

House Engrossed Senate Bill
county abatement liens; notice; priority

State of Arizona
Senate
Fifty-seventh Legislature
Second Regular Session
2026

SENATE BILL 1067

AN ACT

AMENDING SECTION 42-18115, ARIZONA REVISED STATUTES; AMENDING SECTION 42-18115, ARIZONA REVISED STATUTES, AS AMENDED BY THIS ACT; AMENDING SECTION 42-18204, ARIZONA REVISED STATUTES; AMENDING SECTION 42-18204, ARIZONA REVISED STATUTES, AS AMENDED BY THIS ACT; RELATING TO LIENS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 42-18115, Arizona Revised Statutes, is amended
3 to read:

4 42-18115. Easements and liens not extinguished by sale

5 A. The sale of a real property tax lien does not extinguish any
6 easement on or appurtenant to the property.

7 B. The sale of a real property tax lien does not extinguish any
8 lien for an assessment levied pursuant to title 48, chapter 4, 6 or
9 ~~14,~~ or section 9-276 OR 11-268.

10 Sec. 2. Section 42-18115, Arizona Revised Statutes, as amended by
11 section ~~3-1~~ of this act, is amended to read:

12 42-18115. Easements and liens not extinguished by sale

13 A. The sale of a real property tax lien does not extinguish any
14 easement on or appurtenant to the property.

15 B. The sale of a real property tax lien does not extinguish any
16 lien for an assessment levied pursuant to title 48, chapter 4, 6 or 14 or
17 section 9-276 ~~or 11-268~~.

18 Sec. 3. Section 42-18204, Arizona Revised Statutes, is amended to
19 read:

20 42-18204. Judgment foreclosing right to redeem; effect

21 A. In an action to foreclose the right to redeem:

22 1. If the court finds that the tax lien sale is valid, the tax lien
23 has not been redeemed and the defendant's request for an excess proceeds
24 sale is unreasonable or the defendant did not request an excess proceeds
25 sale, the court shall enter judgment:

26 (a) Foreclosing the right of the defendant to redeem.

27 (b) Directing the county treasurer to expeditiously execute and
28 deliver to the party in whose favor judgment is entered, including the
29 state, a deed conveying the property described in the certificate of
30 purchase.

31 2. If the court finds that the tax lien sale is valid, the tax lien
32 has not been redeemed and the defendant's request for an excess proceeds
33 sale is reasonable, the court shall enter judgment:

34 (a) Foreclosing the right of the defendant to redeem.

35 (b) Directing the sale of the property pursuant to article 6 of
36 this chapter.

37 (c) Setting the opening bid for the property as the total of the
38 amounts described in subsection B, paragraph 1, subdivisions (a), (b), (c)
39 and (e) of this section and any other reasonable fees as determined by the
40 court.

41 B. A property owner whose right to redeem is being foreclosed may
42 request the court to determine if the sale of the property to recover
43 excess proceeds is reasonable. The court shall determine that the sale of
44 the property for excess proceeds is reasonable if the sale price of the
45 property is likely to be more than \$2,500 above the total of the amounts

1 described in paragraph 1 of this subsection. If a request is made for an
2 excess proceeds sale, the following information shall be provided to the
3 court for the purposes of determining if an excess proceeds sale is
4 reasonable:

5 1. The certificate of purchase holder shall provide all of the
6 following:

7 (a) The costs related to filing the claim to foreclose the right to
8 redeem, including estimated attorney fees and costs to be incurred through
9 the date of the excess proceeds sale, if ordered.

10 (b) The amount for which the real property tax lien was sold, with
11 interest at a rate of sixteen percent per annum from the date of the tax
12 lien sale through the date of the excess proceeds sale, if ordered.

13 (c) The amount of any statutory fees the certificate of purchase
14 holder paid in connection with the certificate of purchase, except the
15 processing fee imposed by section 42-18116, subsection C, with interest at
16 a rate of sixteen percent per annum from the date of the tax lien sale
17 through the date of the excess proceeds sale, if ordered.

18 (d) The amount of all other recorded state liens or encumbrances on
19 the state property as indicated on a title report provided by the
20 certificate of purchase holder, including other years in which taxes are
21 delinquent. For the purposes of this subdivision, the certificate of
22 purchase holder does not have to determine the actual balance owed on any
23 lien or encumbrance on the property, except for property taxes owed.

24 (e) The estimated cost of the sale of property pursuant to article
25 6 of this chapter.

26 (f) Any other evidence relating to the value of the property or
27 objecting to the excess proceeds sale that the certificate of purchase
28 holder deems necessary.

29 2. The property owner whose right to redeem is being foreclosed
30 shall provide a reasonable estimate of the market value of the property.

31 C. After entering judgment the parties whose rights to redeem the
32 tax lien are thereby foreclosed have no further legal or equitable right,
33 title or interest in the property subject to the right of appeal and stay
34 of execution as in other civil actions.

