~  
127 ~~to each assignee thereafter and shall collect from the~~  
128 ~~purchaser or assignee a fee of five dollars (\$5) for each tax~~  
129 ~~lien certificate.~~ The tax lien certificate shall be in a form  
130 provided by the Department of Revenue and shall also include a  
131 certificate of redemption form as provided in Section  
132 40-10-194.

133 (b) A tax lien certificate shall evidence the auction  
134 or sale or assignment to the holder of the tax lien  
135 certificate of the delinquent and unpaid taxes, penalties,  
136 interest, fees, and costs set forth therein and represented by  
137 the tax lien.

138 (c) A tax lien certificate shall bear the interest rate  
139 per annum as bid on by the purchaser at the tax lien auction  
140 or as agreed upon by the purchaser at the tax lien sale, until



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141 the tax lien certificate is redeemed as provided pursuant to  
142 Section 40-10-193 or Section 40-10-197.

143 (d) The tax lien certificate shall do all of the  
144 following:

145 (1) Describe the real property on which a tax lien is  
146 auctioned or sold as it is described in the tax lien auction  
147 list.

148 (2) Specify the date on which the tax lien was  
149 auctioned or sold to the original purchaser.

150 (3) Specify the year of assessment to which the tax  
151 lien relates and the amount for which the tax lien was  
152 auctioned or sold to the original purchaser.

153 (4) Recite the amount of all taxes, penalties,  
154 interest, fees, and costs due on the property, which relate to  
155 the year of assessment described in subdivision (3), as of the  
156 date specified in subdivision (2).

157 (5) Recite the rate per annum bid on by the purchaser  
158 at the tax lien auction or agreed upon at the tax lien sale on  
159 the amount described in subdivision (4) from the date  
160 specified in subdivision (2).

161 (e) The purchaser of a tax lien certificate may  
162 transfer and assign the certificate to any person, and the  
163 transferee of a tax lien certificate may subsequently transfer  
164 the certificate to any other person. The transferor of a tax  
165 lien certificate shall endorse the certificate and shall swear  
166 to the endorsement before a notary public or other officer  
167 empowered to administer oaths. The transferee shall present  
168 the endorsed tax lien certificate to the tax collecting

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169 official who prepared and executed the certificate, or his or  
170 her successor, who, for a fee of five dollars (\$5), shall  
171 acknowledge the transfer on the certificate and shall make  
172 note of the transfer on the record of tax lien auctions and  
173 sales kept as provided in Section 40-10-188. An assignment and  
174 transfer as provided in this subsection shall vest in the  
175 assignee all the right and title of the original purchaser.

176 (f) A security interest in a tax lien certificate may  
177 be created and perfected in the manner provided for general  
178 intangibles under Title 7. Notice of the security interest  
179 shall be given to the tax collecting official pursuant to  
180 Section 7-9A-406 and as otherwise required by law.

181 (g) Within 30 days of a completed tax lien auction or  
182 sale, the tax collecting official shall send notice to the  
183 property owner for whom the property was assessed informing  
184 the property owner that the tax lien has been auctioned or  
185 sold. The notice shall include the date of auction or sale and  
186 the name of the purchaser and shall be made by first class  
187 mail to the address listed in the assessment."

188 "§40-10-191

189 (a) The holder of a tax lien certificate shall have the  
190 first right to purchase the tax lien relating to a subsequent  
191 delinquency on the property described in the tax lien  
192 certificate of the holder. A holder of the certificate shall  
193 exercise this right between five and 30 days prior to the tax  
194 lien auction date, and the purchase by the holder shall be  
195 effective as of the date of the tax lien auction as if the  
196 holder has been the winning bidder. A holder of the



197 certificate who exercises this right, upon payment of the  
198 purchase price, shall be issued a certificate of purchase in  
199 accordance with Section 40-10-187 and is entitled to the same  
200 interest rate as shown on the previous tax lien certificate.  
201 The owner of the property shall be notified within 30 days of  
202 the completion of the first right of purchase, in accordance  
203 with Section 40-10-187(g). ~~The owner of the property may pay~~  
204 ~~the current year taxes due once the property owner redeems all~~  
205 ~~outstanding tax liens on the property.~~

206 (b) (1) If the holder of a tax lien certificate fails to  
207 exercise the first right to purchase a subsequent tax lien, an  
208 amount equal to the redemption price of the tax lien shall be  
209 added to the purchase price at the subsequent tax lien sale or  
210 auction and the tax lien certificate shall be transferred to  
211 the purchaser of the subsequent tax lien.

