

## **BILL ANALYSIS**

Senate Research Center

S.B. 1920  
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Finance  
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### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Fixed-income homeowners are among the most adversely affected by escalating property taxes. Despite the partial tax exemption on owner-occupied residence and fixed-income households in the Homestead Act, many property owners are vulnerable to urban gentrification, which is the displacement of low cost property owners as a result of higher-income real estate development in their neighborhoods, which increases property taxes.

As proposed, S.B. 1920 entitles certain individuals who are long-standing homeowners in low-income areas, to defer ad valorem taxes except those taxes imposed by a school district or hospital district, so that those homeowners can afford to continue to live in their homes in light of increasing ad valorem taxes resulting from gentrification.

### **RULEMAKING AUTHORITY**

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

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subchapter A, Chapter 33, Tax Code, by adding Section 33.061, as follows:

Sec. 33.061. DEFERRED COLLECTION OF TAXES ON CERTAIN LOW INCOME RESIDENCE HOMESTEADS IN CERTAIN ECONOMICALLY DISADVANTAGED URBAN AREAS. (a) Entitles an individual to defer collection of a tax, abate a suit to collect a delinquent tax, or abate a sale to foreclose a tax lien if the individual's family income is not more than the greater of the area median family income for the household's residence as adjusted for family size and as established by the United States Department of Housing and Urban Development; or the statewide area median family income, as adjusted for family size and as established by the United States Department of Housing and Urban Development; and the tax was imposed against property that the individual owns and occupies, and has owned and occupied for the preceding 14 tax years, as a residence homestead; is located in an economically disadvantaged census tract; and complies with other criteria established by the chief appraiser (appraiser) with the advice and consent of the taxing authority.

(b) Provides that this section does not apply to taxes imposed by a school district or hospital district.

(c) Requires an individual, to obtain a deferral, to file with the appraiser of the appraisal district in which the property is located an affidavit stating the facts required to be established by Subsection (a). Requires the appraiser to notify each taxing unit participating in the district of the filing. Prohibits a taxing unit, after an affidavit is filed under this subsection, from filing suit to collect delinquent taxes on the property and the property from being sold at a sale to foreclose the tax lien until the 181st day after the date the individual no longer owns and occupies the property as a residence homestead.

(d) Requires the individual, to obtain an abatement of a pending suit, to file in the court in which suit is pending an affidavit stating the facts required to be

established by Subsection (a). Requires the court, if no controverting affidavit is filed by the taxing unit filing suit or if, after a hearing, the court finds the individual is entitled to the deferral, to abate the suit until the 181st day after the date the individual no longer owns and occupies the property as a residence homestead. Requires the clerk of the court to deliver a copy of the judgment abating the suit to the chief appraiser of each appraisal district that appraises the property.

(e) Requires an individual, to obtain an abatement of a pending sale to foreclose the tax lien, to deliver an affidavit stating the facts required under Subsection (a) to the appraiser of each appraisal district that appraises the property, the collector for the taxing unit that appraises the property, the collector for the taxing unit that requested the order of sale or the attorney representing that unit for the collection of delinquent taxes, and the officer charged with selling the property, not later than the fifth day before the date of the sale. Prohibits the property from being sold at a tax sale, after an affidavit is delivered under this subsection, until the 181st day after the date the individual no longer owns and occupies the property as a residence homestead. Authorizes the property owner, if property is sold in violation of this section, to file a motion to set aside the sale under the same cause number and in the same court as a judgment reference in the order of sale. Requires the motion to be filed during the applicable redemption period as set forth in Section 34.21 (a) or, if the property is bid off to a taxing unit, on or before the 180th day following the date the taxing unit's deed is filed of record, whichever is later. Provides that the right is not transferable to a third party.

(f) Provides that a tax lien remains on the property and interest continues to accrue during the period collection of taxes is deferred or abated under this section. Provides that the annual interest rate during the deferral or abatement period is eight percent instead of the rate provided by Section 33.01. Provides that interest and penalties that accrued or that were incurred or imposed under Section 33.01 or 33.07 before the date the individual files the deferral affidavit under Subsection (b) or the date the judgment abating the suit is entered, as applicable, are preserved. Provides that a penalty under Section 33.01 is not incurred during a deferral or abatement period. Authorizes the additional penalty under Section 33.07 to be imposed and collected only if the taxes for which collection is deferred or abated remain delinquent on or after the 181st day after the date the deferral or abatement period expires. Provides that a plea of limitation, laches, or want of prosecution does not apply against the taxing unit because of deferral or abatement of collection as provided by this section.

(g) Requires the appraiser of each district to publicize each year in a manner reasonably designed to notify all residents of the district or county of the provisions of this section and, specifically, the method by which eligible persons may obtain a deferral or abatement.

(h) Provides that if an individual qualifies for a deferral or abatement of collection of taxes on property and the census tract in which the property is located ceases to meet the requirements of Subsection (a)(2) (B), the deferral or abatement continues in effect until the 181st day after the date the individual no longer owns and occupies the property as a residence homestead if the individual remains qualified under the other requirements of Subsection (a), notwithstanding the other provisions of this section.

(i) Defines "economically disadvantaged census tract."

SECTION 2. Amends Section 6.035(a), Tax Code, to include that an individual is ineligible to serve on an appraisal district board of directors and is disqualified from employment as appraiser if the individual owns property on which delinquent taxes have been owed to a taxing unit for more than 60 days after the date the individual knew or should have known of the delinquency unless a suit to collect the delinquent taxes is deferred or abated under Section 33.061.

SECTION 3. Amends Section 6.412(a), Tax Code, to include that an individual is ineligible to serve on an appraisal review board if the individual owns property on which delinquent taxes have been owed to a taxing unit for more than 60 days after the date the individual knew or should have known of the delinquency unless a suit to collect the delinquent taxes is deferred or abated under Section 33.061.

SECTION 4. Amends Section 403.302(d), Government Code, to redefine "taxable value."

SECTION 5. Effective date: September 1, 2007.