

SUBJECT: Documentation of sale of real estate sold by court order

COMMITTEE: Local Government Ways and Means — favorable without amendment

VOTE: 7 ayes — Hill, Hamilton, Elkins, Laubenberg, Puente, Quintanilla, Uresti
0 nays

WITNESSES: For — Cecil Lacey, Harris County Precinct Four Constable Department
Against — None

BACKGROUND: Under Tax Code, sec. 34.015, selling officers of real estate sold by court order are prohibited from executing or delivering a deed to the buyer of the property unless the buyer provides an unexpired written statement from the county tax assessor-collector of the county in which the sale is conducted showing that the buyer owes no delinquent taxes to that county or school district.

DIGEST: HB 2926 would stipulate that if, within six months of a sale of real estate sold by court order, the successful bidder had not provided the selling officer with a statement that the buyer owed no delinquent taxes, the selling officer would have to provide a copy of the officer's return to the county tax assessor-collector for each county in which the property was located. The successful bidder's name would have to be recorded in county records as the owner of the property, and the appraisal district could list in its records the successful bidder as the owner of the property.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2005.

SUPPORTERS SAY: CSHB 2926 would close a loophole in current law that allows investors to avoid paying taxes after they have purchased a foreclosed property by delaying the filing of written statements from the tax assessor-collector certifying that the buyer owes no delinquent taxes. Since the sale cannot be finalized until this statement is submitted, the previous owner continues to be billed for taxes on property that already has been sold, and may even

face more litigation for delinquent taxes. Since neither the previous owner nor the successful bidder officially owns the property, neither is required to pay taxes, and the county loses property tax revenue.

CSHB 2926 would solve this problem by requiring the constable or other selling official to notify the county assessor-collector within six months of the sale, whether or not the successful bidder supplied the necessary certification. The property then appropriately could be listed in the name of the current owner, and taxes could be assessed from the point of sale forward.

OPPONENTS
SAY:

No apparent opposition.

NOTES:

According to the fiscal note, HB 2926 could result in savings to the Foundation School Fund by causing the inclusion of taxable property on local appraisal rolls that otherwise might not appear for appraisal purposes.