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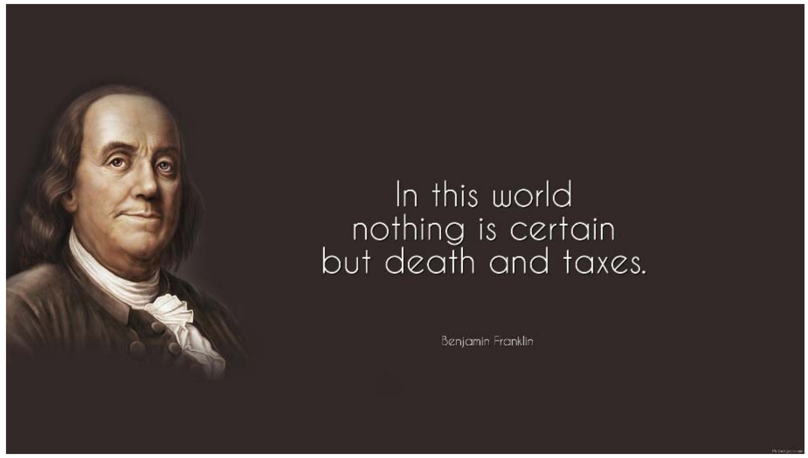
NTLA MARKET RESEARCH REPORT

BY: BRAD WESTOVER, CTLP
EXECUTIVE DIRECTOR
NATIONAL TAX LIEN ASSOC

www.ntla.org

Executive Summary



In 1789 Benjamin Franklin wrote a letter to Jean-Baptiste Le Roy which included the famous quote, "…in this world nothing can be said to be certain, except death and taxes."

After years research, the National Tax Lien Association could amend the quote to include "delinquent taxes." Each year a percentage of property taxes goes unpaid, leaving many local governments struggling to fund essential services. Property taxes are the lifeblood of public schools and teachers, police and fire services, parks and recreation.

In 2019, 6,447,380 property tax bills were not paid on-time leaving America's Cities and Counties with a financial shortfall of over $15.6 billion.

What could $15 billion buy today? You could build 333 new high schools, you could pay 300,000 high school teacher's salaries, or you could equip every single student (elementary, middle and high school) in America with a brand-new laptop computer.

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Today, thirty States sell tax certificates to the private sector. In 2019, over 2 million tax certificates were sold to recover $4.3 billion of lost revenue.

Over 99% of delinquent taxpayers eventually pay before losing their ability to retain ownership. Tax certificates always have a redemption period affording taxpayers the ability to make late payments with interest. Most tax deeds (tax foreclosed property) are issued on vacant land and abandoned property.

In a strong economy most local governments average 95% to 99% in on-time property tax collections. During periods of recession collections can drop to 90%. The worst property tax collections in America is 83% which would bankrupt most local governments. Governments that tend to have lenient or lax enforcement policy with no clear or transparent penalties have higher delinquency rates.

The financial impact of Covid-19 will play out over several years. The NTLA anticipates a significant increase in the number of delinquent taxpayers comparable to the recession of 2007-2009. The annual property tax delinquency could reach $25 billion in 2021.

One lesson learned from the most recent recession is the lack of correlation from the number of delinquent taxpayers to the number of tax foreclosures. Since 1997, the year the NTLA was formed, the number of tax foreclosures has remained relatively consistent from year-to-year with less than 1% of delinquent tax bills being actually tax foreclosed.

Unlike mortgage foreclosures, where property owners see the mortgage amount creeping up or surpassing the actual market value of the property. Most tax liens remain under 10% of the property value. As an example, if a single-family home has a market value of $180,000 and an annual property tax amount owed of $2,000 … it would take 90 years of unpaid taxes to be higher than its market value. Troubled property owners have several options to pay their taxes and retain ownership, which NTLA data shows that they do over 99% of the time.

As previously stated, most tax deeded property (tax foreclosed) is on vacant land or vacant and abandoned property. The best alternative for such properties is to be quickly renovated and restored for a new homeowner or renter. Ideally, someone who will pay the taxes going forward and maintain the property.

Tax investors turn vacant and abandoned real estate around through mitigating code enforcement penalties and renovating properties.