212 (2) A transfer of the tax lien certificate as provided  
213 in this subsection shall vest in the transferee all the rights  
214 and title of the previous holder of the tax lien certificate;  
215 the previous tax lien certificate shall be canceled; and a new  
216 tax lien certificate shall be issued to the purchaser.

217 (3) The amount paid from the transfer shall be  
218 distributed to the previous holder of the tax lien  
219 certificate, along with a notice of cancellation of the  
220 previous tax lien certificate, within 30 days of the receipt  
221 of the purchase price.

222 ~~(b)~~ (c) In the event that a mortgagee is or becomes the  
223 holder of a tax lien certificate, the mortgagee may add all  
224 costs, fees, interest, penalties, and taxes regarding the tax

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225 sale to the principal of the loan.

226 ~~(e)~~ (d) A holder of a tax lien certificate may abandon  
227 the certificate at any time upon notification given to the tax  
228 collecting official and the surrender of the tax lien  
229 certificate. Abandonment of a tax lien certificate  
230 relinquishes all rights of recovery of any monies or  
231 expenses."

232 "§40-10-193

233 (a) (1) Tax liens auctioned or sold may be redeemed by  
234 any of the following:

235 a. The owner, including a partial owner under Section  
236 40-10-195, or his or her heirs or personal ~~representative~~  
237 representatives.

238 b. Any mortgagee or purchaser of the property or any  
239 portion of the property.

240 c. ~~Any other person listed under subsection (a) of~~  
241 ~~Section 40-10-120, if the property had been sold for taxes.~~ Any  
242 person having an interest in the property or any portion of  
243 the property, legal or equitable, in severalty or as tenant in  
244 common, including a judgment creditor or other creditor having  
245 a lien on the property or any portion of the property.

246 (2) Property may be redeemed under subdivision (1) by  
247 payment to the tax collecting official of the amount specified  
248 on the tax lien certificate as the total amount of delinquent  
249 tax, interest, penalties, fees excluding lost certificate fees  
250 provided in Section 40-10-190, and costs paid to purchase the  
251 tax lien and to obtain a title report for use in a foreclosure  
252 and quiet title action under Section 40-10-197, plus interest



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253 at the rate specified in the tax lien certificate, plus any  
254 due and owing taxes, interest, penalties, fees, and costs due.  
255 The tax collecting official shall provide a separate receipt  
256 for any current taxes, interest, penalties, fees, or costs  
257 paid.

258 (b) Statutory fees paid by the holder of the tax lien  
259 certificate in connection with the tax lien certificate shall  
260 be added to the amount payable on redemption and shall also  
261 bear interest at the rate of interest specified in the tax  
262 lien certificate."

263 "§40-10-198

264 (a) Each holder of a tax lien certificate shall be  
265 entitled to the same rights and remedies with respect to the  
266 collection of the amounts due on ~~such~~the tax lien certificate  
267 as are available to the tax collecting official with respect  
268 to the collection of delinquent taxes, including, but not  
269 limited to, the right to institute garnishment proceedings  
270 against the taxpayer for the payment of taxes.

271 (b) The holder of a tax lien certificate shall not be  
272 entitled to charge the taxpayer for the release or  
273 satisfaction of the tax lien any amount more than what would  
274 otherwise have been available to the tax collecting official  
275 with respect to the collection of the delinquent tax.

276 (c) The holder of a tax lien certificate shall not have  
277 the right to enter upon or otherwise possess any property upon  
278 which he or she holds a tax lien until he or she receives a  
279 deed from the circuit clerk pursuant to a court action under  
280 this article. Prior to receiving a clerk's deed, the holder of



281 a tax lien certificate shall not make any repairs or  
282 alterations to the property or require the property owner to  
283 pay mesne profits or rents as part of any redemption amount.  
284 The holder of a tax lien certificate shall not be held  
285 criminally or civilly liable for any code violation on the  
286 property occurring prior to obtaining a clerk's deed unless  
287 the holder of the tax lien certificate has otherwise violated  
288 this subsection."

289 "§40-10-199

290 (a) Tax liens that are not sold at the tax lien auction  
291 conducted by the tax collecting official shall be separated in  
292 the tax lien auction list as prescribed by Section 40-10-183  
293 and ~~the county shall retain the lien~~ shall continue pursuant  
294 to Section 40-1-3. The tax collecting official, within 45 days  
295 at any time after the tax lien auction date, may sell at  
296 private sale an unsold tax lien for no less than all taxes,  
297 interest, penalties, costs, and fees, plus the amount to be  
298 paid to the holder of a tax lien certificate who has not  
299 exercised his or her first right to purchase as provided in  
300 Section 40-10-191. The purchaser at private sale shall be  
301 entitled to interest on the amount paid at a rate agreed to by  
302 the tax collecting official, not to exceed 12 percent. All  
303 private tax lien sales shall be entered in the record of tax  
304 lien auctions and sales, as provided in Section 40-10-188.

