

Out-of-state firms buy unpaid tax certificates

By Carol Bryant

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Out-of-state investment firms, not your county treasurer's office, might hold certificates for your unpaid property taxes.

Central Nebraskans may be surprised to discover certificates for their back taxes are held by firms such as Equivest Financial of Michigan, which purchased Nebraska county tax certificates in March 1994.

Such a certificate represents the unpaid tax, plus a 14 percent interest charge. Money is forwarded from the county treasurer to the investor when the delinquent taxes are paid.

In 1994, Equivest purchased tax liens in 74 Nebraska counties, including Hall, Adams, Buffalo, Hamilton, Howard and Merrick, said Tim Sambaer, the company's Nebraska tax sale coordinator. Equivest is based in East Lansing, Mich., and has bought tax certificates for seven years. It's the company's sole business.

Frederick C. Foote, Equivest president, said tax certificates can be purchased in 29 other states. He declined to name the states where Equivest purchased certificates, the amounts invested or the number of employees Equivest has.

"Ten or 12 of those (states) are economically viable for a third party," he said.

In a March 1994 letter to Nebraska county treasurers, Equivest stated advantages of tax lien purchases:

"The sale of tax certificates provides cash up front to counties for the operation of schools, parks, police departments and other services."

"The sale of tax certificates transfers the costs of some collection efforts onto private parties."

"Tax sales encourage the payment of taxes and provide a sort of 'wake up call' to property owners who can then solve their tax problems before they get too serious."

"The sale of tax certificates deflects the political ramifications of occasional foreclosures from treasurers ... onto private parties."

So how do county treasurers feel about these investment companies?

In Hall County, Equivest purchased nearly 45 percent of the total amount of delinquent taxes offered for sale. Hall County Treasurer Doris Mason said Equivest paid the county \$647,250 in 1994, when the total value of Hall County tax liens available was \$1,449,286.

One other company purchased the three-year Hall County tax certificates in 1994, Mason said. PPI Omnibus of Scottsdale, Ariz., spent about \$72,098.

"They're not in it for the property. They're in it for the 14 percent interest," Mason said. At the end of the three-year certificates, Equivest would have to foreclose on the property.

Mason said her office was "very apprehensive" when Equivest approached the county to make purchases last spring. The issue of sales to investment firms was discussed at a meeting of Central Nebraska county treasurers last spring, and Mason said concern was expressed to the state auditor's office. But counties are bound by state statute to make the sales, she said.

She sent letters to people whose certificates might be purchased, informing them unless their taxes were paid, certificates would be sold.

Hamilton County Treasurer Bobby Parks said Equivest purchased \$62,000 of 1994 certificates there. The county did not send letters to property owners whose certificates were purchased.

"It makes a lot of extra work. It does get the tax money to the entities. I guess there's nothing wrong with it. I hate to see the 14 percent leaving the county and the state," she said. "They (Equivest) have researched the laws thoroughly. They've been very pleasant to deal with."

Howard County Treasurer Connie Nickel said Equivest bought \$200,000 worth of 1994 certificates. The county sent letters to property owners whose certificates were purchased.

"I have mixed emotions about it. I hate to see money going out of the county, but entities are getting money," Nickel said.

Merrick County Treasurer Murena Meyer said Equivest purchased \$211,210 worth of 1994 certificates. Her office sent letters to people whose certificates were bought.

"It's a bookkeeper's nightmare. It takes a lot of figuring," she said.

Julia Moeller, Adams County treasurer, and Jean Sidwell, Buffalo County treasurer, were not in their offices Thursday or Friday, and other employees there declined to comment.