35 D. The foreclosure of the right to redeem does not extinguish any
36 of the following:

37 1. An easement on or appurtenant to the property.

38 2. A lien for an assessment levied pursuant to title 48, chapter 4,
39 6, 14 or 18 or section 9-276 OR 11-268. For the purposes of this
40 paragraph, assessment does not include an abatement lien imposed under
41 section 9-499.

42 3. If the court finds that the request for an excess proceeds sale
43 is reasonable, the property owner's interest in the excess proceeds from
44 the sale of the property pursuant to article 6 of this chapter.

1 Sec. 4. Section 42-18204, Arizona Revised Statutes, as amended by
2 section 3 of this act, is amended to read:

3 42-18204. Judgment foreclosing right to redeem; effect

4 A. In an action to foreclose the right to redeem:

5 1. If the court finds that the tax lien sale is valid, the tax lien
6 has not been redeemed and the defendant's request for an excess proceeds
7 sale is unreasonable or the defendant did not request an excess proceeds
8 sale, the court shall enter judgment:

9 (a) Foreclosing the right of the defendant to redeem.

10 (b) Directing the county treasurer to expeditiously execute and
11 deliver to the party in whose favor judgment is entered, including the
12 state, a deed conveying the property described in the certificate of
13 purchase.

14 2. If the court finds that the tax lien sale is valid, the tax lien
15 has not been redeemed and the defendant's request for an excess proceeds
16 sale is reasonable, the court shall enter judgment:

17 (a) Foreclosing the right of the defendant to redeem.

18 (b) Directing the sale of the property pursuant to article 6 of
19 this chapter.

20 (c) Setting the opening bid for the property as the total of the
21 amounts described in subsection B, paragraph 1, subdivisions (a), (b), (c)
22 and (e) of this section and any other reasonable fees as determined by the
23 court.

24 B. A property owner whose right to redeem is being foreclosed may
25 request the court to determine if the sale of the property to recover
26 excess proceeds is reasonable. The court shall determine that the sale of
27 the property for excess proceeds is reasonable if the sale price of the
28 property is likely to be more than \$2,500 above the total of the amounts
29 described in paragraph 1 of this subsection. If a request is made for an
30 excess proceeds sale, the following information shall be provided to the
31 court for the purposes of determining if an excess proceeds sale is
32 reasonable:

33 1. The certificate of purchase holder shall provide all of the
34 following:

35 (a) The costs related to filing the claim to foreclose the right to
36 redeem, including estimated attorney fees and costs to be incurred through
37 the date of the excess proceeds sale, if ordered.

38 (b) The amount for which the real property tax lien was sold, with
39 interest at a rate of sixteen percent per annum from the date of the tax
40 lien sale through the date of the excess proceeds sale, if ordered.

41 (c) The amount of any statutory fees the certificate of purchase
42 holder paid in connection with the certificate of purchase, except the
43 processing fee imposed by section 42-18116, subsection C, with interest at
44 a rate of sixteen percent per annum from the date of the tax lien sale
45 through the date of the excess proceeds sale, if ordered.

1 (d) The amount of all other recorded state liens or encumbrances on
2 the state property as indicated on a title report provided by the
3 certificate of purchase holder, including other years in which taxes are
4 delinquent. For the purposes of this subdivision, the certificate of
5 purchase holder does not have to determine the actual balance owed on any
6 lien or encumbrance on the property, except for property taxes owed.

7 (e) The estimated cost of the sale of property pursuant to article
8 6 of this chapter.

9 (f) Any other evidence relating to the value of the property or
10 objecting to the excess proceeds sale that the certificate of purchase
11 holder deems necessary.

12 2. The property owner whose right to redeem is being foreclosed
13 shall provide a reasonable estimate of the market value of the property.

14 C. After entering judgment the parties whose rights to redeem the
15 tax lien are thereby foreclosed have no further legal or equitable right,
16 title or interest in the property subject to the right of appeal and stay
17 of execution as in other civil actions.

18 D. The foreclosure of the right to redeem does not extinguish any
19 of the following:

20 1. An easement on or appurtenant to the property.

21 2. A lien for an assessment levied pursuant to title 48, chapter 4,
22 6, 14 or 18 or section 9-276 ~~or 11-268~~. For the purposes of this
23 paragraph, assessment does not include an abatement lien imposed under
24 section 9-499.

25 3. If the court finds that the request for an excess proceeds sale
26 is reasonable, the property owner's interest in the excess proceeds from
27 the sale of the property pursuant to article 6 of this chapter.

28 Sec. 5. Effective date

29 Section 42-18115, Arizona Revised Statutes, as amended by section 2
30 of this act, and section 42-18204, Arizona Revised Statutes, as amended by
31 section 4 of this act, are effective from and after September 30, 2028.