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Total Parcels of Land by State

(2019)

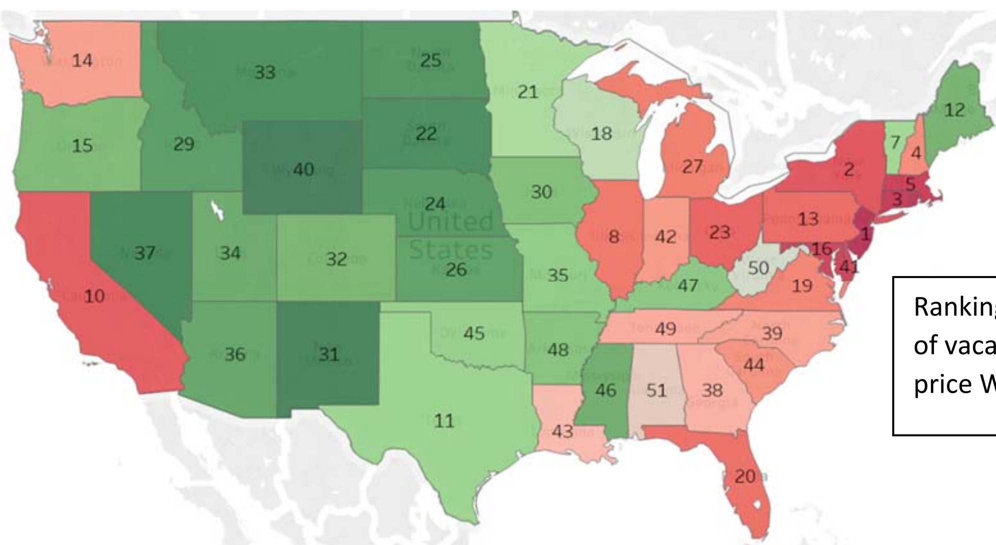
State	Total Parcels
California	18,478,913
Texas	12,719,537
Florida	9,973,576
Ohio	6,142,936
Pennsylvania	5,937,515
Illinois	5,768,877
New York	5,676,288
North Carolina	5,095,712
Michigan	4,719,380
Georgia	4,687,270
New Jersey	4,256,627
Wisconsin	3,851,010
Indiana	3,592,223
Missouri	3,281,268
Massachusetts	3,212,365
Arizona	3,196,891
Tennessee	3,118,998
Washington	3,036,439
Alabama	2,911,250
Minnesota	2,727,409
Iowa	2,566,914
Virginia	2,433,304
Colorado	2,415,898
Maryland	2,282,385
Oklahoma	2,273,337
South Carolina	2,268,675
Kentucky	2,226,771
Louisiana	2,214,315
Oregon	1,802,467
West Virginia	1,764,607
Mississippi	1,629,352
Kansas	1,537,500
New Mexico	1,416,329
Arkansas	1,412,674
Utah	1,196,048
Nevada	1,147,766
Idaho	974,150
Montana	892,186
Maine	790,193
South Dakota	684,619
New Hampshire	683,100
Connecticut	659,852
Hawaii	525,356
Delaware	445,567
Rhode Island	439,238
Nebraska	431,714
Alaska	333,347
Vermont	322,155
Wyoming	307,047
Washington DC	197,890
North Dakota	66,367

*Source: USA Today

Average Price per Acre (Vacant Land) (2019)

Rank	State	LVA
1	New Jersey	$196,410
2	Rhode Island	$133,730
3	Connecticut	$128,824
4	Massachusetts	$102,214
5	Maryland	$75,429
6	Delaware	$57,692
7	New York	$41,314
8	California	$39,092
9	Ohio	$32,077
10	Pennsylvania	$31,923
11	Florida	$28,961
12	Illinois	$23,492
13	Michigan	$23,492
14	Virginia	$21,921
15	New Hampshire	$19,840
16	South Carolina	$17,610
17	Indiana	$16,903
18	Washington	$16,752
19	North Carolina	$16,230
20	Tennessee	$14,411
21	Georgia	$14,242
22	Louisiana	$12,908
23	Alabama	$12,386
24	West Virginia	$10,537
25	Wisconsin	$9,924
26	Minnesota	$8,191
27	Texas	$7,439
28	Vermont	$7,439
29	Oklahoma	$7,364
30	Missouri	$7,233
31	Kentucky	$7,209
32	Arkansas	$6,739
33	Iowa	$6,590
34	Oregon	$6,503
35	Colorado	$6,462
36	Maine	$6,142
37	Mississippi	$5,565
38	Utah	$4,664
39	Arizona	$4,328
40	Kansas	$4,220
41	Idaho	$3,435
42	Nebraska	$2,936
43	North Dakota	$2,517
44	Montana	$2,283
45	South Dakota	$2,135
46	Nevada	$2,116
47	New Mexico	$1,931
48	Wyoming	$1,558
	Hawaii	No data
	Alaska	No data
	DC Wash	No data

Source: USA Today



Ranking by State for the cost per acre of vacant land. New Jersey #1 highest price Wyoming #48 the lowest.

