

**STATE OF TENNESSEE
OFFICE OF THE ATTORNEY GENERAL**

March 17, 2015

Opinion No. 15-22

Payment of Interest When Filing Motion to Redeem Property Sold at Delinquent Tax Sale

Question

How should interest on the purchase price be computed under Tenn. Code Ann. § 67-5-2701 when a taxpayer files a motion to redeem property sold at a delinquent tax sale?

Opinion

Under Tenn. Code Ann. § 67-5-2701(b), when a taxpayer files a motion to redeem property, the taxpayer must pay interest on the purchase price at the rate of one percent (1%) per month, to be calculated as follows: one percent is imposed on the date of the tax sale and an additional one percent is imposed on the first day of each month following the tax sale, including the first day of any month that falls within the thirty-day period following the filing of the motion to redeem.

ANALYSIS

A taxpayer seeking to redeem property sold at a delinquent tax sale must “pay to the clerk of the court an amount equal to the total amount of delinquent taxes, penalty, interest, court costs, and interest on the entire purchase price paid by the purchaser of the parcel.” Tenn. Code Ann. § 67-5-2701(b). Interest on the purchase price is computed “at the rate of one percent (1%) per month, levied beginning on the date of sale and thereafter on the first day of each month and continuing until thirty (30) days after the filing of the motion to redeem.” *Id.*

In accordance with the language of Tenn. Code Ann. § 67-5-2701(b), when a taxpayer files a motion to redeem property, the taxpayer must pay (1) interest of 1% starting on the date of the tax sale and (2) additional interest of 1% for the first day of each month following the sale, including the first day of any month that falls within the thirty-day period following the filing of the motion to redeem.

Your request indicates that there is confusion as to whether the taxpayer filing the motion to redeem must pay an additional one percent in interest if the tax sale occurs at any time other than on the first day of the month. Tennessee Code Annotated § 67-5-2701(b) requires the redeeming party to pay 1% in interest as of the date of the tax sale, and an additional 1% on the first day of each subsequent month, until thirty days have elapsed after the motion to redeem was filed. Thus, ordinarily a minimum of 2% in interest will be due because the first day of the next month will occur before thirty days have run after the motion to redeem is filed, even if the motion is filed promptly.

Your request addresses the computation of interest on the purchase price when a taxpayer files a motion to redeem property. It should be noted, however, that a taxpayer may retain the property, without filing a motion to redeem, if the taxpayer pays the delinquent taxes, interest, and penalty on the property, as well as interest on the purchase price, before entry of an order confirming the sale. *See* Tenn. Code Ann. § 67-5-2701(i) (providing that “[i]n the event a person tenders the full amount owing in the proceeding at a time after the date of sale and prior to the entry of an order confirming the sale, the person shall also pay interest computed as established by subsection (b) on the total purchase price paid by the purchaser”). In that circumstance, the taxpayer is not moving to redeem the property because, absent an order of confirmation, the taxpayer remains the record owner of the property. But the taxpayer still is required to pay interest on the purchase price at the rate of 1% per month, beginning on the date of the sale and thereafter on the first day of each month following the sale but before payment. *See* Tenn. Code Ann. § 67-5-2701(b). Inasmuch as this procedure does not involve a motion to redeem, however, the taxpayer need not pay interest for the first day of the month that falls within the thirty-day period following payment.

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