

# South Carolina Tax Sales

Steve Ford  
Spartanburg County Tax Collector  
March 18, 2010

# Presentation Overview

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- South Carolina Tax Sale 101
- General Overview of South Carolina
- Policies affecting tax administration in S.C.
- The Economy and Tax Sales
- Miscellaneous Items

# Tax Bills

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- Taxes are issued in October or November for the calendar year -2009 taxes were issued in November, 2009
  - Taxes are in the name of the owner as of **December 31** of the **previous calendar year**. \*
- \* **2009** taxes are in the name of the owner as of **12/31/2008**
- Taxes are due by January 15 of the next calendar year -2009 taxes were due by January 15, 2010

# Penalty Dates and Amounts

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- January 16-3%
- February 2-7%
- March 17-5%

Taxes are now considered delinquent

# Types of notices

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- March-April---First delinquent notice (regular mail)
- May-June----Notice of Seizure (certified)
- June-August—Physical posting of property
- Around Oct/Nov----Newspaper Advertisement
  - \* Best Time to Contact Counties regarding lists

# NOTIFICATION

## Prior to Sale

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- Previous and current owners-required
- Mortgage holders-request only
- Any federal/state authorities
- Bankruptcy court

# Tax Sale Day

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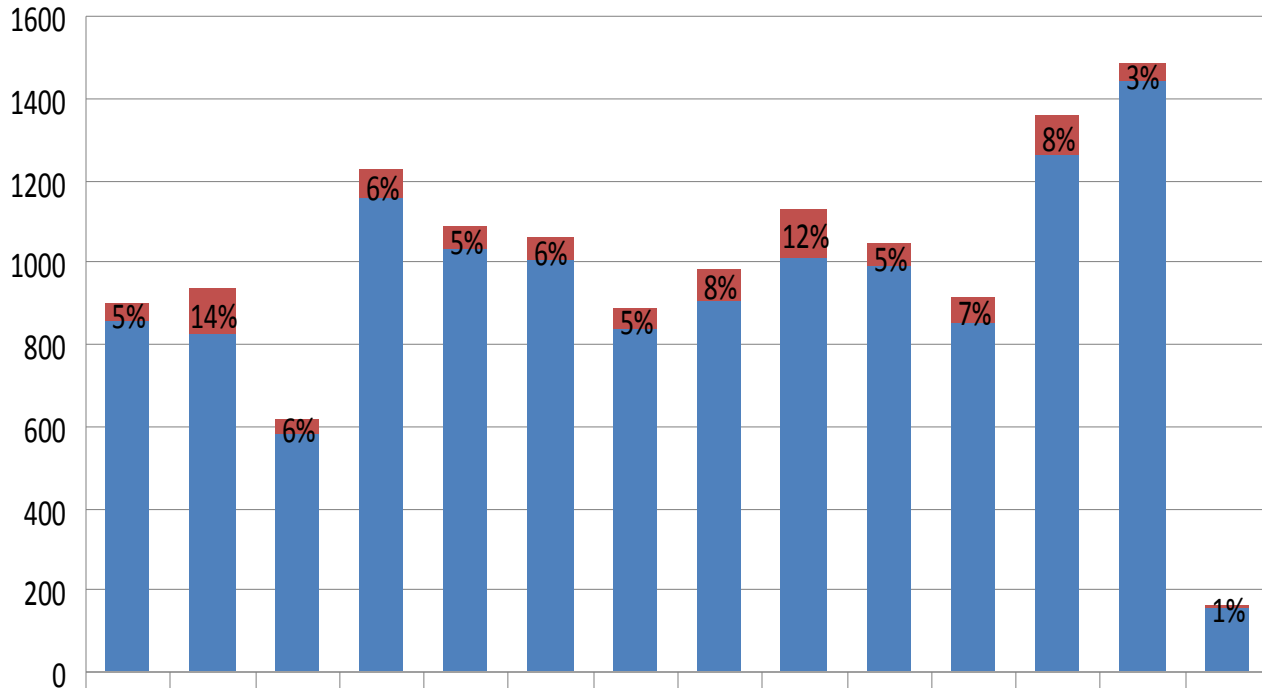
- First Monday of any month (judicial sale day)
- Bid for each property starts at the amount of all delinquent and current taxes
- Bidder must pay full bid after tax sale is completed