Median Home Price ($)

(2019)

Rank	State	MHP
1	Hawaii	$636,451
2	DC Wash	$626,911
3	California	$509,400
4	Massachusetts	$385,400
5	Colorado	$348,900
6	Washington	$339,000
7	New Jersey	$334,900
8	Oregon	$319,200
9	New York	$314,500
10	Maryland	$312,500
11	Alaska	$300,889
12	Utah	$275,100
13	Virginia	$273,400
14	Connecticut	$273,100
15	New Hampshire	$263,600
16	Nevada	$258,200
17	Rhode Island	$257,800
18	Delaware	$252,800
19	Montana	$231,300
20	Vermont	$226,300
21	Minnesota	$224,805
22	Arizona	$223,400
23	Wyoming	$214,300
24	Florida	$214,000
25	Idaho	$207,100
26	Illinois	$195,300
27	North Dakota	$194,700
28	Maine	$191,200
29	Pennsylvania	$181,200
30	Wisconsin	$178,900
31	Georgia	$173,700
32	Texas	$172,200
33	New Mexico	$171,300
34	North Carolina	$171,200
35	South Dakota	$167,600
36	Tennessee	$167,500
37	Louisiana	$162,500
38	South Carolina	$161,800
39	Missouri	$156,700
40	Nebraska	$155,800
41	Michigan	$155,700
42	Kansas	$150,600
43	Iowa	$149,100
44	Ohio	$144,200
45	Indiana	$141,100
46	Kentucky	$141,000
47	Oklahoma	$137,400
48	Arkansas	$128,500
49	Mississippi	$120,200
50	Alabama	$119,800
51	West Virginia	$119,800

Source: USA Today

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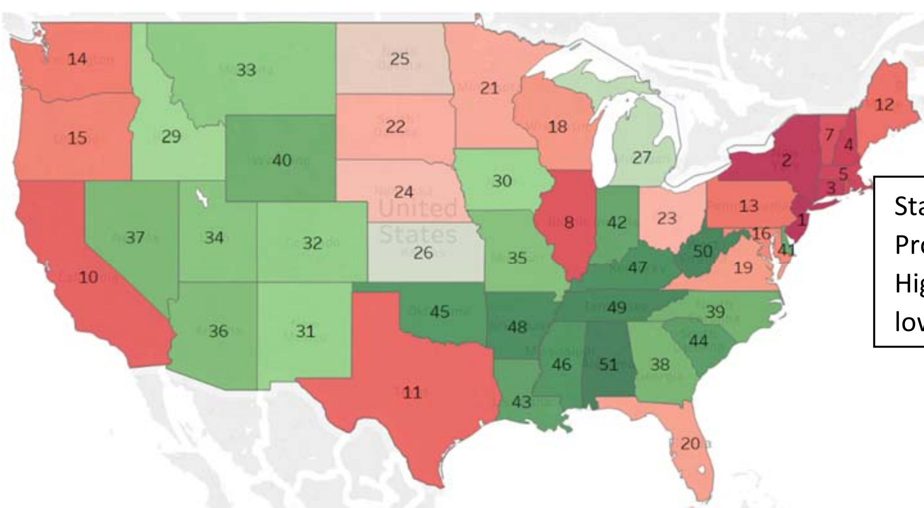
Average Property Tax

(2019)

