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Honorable Andrew Bennett
Assistant Tax Assessor
Jefferson County, Bessemer Division
Room 209
1801 3rd Avenue, North
Bessemer, Alabama 35023

Ad Valorem Taxes – Tax Sales – Redemption – Tax Rates – Exemptions

When a property is redeemed from a tax sale, the owner, who is the occupant, may claim any applicable exemption for the succeeding year when the request is made prior to December 31st, but such request should not be honored unless the person owns the property at the time in which the exemption becomes applicable.

Additional exemptions may be requested after the date of the redemption for the succeeding year, but such exemptions do not affect the property unless and until the taxpayer is the owner of the property at the time in which the exemption is scheduled to take effect.

After a person redeems his or her property, although that person will be reinstated as the owner of the property, any applicable exemptions, depending on relevant facts, may not be applicable for the succeeding tax year.

Dear Mr. Bennett:

This opinion of the Attorney General is issued in response to your request.

QUESTIONS

> When a property is redeemed from a tax sale, may the owner, who is the occupant, claim any applicable exemption for the succeeding year when the request is made prior to December 31st?
>
> May additional exemptions be allowed after the date of the redemption for the succeeding year?
>
> After redemption, would the ownership be reinstated and any applicable exemption allowed for the succeeding tax year?

FACTS AND ANALYSIS

In your inquiry, you submitted several questions regarding the viability of a taxpayer to claim an exemption for succeeding tax years in instances where the taxpayer has redeemed the property as part of a tax sale to the state. This particular inquiry, although restated with slight variance in all of your questions, is analogous to the opinion this Office issued to you on June 23, 2010. In that particular request, you questioned whether a taxpayer whose single-family residence had been sold for delinquent ad valorem taxes may qualify for the additional homestead exemption found under section 40-9-21 of the Code of Alabama. Opinion to Honorable Andrew Bennett, Assistant Tax Assessor, Jefferson County-Bessemer Division, dated June 23, 2010, A.G. No. 2010-078 at 2. That opinion stated that a taxpayer, whose real property has been sold at a tax sale, will not qualify for any further homestead exemptions that occur after the tax sale and before eventual redemption.

In your current request, you informed this Office that a parcel of land was sold on May 20, 2013, for taxes that were due on October 1, 2012, for an assessment done on October 1, 2011. The taxpayer continued to live in the property and paid the delinquent taxes on May 23, 2013. On that same day, after redeeming the property, the taxpayer requested a property-tax exemption because of a permanent and total disability. The assessment was done to add an exemption for the 2014 tax bill, which would be assessed on October 1, 2013. The taxpayer, however, failed to pay taxes that were due on October 1, 2013. The tax to be paid on October 1, 2013, was for ad valorem taxes assessed on October 1, 2012. As a result, the property was sold at a tax sale to the State in May 2014. The taxpayer redeemed the property in November 2014 and was assessed for tax years 2013 and 2014.

Although not clearly expressed in your inquiry, you ultimately question whether the assessment for the 2014 tax bill was appropriate given the fact that the taxpayer had requested a tax exemption because of a total disability. Such exemption, in your opinion, should have been applicable as of the 2014 tax bill.

In the information that you provided this Office, the property in question was redeemed for delinquent taxes pursuant to section 40-10-121(b) of the Code. This provision states as follows:

> Upon application to the probate judge to redeem land where the same has been sold to the state for taxes, which application shall be made on blank forms to be furnished by the Land Commissioner, the probate judge shall submit such application to the tax assessor of the county in which the land sought to be redeemed is located, and the assessor shall without delay enter on such application an assessment value for each of the years for which taxes are due, subsequent to the year for which such land was sold to the state for taxes, and such assessment value shall be such percentage as established by law of the fair and reasonable market value of such lands as of October 1 of the year or years subsequent to the year for which the land was sold for taxes.

ALA. CODE § 40-10-121(b) (2011).

Section 40-10-121 of the Code clearly states that property sold to the State for delinquent taxes should have an assessment value for each of the years for which taxes are due. By failing to pay the 2014 tax bill that was due on October 1, 2014, the taxpayer was properly assessed for the 2013 and 2014 tax bills as required by section 40-10-121(b) of the Code.

Further, your inquiry assumes that the taxpayer should not be required to pay ad valorem taxes due pursuant to the 2014 tax bill. Taxes due on October 1, 2014, were for the assessment performed on October 1, 2013. Although the taxpayer completed an application for a disability exemption in May 2013, the granting of an exemption is not automatic.

