

## **BILL ANALYSIS**

H.B. 1125  
By: Flores  
Local Government Ways and Means  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Under current law, the redemption period concerning mineral tax rolls gives the foreclosed owner only six months to reclaim their lost property. Mineral tax rolls, as opposed to real property rolls, are not prepared by the appraisal districts from the official records of the county where the property is located. The records used for preparation of the rolls come from private industry and may be incomplete and contain inaccurate data. In many cases the foreclosed owner is never informed of the taxes owed or the repossession of their mineral royalties. If a foreclosed owner does not receive notification of the sale, the foreclosed owner is entirely dependent upon the actions of others. The current time allotment of six months may not provide the royalty owner enough time to settle his claims in court, resulting in the owner not having any right of redemption after he receives notice of the foreclosure.

House Bill 1125 would give royalty owners some protection from ad valorem tax foreclosure by extending the redemption period to two years from the date on which the deed of the taxing unit is filed for record.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

#### SECTION 1

Amends Sections 34.21 (a), (b), (c), and (e), Tax Code, as follows:

- (a) Allows the owner of a mineral interest to redeem the foreclosed property on or before the second anniversary of the date on which the purchaser's deed is filed for record by paying the following: (1) the amount the purchaser bid on the property, (2) the amount of the deed recording fee, (3) the amount paid by the purchaser as taxes, penalties, interest, and costs on the property, and (4) a redemption premium of 25 percent of the aggregate total if redeemed in the first year and 50 percent of the aggregate total if the property is redeemed during the second year of the redemption period.
- (b) Allows that if property that is a mineral interest is bid off to a taxing unit under section 34.01 (j) or (p) and has not been resold by the taxing unit, the owner may redeem the property on or before the second anniversary of the date on which the deed of the taxing unit is filed for record by paying the taxing unit:
  - (1) the lesser of the amount of the judgement against the property or the market value of the property, plus the amount the taxing unit spent on the property and on filing the deed, if the property was foreclosed upon and bid off to the taxing unit under Section 34.01 (j); or

- (2) the lesser of the amount of taxes, penalties, interest, and costs for which the warrant was issued or the market value of the property as listed in the warrant, plus the amount the taxing unit spent on the property and on filing the deed, if the property was seized under Subchapter E, Chapter 33, and bid off to the taxing unit under Section 34.01 (p).
- (c) Allows that if a mineral interest has been resold by the taxing unit under Section 34.05, the owner may redeem his property on or before the two year anniversary of the record being filed of the deed with the sheriff or constable by paying the purchaser: the amount the purchaser paid for the property, the filing fee for the purchaser's deed for record, the amount the purchaser paid as taxes, penalties, interest, and costs on the property, plus a redemption premium of 25 percent of the aggregate total if redeemed by the first year and 50 percent of the aggregate total if redeemed in the second year.
- (e) The owner of a mineral interest may redeem the property in the same manner and by paying the same amounts as listed in Subsection (a), (b), (c), or (d), as applicable, except that:
  - (1) the owner's right of redemption may be exercised no later than the 180th day after the purchaser's or taxing unit's deed is filed for the record.
  - (2) the redemption premium paid by the owner to the purchaser other than a taxing unit may not exceed 25 percent.

## SECTION 2

Provides that this section only applies to the redemption of a mineral interest sold at a tax sale for which the purchaser's deed is filed for record on or after January 1, 2004.

### **EFFECTIVE DATE**

This Act takes effect January 1, 2004, but only if the constitutional amendment to establish a two-year redemption period for mineral interest sold at a tax sale is approved by the voters. If the amendment is not accepted by the voters, this Act has no effect.