Rank	State	APT
1	New Jersey	$8,477
2	New York	$7,013
3	Connecticut	$6,963
4	New Hampshire	$5,935
5	Massachusetts	$5,513
6	Rhode Island	$5,195
7	Vermont	$5,150
8	DC Wash	$4,915
9	Illinois	$4,845
10	California	$4,783
11	Texas	$4,660
12	Maine	$3,937
13	Pennsylvania	$3,900
14	Washington	$3,592
15	Oregon	$3,495
16	Maryland	$3,437
17	Alaska	$3,225
18	Wisconsin	$3,196
19	Virginia	$3,181
20	Florida	$2,936
21	Minnesota	$2,752
22	South Dakota	$2,701
23	Ohio	$2,616
24	Nebraska	$2,614
25	North Dakota	$2,539
26	Kansas	$2,532
27	Michigan	$2,524
28	Hawaii	$2,489
29	Idaho	$2,415
30	Iowa	$2,270
31	New Mexico	$2,214
32	Colorado	$2,046
33	Montana	$1,950
34	Utah	$1,948
35	Missouri	$1,923
36	Arizona	$1,918
37	Nevada	$1,873
38	Georgia	$1,757
39	North Carolina	$1,706
40	Wyoming	$1,619
41	Delaware	$1,526
42	Indiana	$1,351
43	Louisiana	$1,302
44	South Carolina	$1,294
45	Oklahoma	$1,272
46	Mississippi	$1,236
47	Kentucky	$1,217
48	Arkansas	$1,006
49	Tennessee	$981
50	West Virginia	$802
51	Alabama	$776

Source: USA Today



State Rankings: Average Property Tax. #1 New Jersey Highest and #51 Alabama the lowest.

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Delinquent Property Tax Accounts (2019)

Rank	State	# Delinquent
1	California	795,885
2	Florida	600,533
3	Texas	547,829
4	Georgia	313,597
5	Pennsylvania	255,728
6	New York	244,477
7	North Carolina	219,472
8	Ohio	213,041
9	Michigan	203,263
10	South Carolina	182,028
11	Wisconsin	165,863
12	Iowa	142,025
13	Missouri	141,324
14	New Jersey	138,974
15	Massachusetts	138,356
16	Tennessee	134,335
17	Washington	130,779
18	Illinois	121,359
19	Minnesota	117,469
20	Virginia	104,802
21	Maryland	103,698
22	Arizona	99,573
23	Oklahoma	97,912
24	Louisiana	95,370
25	Mississippi	94,426
26	Kentucky	93,945
27	Oregon	77,632
28	West Virginia	76,001
29	Colorado	71,761
30	Kansas	66,220
31	Montana	65,537
32	New Mexico	61,001
33	Arkansas	60,844
34	Indiana	52,509
35	Utah	51,514
36	Nevada	49,434
37	Idaho	41,957
38	Maine	34,034
39	South Dakota	29,486
40	New Hampshire	29,421
41	Connecticut	27,595
42	Nebraska	26,039
43	Hawaii	22,627
44	Delaware	19,191
45	Rhode Island	18,918
46	Alabama	17,302
47	Alaska	14,357
48	Vermont	13,875
49	Wyoming	13,224
50	DC Wash	7,977
51	North Dakota	2,858

Source: National Tax Lien Association

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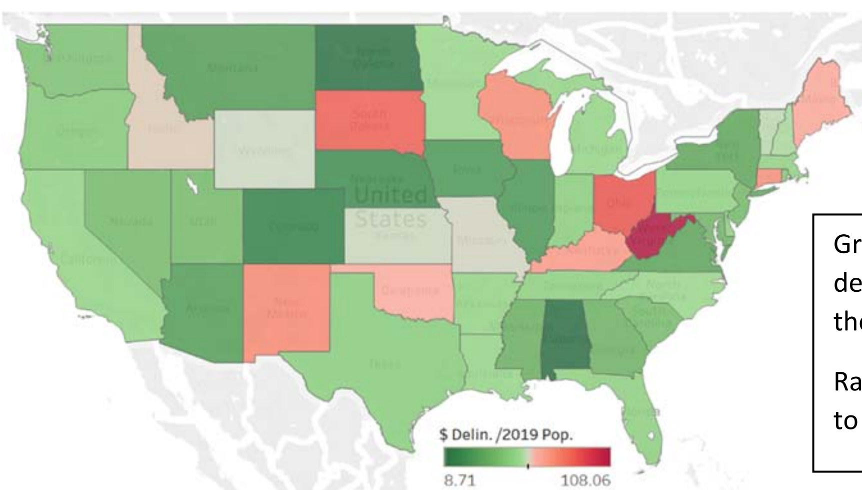
Delinquent Property Tax Amounts (2019)

