Facts about Delinquent Real Estate Taxes and Tax Lien Sales

- In the United States, an estimated $21 billion of real estate property taxes become delinquent annually.
- Approximately $4 billion to $6 billion in unpaid property taxes are offered for sale to the private sector each year.
- Currently 28 states and territories allow for the transfer or assignment of delinquent real estate tax liens to the private sector. These states include: Alabama, Arizona, Colorado, Connecticut, Florida, Georgia, Hawaii, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maryland, Mississippi, Missouri, Montana, Nebraska, New Jersey, New York, Ohio, Oklahoma, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, US Virgin Islands, Washington D.C., Wyoming
- There are 22 states that do not transfer or assign delinquent real estate tax liens to the private sector. These states include: Alaska, Arkansas, California, Delaware, Idaho, Kansas, Maine, Massachusetts, Michigan, Minnesota, Nevada, New Hampshire, New Mexico, North Carolina, North Dakota, Oregon, Utah, Vermont, Virginia, Washington, West Virginia.

The balancing of the need of enforcement with the need to protect the rights of property owners is probably best defined by the purpose statement cited at the top of the West Virginia statute on tax sales, as follows:

“In view of the paramount necessity of providing regular tax income for the state, county and municipal governments, particularly for school purposes; and in view of the further fact that delinquent land not only constitutes a public liability, but also represents a failure on the part of delinquent private owners to bear a fair share of the costs of government; and in view of the rights of owners of real property to adequate notice and an opportunity for redemption before they are divested of their interests in real property for failure to pay taxes or have their property entered on the landbooks; and in view of the fact that the circuit court suits heretofore provided prior to deputy commissioners' sales are unnecessary and a burden on the judiciary of the state; and in view of the necessity to continue the mechanism for the disposition of escheated and waste and unappropriated lands; now therefore, the Legislature declares that its purposes in the enactment of this article are as follows: (1) To provide for the speedy and expeditious enforcement of the tax claims of the state and its subdivisions; (2) to provide for the transfer of delinquent and nonentered lands to those more responsible to, or better able to bear, the duties of citizenship than were the former owners; (3) to secure adequate notice to owners of delinquent and nonentered property of the pending issuance of a tax deed; (4) to permit deputy commissioners of delinquent and nonentered lands to sell such lands without the necessity of proceedings in the circuit courts; (5) to reduce the expense and burden on the state and its subdivisions of tax sales so that such sales may be conducted in an efficient manner while respecting the due process rights of owners of real property; and (6) to provide for the disposition of escheated and waste and unappropriated lands.”

West Virginia Code, Chapter 11A-3-1