# Average Number of Properties Sold

Large Counties	600-1000
Medium Counties	300-500
Small	Up to 200



# Spartanburg County Tax Sale Items Real Estate Only



■ Cancelled	41	115	35	65	56	56	45	77	122	52	61	102	42	1
■ Sold	856	820	577	1156	1030	1000	836	906	1006	989	848	1258	1440	156

# Redemption Period

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- Once property is sold for delinquent taxes, redemption period begins for 1 year
- Taxpayer may “redeem” property by paying delinquent tax amount plus applicable interest rate

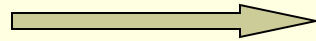
# Redemption Period

## ■ Interest rates

Example:

Bid: \$ 1,000.00

Delinquent Tax: \$200.00



Redemption Amount: Taxpayer  
pays

1<sup>st</sup> Quarter: \$ 230

2<sup>nd</sup> Quarter: \$ 260

3<sup>rd</sup> Quarter: \$ 290

4<sup>th</sup> Quarter: \$ 320

Months	Rate
1-3	3%
4-6	6%
7-9	9%
10-12	12%

# Redemption Period

## ■ Interest rates

Example:

Bid: \$ 1,000.00

Delinquent Tax: \$200.00

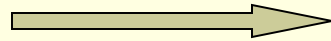
If redeemed, Bidder receives:

1<sup>st</sup> Quarter: \$ 1,030.00

2<sup>nd</sup> Quarter: \$ 1,060.00

3<sup>rd</sup> Quarter: \$ 1,090.00

4<sup>th</sup> Quarter: \$ 1,120.00



Months	Rate
1-3	3%
4-6	6%
7-9	9%
10-12	12%

# Redemption Period

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## IMPORTANT FOR BIDDER

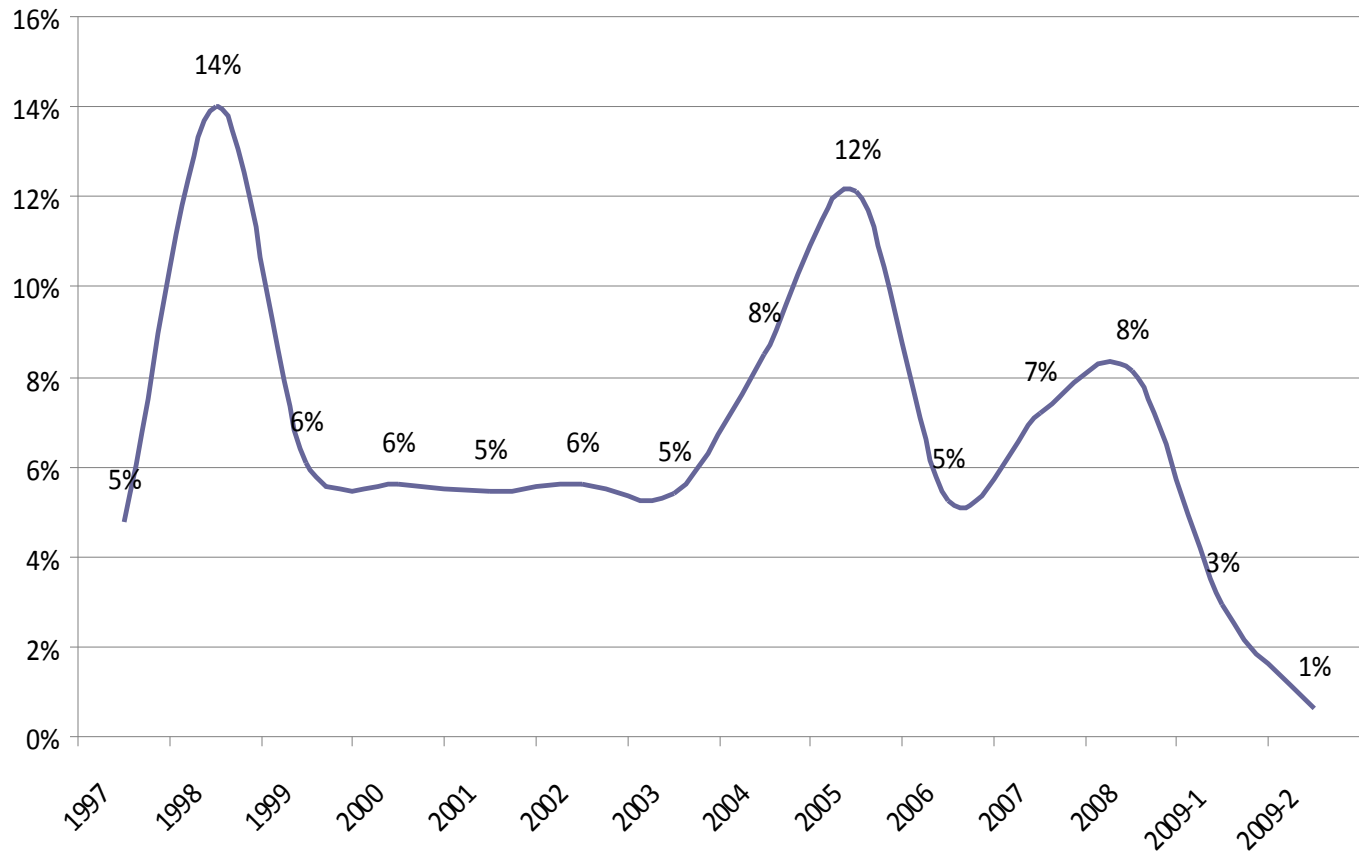
- Interest amount that defaulting taxpayer pays can never be higher than the total amount of delinquent and current taxes.
- If taxes are \$200, then interest amount is capped at \$200.

