

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 19, 2005

TO: Honorable Fred Hill, Chair, House Committee on Local Government Ways & Means

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB2629 by Hill (Relating to a property owner's liability for, and the tax lien securing, delinquent taxes, penalties, or interest on improvements on land for which a tax certificate indicated no delinquent taxes, penalties, or interest was due.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would provide that a tax certificate showing no delinquent taxes were due on land or other real property would apply to any improvements on the property owned by the transferring party, unless the certificate expressly indicated that it did not apply to an improvement described by the certificate.

Current law requires the tax collector for a taxing unit, at the request of any person, to issue a tax certificate showing the amount of delinquent taxes, penalties, and interest due the unit on the property. The collector is authorized to charge a fee of not more than \$10 for each certificate issued. If property is transferred and accompanied by a tax certificate erroneously showing that no delinquent taxes, penalties, or interest are due, the taxing unit's tax lien on the property is extinguished and the purchaser is not liable for the amount due on the property. The person who is personally liable for the amount remains liable.

Since the bill would not change taxable property values, no fiscal implication to the State is anticipated.

Local Government Impact

Attorney General Opinion JM-679 provides in summary that: "In an instance in which a tax certificate on a parcel of property was erroneously issued to a property owner/taxpayer stating that no taxes were then due, the property was sold to another person later in the year and the collector sent out an amended statement claiming that taxes were still outstanding. Section 31.08 of the Tax Code provides that there is no lien against the second property owner/taxpayer and that the person liable for the tax for the year in which it was imposed remains personally liable for delinquent taxes, penalties, and interest due."

According to the Comptroller's office, if a collector issues a tax certificate on a specific "parcel" of property consistent with the above opinion, there should be no revenue impact on local units of government as a result of this bill. However, depending on local parcel classification practices, there could be instances where certain omitted property relative to Section 25.21 of the Tax Code would not be contemplated by the collector in issuing a tax certificate.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, SD, WP, DLBe