

## **BILL ANALYSIS**

Senate Research Center

S.B. 1249  
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### **DIGEST**

Currently, in the event of foreclosure of real property by a taxing district resulting from nonpayment of ad valorem property taxes, the Property Tax Code provides a three-year period following the tax sale in which the procedural methodology of the foreclosure can be contested. For example, an unknown heir may claim a legal interest in the property, and may attest that he or she was not properly notified of the pending foreclosure action. The potential of such a claim can effectively forestall redevelopment of the property until the three-year limitations period elapses, causing abandoned properties to abound. This legislation would shorten the limitations period to one year for non-homestead properties, and to two years for homestead properties. S.B. 1249 would also enable properties to be sold at public auction for any amount, or at a private sale for an amount that is not less than the lesser of the market value specified in the foreclosure judgment or the total amount of the judgments against the property. Finally, this bill seeks to forestall frivolous claims of faulty process by requiring all taxes, penalties, interest, and costs on the property to be deposited into the registry of the court at the time such a claim is made.

### **PURPOSE**

As proposed, S.B. 1249 authorizes the sale of property for delinquent ad valorem taxes.

### **RULEMAKING AUTHORITY**

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 33.54, Tax Code, to prohibit an action relating to the title to property, except as provided by Subsection (b), from being maintained against the purchaser of the property at a tax sale unless the action is commenced before the first anniversary of the date that the deed is filed of record, or before the second anniversary date of the date the deed is filed of record, if the property was the residence homestead of the owner or land appraised under Chapter 23C or 23D, rather than within three years after the deed is filed of record. Establishes that when actions are barred by this section, the purchaser at the tax sale or the purchaser's successor in interest has, rather than being required to have, full title to the property, precluding all other claims. Makes conforming changes.

SECTION 2. Amends Section 34.05, Tax Code, by amending Subsections (b)-(d), and adding Subsection (h), to authorize property sold pursuant to Subsections (c) and (d) of this section to be sold for any amount. Deletes the provisions prohibiting property from being sold for less than a certain amount unless the property is sold pursuant to Subsections (c) and (d). Provides that this subsection does not authorize a sale of property in violation of Section 52, Article III, Texas Constitution. Provides that on receipt of a request for public sale of property, the sheriff is required to sell the property, unless the property is sold pursuant to Subsection (h) before the date set for the public sale. Deletes the provision requiring the officer conducting the sale to reject certain bids. Sets forth the terms by which the taxing unit that purchased the property, in lieu of a sale pursuant to Subsections (c) and (d), is authorized to sell the property at a private sale for a certain amount. Makes conforming changes.

SECTION 3. Amends Chapter A, Tax Code, by adding Section 34.08, as follows:

Sec. 34.08. CHALLENGE TO VALIDITY OF TAX SALE. Prohibits a person from commencing an action that challenges the validity of a tax sale unless the person deposits a certain amount into the registry of the court or files an affidavit of inability to pay under Rule 145, Texas Rules of Civil Procedure.

SECTION 4. Effective date: September 1, 1998.  
Makes application of this Act prospective.

SECTION 5. Emergency clause.