# Tax Sale Cancellations

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- If the Tax Collector finds that the taxpayer was not notified properly of the tax sale or any action by the County which prevented the taxpayer from paying the property tax properly, then the tax sale must be cancelled.
- Bidder is refunded BID with interest that County made during the redemption period
- Cancellations are higher following reappraisal

## Spartanburg County Tax Sale Items Cancelled % Real Estate Only



# Notices/Parties Notified

## Redemption Period

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- 3 courtesy notices to current and previous owners and mortgage holders
- 1 certified restricted notice 45 days before end of redemption period to current and previous owners and mortgage holders

(Mortgage Holders could lose lien if not redeemed—Taxes are first lien)



# If Property is NOT Redeemed

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- Tax Deed is issued to bidder.  
Bidder must pay all recording fees, deed stamps, and deed preparation fees
- Tax Deed is issued lien free
- Bidder can now petition Master In Equity for clear title to property

# What about the defaulting taxpayer?

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- Claim tax sale overage
  - \$1,000 Bid
  - \$100 Tax
  - Overage=\$ 900 (can apply to receive)

<OR>

Taxpayer can petition the court to overturn tax deed; must prove defect with the sale

# Property-No Bid—Not Claimed

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- If no bid is received on property, property goes to the:

**FORFEITED LAND COMMISSION**

- If bidder does not claim deed, property goes to the Forfeited Land Commission or some counties resell property at next tax sale.

# Forfeited Land Commission

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- Forfeited Land Commission can assign property bid during redemption period. Redemption expiration and procedures remain the same.
- After redemption, Forfeited Land Commission can sell or dispose of property in the best interest of the County.

# General Overview

## State of South Carolina

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- Coastal Zones and Low Country  
Charleston, Horry County (Myrtle Beach)
- Pee Dee  
Florence
- Midlands  
Lexington, Richland, York, Aiken
- Piedmont or Upstate  
Greenville, Spartanburg

# General Overview

## State of South Carolina

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- Conservative
- Strong individual property rights
- Mistrust of government
  - Current Events on state and local level
- Traditional land ownership

# Tax Collectors In South Carolina

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- Most often, the Tax Collector reports directly to the County Treasurer, an elected position in most South Carolina Counties
- In some counties, the Tax Collector reports directly to the County Administrator
- Background of Tax Collectors vary
- Tax Collectors have their own association and lobby the State Legislature often
- State Department of Revenue is the regulatory arm for tax administration offices with input from the State Treasurer. These two agencies provide significant annual training.