Section 40-7-10 discusses the allowance of statutory exemptions and the process to be followed when property is no longer exempt. This provision states as follows:

> ***The tax assessor shall*** have the right and authority ***beginning October 1***, 1951, ***and annually thereafter, to credit any person entitled to a statutory ad valorem exemption that the tax assessor has the authority and right to grant***, and who has heretofore

> claimed such exemption, such statutory exemption, without such person claiming same annually. ***Any person who shall hereafter become entitled to such statutory exemption shall make a claim to the tax assessor between October 1 and prior to January 1 of any taxable year*** and, if such claim is allowed, shall not be required to annually thereafter repeat such claim. Any person who has claimed a homestead exemption and is entitled to same shall be annually credited with such exemption, and such homestead exemption shall encompass all additions or extensions made to the homestead structure or structures since the homestead exemption was claimed and shall encompass any additional buildings, being a part of the homestead, erected since the homestead exemption was claimed, any provision of the law to the contrary notwithstanding.
>
> ***If on October 1 of any year any such exempted property shall have become subject to taxation, it shall be the duty of the person or persons who are liable for the tax on such property to notify the tax assessor between October 1 and prior to January 1*** of that tax year that the property is no longer subject to exemption, and the tax assessor shall list the property for taxation. If the tax assessor discovers, at any time, that property so exempted is no longer entitled to exemption and such fact has not been reported to him as required above, he may list such property as an escape in accordance with the procedure pertaining to escaped taxes in this title.

ALA. CODE § 40-7-10 (2011).

Under the established rules of statutory construction, words used in a statute must be given their natural, plain, ordinary, and commonly understood meaning, and where plain language is used, a court is bound to interpret that language to mean exactly what it says. *Ex parte Cove Properties, Inc.*, 796 So. 2d 331, 333-34 (Ala. 2000). Pursuant to section 40-7-10 of the Code, it is incumbent on the tax assessor to credit an ad valorem tax exemption on October 1 of each year to any person the tax assessor is authorized by law to grant such an exemption to when such individual has previously claimed the exemption. This provision recognizes that an ad valorem tax exemption, although claimed or applied for earlier, is granted annually on October 1. Moreover, any exemption sought is not associated with the property, but instead, is specific or personal to the individual taxpayer. Accordingly, an exemption requested by a taxpayer is contingent upon the taxpayer being the owner of the property. Stated differently, a person cannot claim an exemption from ad valorem taxes for property he or she does not own.

It is axiomatic that a person seeking to redeem property from a tax sale is not the "owner" of the property to be redeemed. At the time of redemption, the State, or possibly another entity, is the owner of the property, and the former owner is typically referred to as the redemptioner. Thus, when a taxpayer seeks to redeem real property, the taxpayer may not claim any applicable tax exemptions because the taxpayer does not own the relevant property. Until such time as the taxpayer is current on all delinquent taxes owed, and the exemption has been granted by the tax assessor, a taxpayer is not entitled to receive an exemption.

Based on the information you provided to this Office, a taxpayer who redeemed property in November 2014 would be responsible for paying the ad valorem taxes owed for both the 2013 and the 2014 tax years. The disability exemption is inapplicable because the taxpayer was not the owner of the property as of October 1, 2013, which is the lien or assessment date. ALA. CODE § 40-1-3 (2011). The tax sale that took place in May 2014 changed the assessment name to the tax-sale purchaser. *See* ALA. CODE §§ 40-10-19 to 40-10-21 (2011). If, however, the taxpayer had redeemed the property prior to October 1, 2014, the taxpayer would have been entitled to have any additional exemptions granted on October 1, 2013, for which he had previously applied. *See, generally*, ALA. CODE § 40-10-130 (2011). Hence, the taxpayer would have been exempt from any ad valorem taxes for the 2014 tax bill, which became due on October 1, 2014.

CONCLUSION

When a property is redeemed from a tax sale, the owner, who is the occupant, may claim any applicable exemption for the succeeding year when the request is made prior to December 31st, but such request should not be honored unless the person owns the property at the time in which the exemption becomes applicable.

Additional exemptions may be requested after the date of the redemption for the succeeding year, but such exemptions do not affect the property unless and until the taxpayer is the owner of the property at the time in which the exemption is scheduled to take effect.

After a person redeems his or her property, although that person will be reinstated as the owner of the property, any applicable exemptions, depending on relevant facts, may not be applicable for the succeeding tax year.

I hope this opinion answers your questions. If this Office can be of further assistance, please contact Monet Gaines of my staff.

Sincerely,

LUTHER STRANGE
Attorney General
By:

Brenda F. Smith

BRENDA F. SMITH
Chief, Opinions Division

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