Rank	State	$ Delinquent
1	California	$2,027,968,823
2	Texas	$1,395,905,930
3	Florida	$1,071,563,436
4	Ohio	$1,205,106,181
5	Pennsylvania	$651,612,743
6	New York	$622,944,379
7	North Carolina	$559,229,051
8	Michigan	$517,928,525
9	Wisconsin	$422,629,196
10	Georgia	$399,221,087
11	Missouri	$360,102,845
12	New Jersey	$359,909,868
13	Massachusetts	$352,541,128
14	Tennessee	$342,294,483
15	Washington	$333,234,080
16	Illinois	$330,182,949
17	Indiana	$327,758,202
18	Kentucky	$306,840,831
19	Minnesota	$299,319,574
20	Virginia	$267,043,013
21	Connecticut	$257,509,971
22	Oklahoma	$249,487,430
23	Louisiana	$243,010,063
24	Maryland	$233,971,963
25	South Carolina	$212,630,746
26	Arizona	$203,891,664
27	Oregon	$197,811,789
28	West Virginia	$193,656,843
29	Kansas	$168,732,979
30	New Mexico	$155,435,064
31	Arkansas	$155,033,924
32	Utah	$131,260,320
33	Nevada	$125,961,611
34	Mississippi	$108,689,536
35	Idaho	$106,908,118
36	DC Wash	$99,649,112
37	Colorado	$98,539,786
38	Maine	$86,719,752
39	Iowa	$82,094,496
40	South Dakota	$75,133,531
41	New Hampshire	$74,966,828
42	Hawaii	$57,655,208
43	Delaware	$48,898,809
44	Rhode Island	$48,204,186
45	Alabama	$42,730,926
46	Nebraska	$41,156,023
47	Alaska	$36,583,175
48	Vermont	$35,354,909
49	Wyoming	$33,696,881
50	Montana	$30,169,126
51	North Dakota	$7,283,448

TOTAL Delinquent Tax : $15,796,164,540

Source : National Tax Lien Association



Graphic shows the amount of delinquent taxes for 2019 divided by the population of each state.

Range is $8.71 per person (dark green to $108.06 per person (red)

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STATE-BY-STATE: Property & Property Tax Data

KEY

GREEN= **Sells** TAX LIEN STATES
RED= DO NOT SELL TAX LIENS
YELLOW= ENABLING LEGISLATION
Key: **TP**=Total Parcels of Land

#D= Number of delinquent taxpayers/yr

$D = Amount of Delinquent Taxes/yr

LVA = Average Price/acre Land (Rank)

MHV= Median Home Value /

APT= Avg Property Tax (rank low-high)

ALABAMA
TP 2,911,250
#D 17,302
$D $42,730,926
LVA $12,386 (23)
MHV $119,800
APT $776 (49)

ALASKA
TP 1,412,674
#D 14,357
$D $36,583,175
MHV $300,889
APT $3,225 (27)

ARIZONA
TP 3,196,891
#D 99,573
$D $203,891,664
LVA $4,328 (39)
MHV $223,400
APT $1,918 (39)

ARKANSAS
TP 1,412,674
#D 60,844
$D $155,033,924
LVA $6,739 (32)
MHV $128,500
APT $1,006 (40)

CALIFORNIA
TP 18,478,913
#D 795,885
$D $2,027,968,823
LVA $39,092 (8)
MHV $509,400
APT $4,783 (35)

COLORADO
TP 2,415,898
#D 71,761
$D $98,539,786
LVA $6462 (35)
MHV $348,900
APT $2,046 (48)

CONNECTICUT
TP 659,852
#D 27,595
$D $257,509,971
LVA 128,824 (3)
MHV $273,100
APT $6,963 (5)

DC WASH
TP 197,890
#D 7,977
$D $99,649,112
MHV $626,911
APT $4,915 (43)

DELAWARE
TP 445,567
#D 19,191
$D $48,898,809
LVA 57,692 (6)
MHV $252,800
APT $1,526 (46)

FLORIDA
TP 9,973,576
#D 600,533
$D $1,071,563
LVA $28,961 (11)
MHV $214,000
APT $2,936 (22)

GEORGIA
TP 4,687,270
#D 313,597
$D $330,182,949
LVA $14,242 (21)
MHV $173,700
APT $1,757 (32)

