

## **BILL ANALYSIS**

H.B. 2197  
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Ways & Means  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Recently, a measure passed the Texas Legislature creating the legislative framework for a homestead preservation district in East Austin to mitigate the effects of rising property taxes in the area. There is concern that certain restrictions reduce the number of properties available for acquisition by the district.

H.B. 2197 seeks to remedy this situation by removing the provision prohibiting property from being eligible for acquisition by a land bank if it is worth more than the total amount due under a foreclosure agreement and by providing an exception to the prohibition on receipt of sale proceeds by the owner of the property for sale. The bill further seeks to address these issues by authorizing a property to be eligible for acquisition by a land bank if it is not improved with an uninhabitable building that is occupied as a residence by an owner or tenant who is legally entitled to occupy the building.

### **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**

H.B. 2197 amends the Local Government Code to remove from among the requirements that must be satisfied before a property ordered sold can be sold in a private sale that the market value of a property as appraised by a local appraisal district and as specified in a judgment of foreclosure is less than the total amount due under the judgment, including all taxes, penalties, and interests, plus the value of nontax liens held by a taxing unit and awarded by the judgment, court costs, and costs of the sale, in order for a property ordered sold pursuant to foreclosure of a tax lien to be sold in a private sale to a land bank by the officer charged with the sale of the property without first offering the property for sale as provided under state provisions regarding tax sales. The bill prohibits a property from being improved with a habitable building or an uninhabitable building that is occupied as a residence by an owner or tenant who is legally entitled to occupy the building or buildings, rather than any building or buildings, in order for such a private sale to a land bank to occur.

H.B. 2197 authorizes an owner to receive proceeds of a sale under the Homestead Land Bank Program Act if the amount of sale proceeds exceeds the total amount due under a judgment, including all taxes, penalties, and interest, plus the value of nontax liens held by a taxing unit and awarded by the judgment, court costs, and the cost of the sale, and requires such excess proceeds to be distributed in the manner provided for excess proceeds of sale pursuant to the foreclosure of a tax lien. The bill prohibits a taxing unit that is party to a foreclosure judgment from consenting to a sale to a land bank if the market value of the property as appraised by the local appraisal district and as specified in the judgment of foreclosure records exceeds the total amount due under the judgment, including all taxes, penalties, and interest, plus the value of nontax liens held by a taxing unit and awarded by the judgment, court costs, and the cost of the

sale. The bill makes conforming changes.

H.B. 2197 repeals Section 373A.208(c), Local Government Code, relating to waiver of the right to challenge the amount of the market value determined by the court for purposes of the sale of property.

**EFFECTIVE DATE**

September 1, 2011.