

Property Sold By The Government For Unpaid Taxes

It goes without saying that taxes are the life blood of a government and its operations. However, beyond sending a letter, what additional efforts must a government make to collect those taxes?

A recent Supreme Court ruling shows why counties should be concerned about their efforts to sell seized property for unpaid taxes. The Supreme Court ruled that the government must make extra efforts to notify a homeowner before it sells off property for unpaid taxes.

An Arkansas man had paid off his mortgage, but lost his house. His ex-wife failed to pay the property taxes and the state moved to seize and sell the house. A certified letter was sent in an effort to contact the homeowner, but it was returned. In response, the state put a notice in the local newspaper and then sold the house at auction. The owner knew nothing until his daughter, living in the home, called him to say she was being evicted. The owner sued the state and lost, then appealed to the Supreme Court and the state's decision was reversed.

Sending a certified letter to the property owner who owes unpaid taxes is not enough. If there is no response to the letter, the Supreme Court says that a government must make extra efforts to notify a homeowner. The U.S. Constitution says the state may not take away a person's property "without

due process of law." The Supreme Court ruled that due process, in this case, would include calling the house, posting a notice on the property or sending someone to speak to the occupants.

What This Case Means for Counties

The Supreme Court ruling applies in all states and at all levels of government. This case highlights the importance of counties being concerned with collecting unpaid taxes and also being diligent in its efforts to notify a property owner before it sells the property for unpaid taxes. Counties have a vested interest in following the guidelines that have come out of this decision, fostering confidence in government within the counties and minimizing risk in the pool.

For more information, contact CTSI at 303-861-0507.