

By: Zedler

H.B. No. 1716

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the accuracy of certain tax liability estimates in
3 contracts for residential real property.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Subchapter A, Chapter 5, Property Code, is
6 amended by adding Section 5.0101 to read as follows:

7 Sec. 5.0101. ACCURACY IN ESTIMATION OF TAX LIABILITY. (a)

8 In this section:

9 (1) "Builder" has the meaning assigned by Section
10 401.003.

11 (2) "Developer" means a person who owns a tract of land
12 and who has divided or proposes to divide the tract into two or more
13 parts to establish a subdivision.

14 (3) "Home" has the meaning assigned by Section
15 401.002.

16 (4) "Subdivision" has the meaning assigned by Section
17 207.001.

18 (b) If a builder or developer transfers the builder's or
19 developer's interest in a home or parcel of land located in a
20 subdivision to a homeowner or potential homeowner and the contract
21 includes an estimate of the ad valorem taxes to be assessed against
22 the parcel or home for a tax year following the tax year in which the
23 contract is entered into, the builder or developer must base the
24 estimate on the ad valorem taxes assessed against similar parcels

1 on which similar homes have been built and may not base the estimate
2 on the ad valorem taxes assessed against the parcel before
3 improvements, including a home, were made to or built on the parcel.

4 (c) A homeowner who, with a builder or developer, enters
5 into a contract that violates Subsection (b) is entitled to recover
6 from the builder or developer an amount equal to the difference
7 between the ad valorem taxes estimated in the contract and the
8 actual ad valorem taxes assessed if the estimated ad valorem taxes
9 are more than 20 percent less than the actual ad valorem taxes.

10 SECTION 2. The change in law made by this Act applies only
11 to a contract entered into on or after the effective date of this
12 Act. A contract that is entered into before the effective date of
13 this Act is governed by the law in effect at the time the contract
14 was entered into, and that law is continued in effect for that
15 purpose.

16 SECTION 3. This Act takes effect September 1, 2005.

1 COMMITTEE AMENDMENT NO. 1

2 Amend H.B. No. 1716 as follows:

3 (1) On page 2, line 7, between "contract" and "and", insert
4 "for the first tax year following the tax year in which the contract
5 is entered into".

6 (2) On page 2, line 8, between "assessed" and "if", insert
7 "for that tax year".

8 79R11443 KCR-D

Bailey