HAWAII
TP 525,356
#D 22,627
$D $57,655,208
MHV $636,451
APT $2,489 (50)

IDAHO
TP 974,150
#D 41,957
$D $106,908,118
LVA $3,435 (41)
MHV $207,100
APT $2,415 (23)

ILLINOIS
TP 5,768,877
#D 121,359
$D $330,182,949
LVA $23,492 (13)
MHV $195,300
APT $4,845 (2)

INDIANA
TP 3,592,223
#D 52,509
$D $327,758,202
LVA $16,903 (17)
MHV $141,100
APT $1,351 (28)

IOWA
TP 2,566,914
#D 142,025
$D $82,094,496
LVA $6,590 (33)
MHV $149,100
APT $2,270 (15)

KANSAS
TP 1,537,500
#D 66,220
$D $168,732,979
LVA $4,220 (40)
MHV $150,600
APT $2,532 (13)

KENTUCKY
TP 2,226,771
#D 93,945
$D $306,840,831
LVA $7,209 (31)
MHV $141,000
APT $1,217 (37)

LOUISIANA
TP 2,214,315
#D 95,370
$D $243,010,063
LVA $12,908 (22)
MHV $162,500
APT $1,302 (38)

MAINE
TP 709,193
#D 34,034
$D $86,719,752
LVA $6,142 (36)
MHV $191,200
APT $3,937 (14)

MARYLAND
TP 2,282,385
#D 103,698
$D $233,971,963
LVA $75,429 (5)
MHV $312,500
APT $3,437 (21)

MASSACHUSETTS
TP 3,212,365
#D 138,356
$D $352,541,128
LVA $102,214 (4)
MHV $385,400
APT $5,513 (17)

MICHIGAN
TP 4,719,380
#D 203,263
$D $517,928,525
LVA $23,492 (12)
MHV $155,700
APT $2,524 (11)

MINNESOTA
TP 2,727,409
#D 117,469
$D $299,319,574
LVA $8,191 (26)
MHV $224,805
APT $2,752 (20)

MISSISSIPPI
TP 1,629,352
#D 94,426
$D $108,689,536
LVA $5,565 (37)
MHV $120,200
APT $1,236 (31)

STATE-BY-STATE: Property & Property Tax Data (Cont'd)

MISSOURI
TP 3,281,268
#D 141,324
$D $360,102,845
LVA $7,233 (30)
MHV $156,700
APT $1,923 (19)

MONTANA
TP 892,186
#D 65,537
$D $30,169,126
LVA $2,283 (44)
MHV $231,300
APT $1,950 (33)

NEBRASKA
TP 431,714
#D 26,039
$D $41,156,023
LVA $2936 (42)
MHV $155,800
APT $2,614 (12)

NEVADA
TP 1,147,766
#D 49,434
$D $125,961,611
LVA $2,116 (46)
MHV $258,200
APT $1,873 (42)

NEW HAMPSHIRE
TP 683,100
#D 29,421
$D $74,966,828
LVA $19,840 (15)
MHV $263,600
APT $5,935 (3)

NEW JERSEY
TP 4,256,627
#D 138,974
$D $359,909,868
LVA $196,410 (1)
MHV $334,900
APT $8,477 (1)

NEW MEXICO
TP 1,416,329
#D 61,001
$D $155,435,064
LVA $1,931 (47)
MHV $171,300
APT $2,214 (26)

NEW YORK
TP 5,676,288
#D 244,477
$D $622,944,379
LVA $41,314 (7)
MHV $314,500
APT $7,013 (7)

NORTH CAROLINA
TP 5,095,712
#D 219,472
$D $559,229,051
LVA $16,230 (19)
MHV $171,200
APT $1,706 (34)

NORTH DAKOTA
TP 66,367
#D 2,858
$D $7,283,448
LVA $2,517 (43)
MHV $194,700
APT 2,539 (18)

OHIO
TP 6,142,936
#D 213,041
$D $1,205,106,181
LVA $32,077 (9)
MHV $144,200
APT $2,616 (8)

OKLAHOMA
TP 2,273,337
#D 97,912
$D $249,487,430
LVA $7,364 (29)
MHV $137,400
APT $1,272 (29)

OREGON
TP 1,802,467
#D 77,632
$D $197,811,789
LVA $6,503 (34)
MHV $319,200
APT $3,495 (24)

