

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 1, 2007

TO: Honorable Royce West, Chair, Senate Committee on Intergovernmental Relations

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

IN RE: SB1706 by Harris (Relating to the resale by a taxing unit of real property that is sold to the taxing unit at an ad valorem tax sale.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would amend Section 34.05 of the Tax Code to allow a taxing unit, in a sale of real property following a foreclosure for delinquent property taxes, to reserve for each taxing unit an interest in the mineral estate in the property or an easement for navigation or for a water, sewer, or drainage facility.

In addition, the bill would allow a taxing unit to sell foreclosed property at a private sale for an amount less than the lesser of the market value of the property or the total amount of judgments against the property if the selling taxing unit provided written notice to each taxing unit entitled to receive proceeds of the sale.

Because the state is constitutionally prohibited from imposing a state property tax, there would be no direct fiscal impact on the state.

Local Government Impact

Passage of the bill would expand the rights of taxing units that hold title to property following a foreclosure sale and exercise their right to resell the property to a private party. The Comptroller's Property Tax Division does not receive information from collecting entities that would be helpful in determining the impact of this bill and cannot predict the future behavior of collecting entities relative to the reservation of mineral estates and easements or the sale of property for less than the amount owed taxing units.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, DB, SJS