

BILL ANALYSIS

C.S.H.B. 2176

By: Elkins

Local Government Ways and Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Currently in Texas, Business personal property is seized and sold for delinquent taxes. Often the property sells for less than ten cents on the dollar which also requires much more of the property to be seized to cover the tax liability. This bill provides for a pilot program to be initiated in Harris County to explore the use of professional auctioneers and online/Internet bidding to increase the proceeds from sales.

In addition, the method of selling real property in tax foreclosure sales is through an auction at the courthouse in the county in which the seized property is located. In some counties the courthouses are inadequate to house the sales. Furthermore, in light of heightened security measures in government buildings, having many people crowded into the lobby of a courthouse raises many security and safety issues. In Harris County, the fire marshal was forced to remove persons from a public auction because of overcrowding. This bill also provides for the commissioners court to designate an alternate location for the tax foreclosure sales to ensure a safe and fair auction process.

The intent of CSHB 2176 is to provide a pilot program for the option of using the Internet as a bidding method in selling business property that has been seized for failure to pay taxes, and also provide for the use of professional auctioneers. This bill also allows a county to have flexibility to conduct the auction in a manner that best suits the county and the individuals seeking to participate. It also provides for real property sales to be held at an alternate location within the county if the commissioners court deems it appropriate for security, safety or other reasons.

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

CSHB 2176 amend Section 33.25, Tax Code, to provide the commissioners court of counties with a population of three million or more the option to authorize a peace officer or the collector for the county charged with selling property to enter into an agreement with a licensed auctioneer to advertise and conduct a sale of business personal property. The auction may be held online. The terms of the agreement must be approved in writing by the collector for each taxing unit entitled to receive proceeds under the auction and the agreement is entitled to an un rebuttable presumption of commercial reasonableness.

Section 33.25(f) and (g), Tax Code, specify the application of the proceeds of the sale of property under this section.

CSHB 2176 also amends Section 34.01 of the Tax Code by providing a county with the option to relocate the auction to another venue, within the county, that is able to occupy a greater number of people.

EFFECTIVE DATE

September 1, 2003

COMPARISON OF ORIGINAL TO SUBSTITUTE

CSHB 2176 modifies the original version of the bill by removing language that raised concerns regarding the advertising and the bidding method of the auction for real property. CSHB 2176 maintains the integrity of the original version by allowing a county, with a population greater than 3 million, to test the online method of bidding in conjunction with the current live auction for business property, if the county elects to do so.