PENNSYLVANIA
TP 5,937,515
#D 255,728
$D $651,612,743
LVA $31,923 (10)
MHV $181,200
APT $3,900 (6)

RHODE ISLAND
TP 439,238
#D 18,918
$D $48,204,186
LVA $133,730 (2)
MHV $257,800
APT $5,195 (9)

SOUTH CAROLINA
TP 2,268,675
#D 182,028
$D $212,630,745
LVA $17,610 (16)
MHV $161,800
APT $1,294 (44)

SOUTH DAKOTA
TP 684,619
#D 29,486
$D $75,133,531
LVA $2,135 (45)
MHV $167,600
APT $2,701 (16)

TENNESSEE
TP 3,118,998
#D 134,335
$D $342,294,483
LVA $14,411 (20)
MHV $167,500
APT $981 (47)

TEXAS
TP 12,719,537
#D 547,829
$D $1,395,905,930
LVA $7,439 (27)
MHV $172,200
APT $4,660 (2)

UTAH
TP 1,196,048
#D 51,514
$D $131,260,320
LVA $4,664 (38)
MHV $275,100
APT $1,948 (41)

VERMONT
TP 322,155
#D 13,875
$D $35,354,909
LVA $7,439 (28)
MHV $226,300
APT $5,150 (4)

VIRGINIA
TP 2,433,304
#D 104,802
$D $267,043,013
LVA $21,921 (14)
MHV $273,400
APT $3,181 (25)

WASHINGTON
TP 3,036,439
#D 130,779
$D $333,234,080
LVA $16,752 (18)
MHV $339,000
APT $3,592 (30)

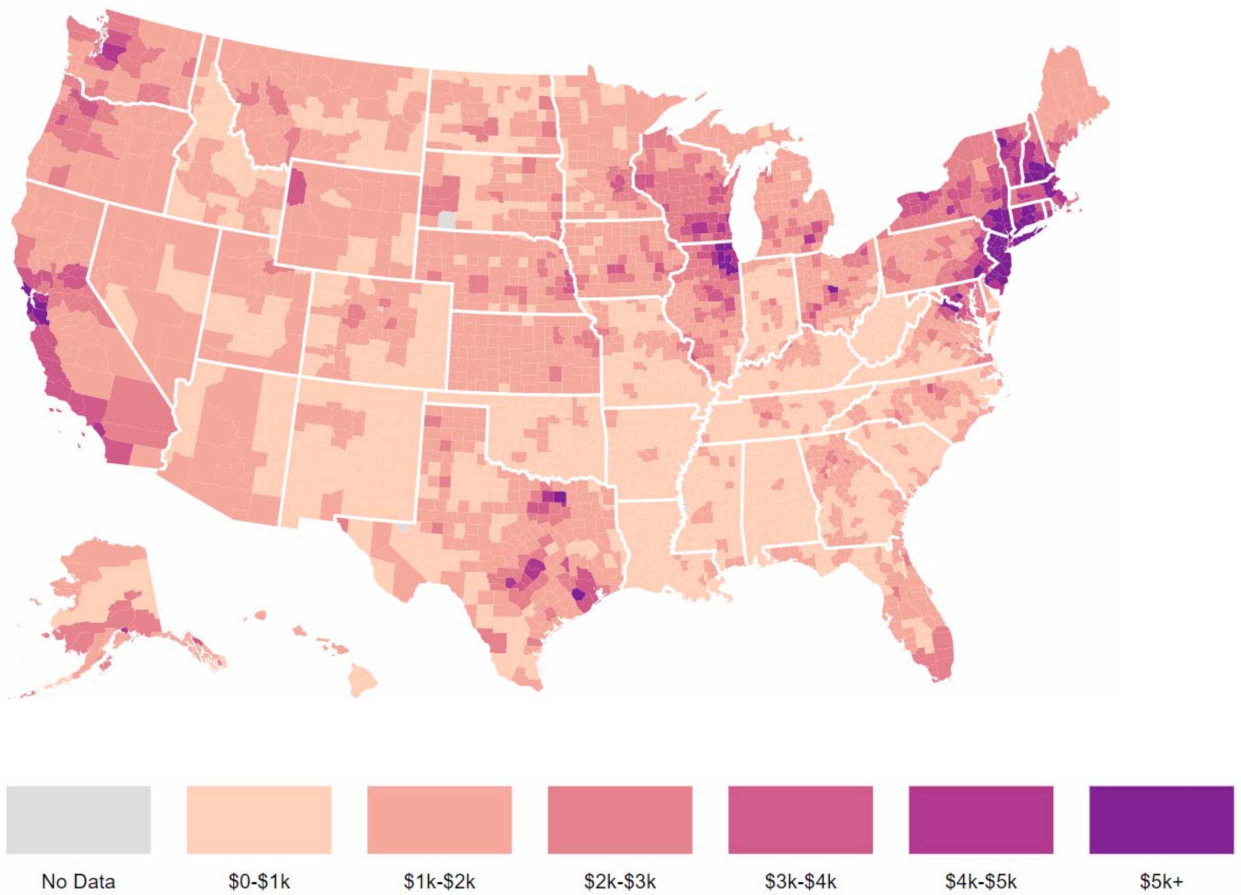
WEST VIRGINIA
TP 1,764,607
#D 76,001
$D $193,656,843
LVA $10,537 (24)
MHV $119,800
APT $802 (45)