305 (b) All tax liens that remain unsold by the tax lien  
306 auction or sale shall be included in all future tax lien  
307 auctions or sales until sold.

308 (c) Any tax lien that does not sell at auction shall be

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309 reported to the county commission when seeking approval of  
310 errors in assessments, litigations, or insolvents as the tax  
311 collecting official ~~will~~ shall be allowed credit for taxes due  
312 to this state upon final settlement with the state  
313 Comptroller."

314           "\$40-10-200

315           (a) (1) Except as provided in subdivision (2), ~~no~~ a tax  
316 ~~assessor, assessing or~~ tax collecting official, commissioner of  
317 revenue, ~~officer~~ judge or clerk of the court with jurisdiction  
318 over actions filed under this article, or any employee of any  
319 of those offices shall not knowingly have a direct or indirect  
320 financial interest in the purchase of any tax lien sold for  
321 delinquent taxes within their jurisdiction. A sale made in  
322 violation of this subsection is void.

323           (2) This section does not apply to an attorney  
324 representing a party in the purchase of a tax lien sold for  
325 delinquent taxes or an employee of the attorney.

326           (b) A violation of this section ~~shall be~~ is a Class C  
327 misdemeanor and the sureties on his or her official bond shall  
328 be liable for a penalty not to exceed five hundred dollars  
329 (\$500) and to be fixed by the circuit judge with jurisdiction  
330 in the county. The penalty shall be remitted to the general  
331 fund of the county."

332           Section 2. Section 40-10-202 is added to the Code of  
333 Alabama 1975, to read as follows:

334           §40-10-202

335           Unless otherwise provided, in the trial of any issue  
336 involving the auction, sale, or redemption of a tax lien



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337 certificate, an action for public auction, or a foreclosure  
338 and quiet title action filed under this article, the originals  
339 or certified copies of the books and records belonging to the  
340 office of the tax assessing official, tax collecting official,  
341 or board of equalization required to be kept by law shall be  
342 prima facie evidence of the facts included in the books or  
343 records.

344           Section 3. This act applies to all tax liens for which  
345 a final judgment in a foreclosure and quiet title action has  
346 not been rendered on or before June 1, 2024

347           Section 4. This act shall become effective on June 1,  
348 2024.



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\_\_\_\_\_  
Speaker of the House of Representatives

\_\_\_\_\_  
President and Presiding Officer of the Senate

House of Representatives

I hereby certify that the within Act originated in and was passed by the House 16-Apr-24, as amended.

John Treadwell  
Clerk

Senate

\_\_\_\_\_  
30-Apr-24  
\_\_\_\_\_

Passed

APPROVED 5-9-2024  
TIME 4:00 pm  
Kay Ivey  
GOVERNOR

Alabama Secretary Of State  
Act Num....: 2024-324  
Bill Num....: H-335

ENGROSSED  
House Bill No. 335

SPONSOR

H-111

CO-SPONSORS

HOUSE ACTION

I HEREBY CERTIFY THAT THE RESOLUTION AS REQUIRED IN SECTION C OF ACT NO. 81-889 WAS ADOPTED AND IS ATTACHED TO THE BILL, H.B. 335  
YEAS 100 NAYS 1

JOHN TREADWELL, Clerk

I HEREBY CERTIFY THAT THE NOTICE & PROOF IS ATTACHED TO THE BILL, H.B. \_\_\_\_\_ AS REQUIRED IN THE GENERAL ACTS OF ALABAMA, 1975 ACT NO. 919.

JOHN TREADWELL, Clerk

CONFERENCE COMMITTEE

House Conferees \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

SENATE ACTION

DATE: 1-18 2022  
RD 1 RFD C+MG

This Bill was referred to the Standing Committee of the Senate on C+MG

and was acted upon by such Committee in session and is by order of the Committee returned therefrom with a favorable report w/amend(s) 0 w/sub 0 by a vote of yeas 8 nays 0 abstain 0 this 22nd day of April, 2024  
ESL, Chair

DATE: 4-23 2025  
RF ESL RD 2 CAL

DATE: \_\_\_\_\_ 20\_\_\_\_

RE-REFERRED  RE-COMMITTED

Committee \_\_\_\_\_

I hereby certify that the Resolution as required in Section C of Act No. 81-889 was adopted and is attached to the Bill, HB 335  
YEAS 33 NAYS 0

PATRICK HARRIS,  
Secretary

FURTHER SENATE ACTION (OVER)