



State of Tennessee

PUBLIC CHAPTER NO. 1085

HOUSE BILL NO. 2343

By Representative Calfee

Substituted for: Senate Bill No. 1949

By Senators Yager, Bailey, Bowling

AN ACT to amend Tennessee Code Annotated, Title 67, Chapter 5, Part 25, relative to property purchased by the county at delinquent tax sales.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-5-2501(a)(2), is amended by deleting the language "tax entity determines that the environmental risks are such" and substituting instead "tax entity determines that the environmental risks or financial liabilities associated with the property are such".

SECTION 2. Tennessee Code Annotated, Section 67-5-2506(a)(2), is amended by deleting the language "due to a determination that such property poses an environmental risk" and substituting instead "due to a determination that such property poses an environmental risk or has financial liabilities associated with the property such that it is not in the best interest of the county to take possession of the property".

SECTION 3. Tennessee Code Annotated, Section 67-5-2507, is amended by adding the following language as a new subsection:

(c)

(1) Notwithstanding subsection (a), after the county mayor of each county takes charge of all the lands bought in by the county at such delinquent tax sales, the county mayor shall have a period of no less than ninety (90) days and no more than one hundred twenty (120) days to evaluate the property and determine whether the value of the property or amount of money the county is likely to receive if the county sold the property exceeds the financial or environmental risks associated with the property.

(2) If the county mayor evaluates the property during the required time period and determines that the financial or environmental risks of the property outweigh the value of the property or the amount of money the county is likely to receive if the county sold the property, then the county legislative body may adopt a resolution, by a two-thirds (2/3) vote, stating that the financial or environmental risks associated with the property are such that it is not in the best interest of the county to acquire such property and directing the county mayor to petition the chancellor for relief.

(3) Upon receipt of this resolution, the county mayor shall file a petition for relief with the chancery court of the county in which the property is situated. It is the duty of the chancellor to hear the petition, and, if satisfactory proof of the financial or environmental risks associated with the property is presented to the chancellor, then the chancellor shall void the sale to the county and refer the property to a special master for deferred sale. The master shall file intent and terms of a proposed deferred sale thirty (30) days in advance with the chancellor and with the county mayor and the assessor of property, and proceed to conduct the sale on the proposed terms unless otherwise ordered by the court.

(4) Proceeds of a sale of the property in accordance with those terms will be applied in the manner otherwise provided by law, and all liens securing the taxes for which the property is sold shall thereby be released. Further, the

purchaser at this deferred sale may tender an amount equal to the tax due upon the property accruing prior to the time of sale based on the alternate value established by the deferred sale, and the tendered amount with accrued penalty and interest will be accepted in satisfaction of liens securing the tax, with approval of the court. Such alternate value shall not be considered determinative of the assessed value of the property for any tax years that become due subsequent to the sale by the special master.

(5) In the event that there is no bidder at a subsequent sale conducted by the special master pursuant to this subsection (c), the property shall remain in the custody of the special master and shall be offered at sale again within six (6) months of the date of the initial sale by the special master under such conditions as determined by the court to be most likely to result in a successful sale; provided, however, that if it is the opinion of the special master that economic conditions relative to the property are such that it is not feasible to attempt an additional sale during that time period under any conditions, the special master may petition the court to extend the time before the next sale must be conducted. For undeveloped or unimproved property, the special master may recommend transfer of the property to a nongovernmental entity claiming contractual rights to dues or assessments pursuant to § 67-5-2516. For property that includes structures or improvements whose condition creates environmental or financial liabilities that exceed the estimated value that the property is likely to generate at a sale, the special master may recommend to the court that the property be returned to the owner of record of the property at the time the taxes were allowed to go delinquent.

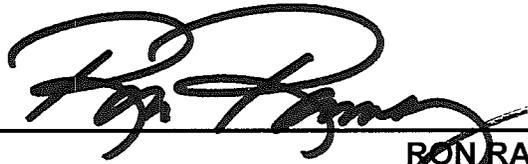
SECTION 4. This act shall take effect upon becoming a law, the public welfare requiring it.

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PASSED: April 20, 2016

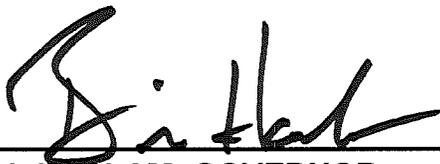


BETH HARWELL, SPEAKER
HOUSE OF REPRESENTATIVES



RON RAMSEY
SPEAKER OF THE SENATE

APPROVED this 20th day of May 2016



BILL HASLAM, GOVERNOR