



Tax Sale

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Today Kurt Prenzler, CPA, Madison County Treasurer, announced that the tax sale, held yesterday and today, resulted in \$6.3 million of taxes sold, at a weighted average interest rate of 3.7%, far below the interest rate of 18%, which was produced by tax sales held in 2007 and 2008, under the management of former Treasurer Fred Bathon.

"We are very pleased with the results," said Prenzler. "This is the third tax sale that I have conducted, and all three have produced interest rates under 4%, which benefits taxpayers who are not able to pay their taxes on time."

Prenzler estimates that this tax sale saved taxpayers over \$2 million, compared with the tax sales held in 2007 and 2008, in which almost all taxes were sold at 18%, the highest rate allowed by Illinois law.

Tax sales held in 2005 - 2008, and managed by former Treasurer Fred Bathon, have been in the news recently. On February 5, the U.S. Attorney announced that Bathon had pleaded guilty to a federal crime of "rigging" tax sales to benefit political contributors, and faces the loss of his \$88,000/year pension, and 30 - 41 months in federal prison.

A tax sale is an auction in which tax buyers compete to pay other peoples' unpaid taxes, in exchange for an interest rate. Bidding begins at 18%, and competitive bidding takes place between tax buyers, in order to drive interest rates down.

After Prenzler was elected in November of 2010, he made two major changes to the way tax sales were conducted in Madison County.

First, Prenzler refused to take political donations from tax buyers. Former Treasurer Bathon received over \$150,000 in political donations from tax buyers from 1999 - 2009, and former appointed Treasurer Frank Miles received over \$20,000 from tax buyers during 2010.

Second, Prenzler has used automatic software to run his tax sales. Before, tax sales had tax buyers shouting their bids, and a "spotter" in the Treasurer's office picked the winner. "The automatic software," said Prenzler, "puts every tax buyer on a level playing field, and results in much lower rates, which benefits late taxpayers."

"Interest rates of 18% were bad," Prenzler continued, "but it got worse. If a person's taxes were sold at 18%, and they didn't redeem their taxes within the first 2 ½ years, the interest rate could get up to 108%. If their taxes are sold at 3%, and they don't pay during the first 2 ½ years, it can go no higher than 18%. You can see the difference."

Prenzler summed it up, "I think this shows that good ethics are good for business, good for tax sales, and good for taxpayers."