# Legislative Policies Affecting Tax Sales

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- Act 388
  - “Most notorious tax legislation in S.C.”
    - Extended Appeal Deadlines
    - Adjust value at point of sale (or transaction)
    - Caps reappraisals increases at 15%
    - Limits millage increases
- 5 Year Reappraisal Requirement in effect for ten years



# Legislative Policies Affecting Tax Sales-Proposed

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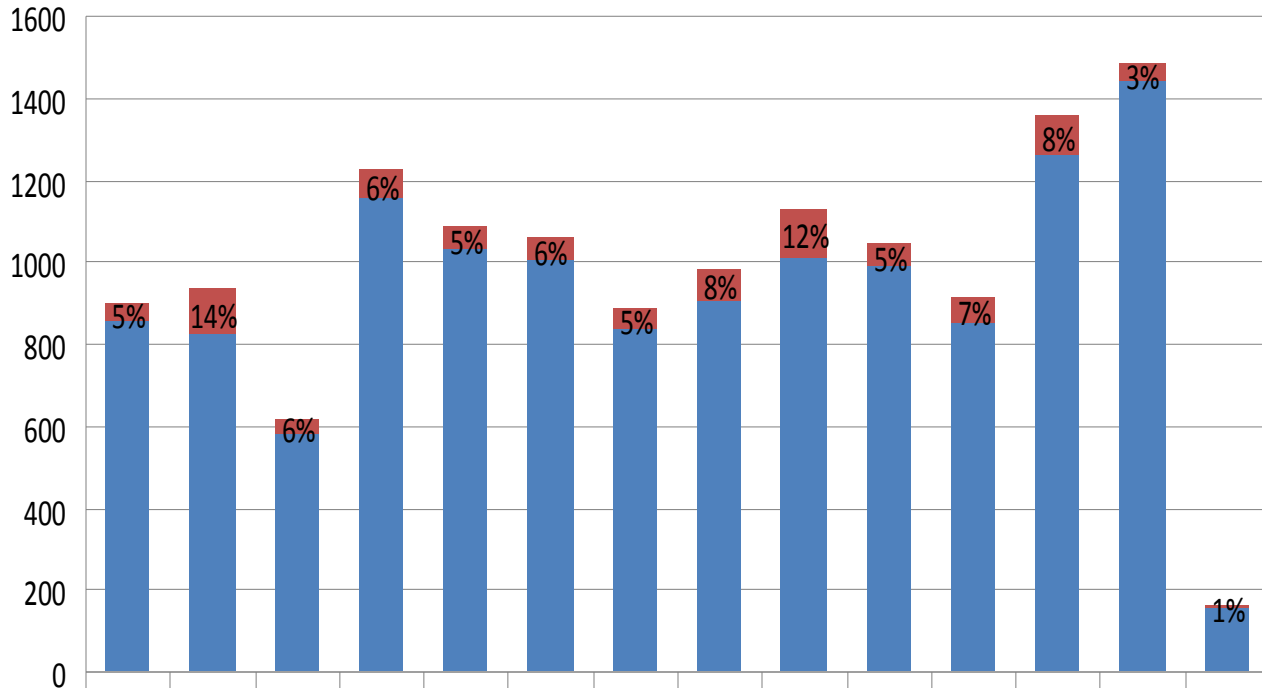
- Increase penalty for not paying bids from \$300 to \$1000
- Allow for a tax sale to occur any day of the month
- Update statutes with U.S. Postal Regulations

# State of South Carolina Economic Conditions

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- Unemployment-11.5 %-5<sup>th</sup> In Nation
- State and Local Government
  - Deep budget cuts
  - Looking for new revenue streams
  - More dependent on delinquent tax collections
  - Seeking other types of property to sell other than real estate and mobile homes
  - Allowing for monthly payments

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# The Economy and Tax Sales

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- Foreclosures

- Closing Attorneys

- The number of foreclosures has affected their ability to verify taxes paid and status of tax sales

- Banks

- Passing tax status to the current owner
    - Recording the foreclosure deed with current owner deed

- Banks are claiming tax sale overages in lieu of foreclosure

# Potential Partnerships

## **Steve's Thoughts Only!**

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- TAPS-Tax Collectors Association of the Palmetto State
  - Property tax sale listings
  - Statewide Forfeited Land Commission List
- QS1- aka Smith Data Processing
  - Tax System Programmer for 29 of the 46 Counties-Spartanburg is their largest county

# Questions!

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- Or Comments!
- Thank you very much for allowing me to address your group!
- Steve Ford:864-596-2535 or [sford@spartanburgcounty.org](mailto:sford@spartanburgcounty.org)