WISCONSIN
TP 3,851,010
#D 165,863
$D $422,629,196
LVA $9,924 (25)
MHV $178,900
APT $3,196 (10)

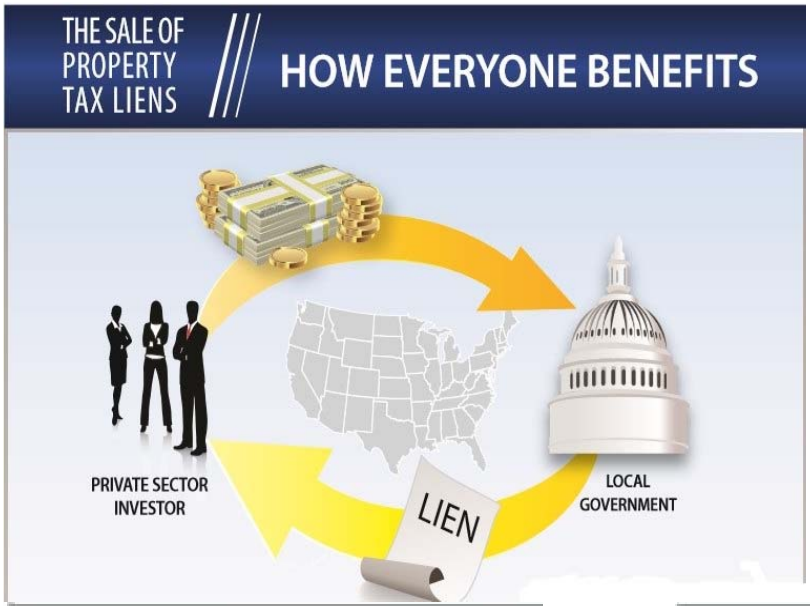
WYOMING
TP 307,047
#D 13,224
$D $33,696,881
LVA $1,558 (48)
MHV $214,300
APT $1,619 (36)

Interactive Map for Median Property Taxes paid by County, 2017

Click Here [[Interactive Map]]



Source: Taxfoundation.org via US Census Bureau,. 2017



Tax Certificate Sales differ from State to State. Ideal tax sale statutes have components that benefit the following groups:

1. Delinquent Taxpayers
2. Current Taxpayers (pay on time)
3. Local Governments
4. Private Investors

DELINQUENT TAXPAYERS BENEFIT

- Redemption time period is unchanged or extended
- Interest rate often less than statutory rate
- Payment plans may be established by the lien purchaser
- Statutory protections continue after lien sale
- Collection and notification procedures controlled by state statues

HOW TAXPAYERS BENEFIT

- Decreased risk of future tax increases
- Reliable funding for government programs
- Assurance that everyone will pay his/her fair share
- Privatization of government functions
- Protect property values by improvement of blighted properties

HOW GOVERNMENT BENEFITS

- Receipt of immediate cash for delinquent taxes
- Certainty of cash flow to improve future budgeting
- Transfer potential liabilities for nonpayment of tax to private sector
- Increase revenues without having to raise taxes or increase public debt
- Decrease in delinquency rates

HOW INVESTORS BENEFIT

- Earns interest and penalties provided by law for every month taxes are unpaid
- Investment secured by lien on real property

National Tax Lien Association
"Investing in America's Communities"™