

By: Kuempel

H.B. No. 2409

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to the priority of ad valorem tax liens and certain  
3 security interests.

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

5 SECTION 1. Sections 32.05(b) and (c), Tax Code, are amended  
6 to read as follows:

7 (b) Except as provided by Subsection (c)(1) or (4), a tax  
8 lien provided by this chapter takes priority over:

9 (1) the claim of any creditor of a person whose  
10 property is encumbered by the lien;

11 (2) the claim of any holder of a lien on property  
12 encumbered by the tax lien, including any lien held by a property  
13 owners' association, homeowners' association, condominium unit  
14 owners' association, or council of owners of a condominium regime  
15 under a restrictive covenant, condominium declaration, master  
16 deed, or other similar instrument that secures regular or special  
17 maintenance assessments, fees, dues, interest, fines, costs,  
18 attorney's fees, or other monetary charges against the property;  
19 and

20 (3) any right of remainder, right or possibility of  
21 reverter, or other future interest in, or encumbrance against, the  
22 property, whether vested or contingent.

23 (c) A tax lien provided by this chapter is inferior to:

24 (1) a claim for any survivor's allowance, funeral

1 expenses, or expenses of the last illness of a decedent made against  
2 the estate of a decedent as provided by law;

3 (2) except as provided by Subsection (b)(2), a  
4 recorded restrictive covenant that runs with the land and was  
5 recorded before January 1 of the year the tax lien arose; ~~[or]~~

6 (3) a valid easement of record recorded before January  
7 1 of the year the tax lien arose; or

8 (4) a perfected purchase-money security interest, as  
9 described by Section 9.103, Business & Commerce Code.

10 SECTION 2. The change in law made by this Act applies only  
11 to a purchase-money security interest that attaches on or after the  
12 effective date of this Act. A purchase-money security interest  
13 that attaches before the effective date of this Act is governed by  
14 the law in effect on the date the security interest attached, and  
15 that law is continued in effect for that purpose.

16 SECTION 3. This Act takes effect September 1, 2011.