

By: Estes

S.B. No. 1122

A BILL TO BE ENTITLED

AN ACT

relating to the sale of delinquent tax receivables by certain local governments.

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

SECTION 1. Subtitle C, Title 8, Local Government Code, is amended by adding Chapter 274 to read as follows:

CHAPTER 274. SALE OF DELINQUENT TAX RECEIVABLES

Sec. 274.001. DEFINITIONS. In this chapter:

(1) "Delinquent tax receivable" means a right to receive the revenue from:

(A) a delinquent ad valorem tax imposed by a school district for maintenance and operations purposes for a specific tax year that remains unpaid, including any penalty and interest that accrues as a result of the delinquency;

(B) a delinquent ad valorem tax imposed by a county or municipality for a specific tax year that remains unpaid, including any penalty and interest that accrues as a result of the delinquency; or

(C) a delinquent assessment or other charge imposed by a county or municipality secured by a lien on real property that remains unpaid, including any penalty and interest that accrues as a result of the delinquency.

(2) "Local government" means a county, municipality, or school district.

1 Sec. 274.002. AUTHORITY TO SELL DELINQUENT TAX RECEIVABLE.

2 A local government may sell a delinquent tax receivable at any time.

3 Sec. 274.003. PROCEDURE FOR SALE OF DELINQUENT TAX

4 RECEIVABLE. (a) A local government may sell a delinquent tax

5 receivable through a negotiated sale or competitive bidding. The

6 sale must be on the terms the governing body of the local government

7 determines to be in the best interest of the local government.

8 (b) The sale of a delinquent tax receivable must be made

9 pursuant to a purchase and sale agreement that transfers to the

10 purchaser the right to receive the delinquent tax revenue and any

11 penalty and interest that accrues after the date of the sale.

12 Sec. 274.004. AMOUNT OF DELINQUENT TAX RECEIVABLE. The

13 amount of a delinquent tax receivable sold under this chapter must

14 include:

15 (1) the original amount of the delinquent ad valorem

16 tax and the amount of any penalty and interest that accrued and

17 remains unpaid on the date of the sale; or

18 (2) the original amount of a delinquent assessment or

19 other charge other than a delinquent ad valorem tax and the amount

20 of any penalty and interest that accrued and remains unpaid on the

21 date of the sale.

22 Sec. 274.005. LIEN NOT TRANSFERRED. The sale of a

23 delinquent tax receivable does not transfer to the purchaser a lien

24 or the right to foreclose a lien on property associated with the

25 delinquent tax receivable.

26 Sec. 274.006. COLLECTION BY LOCAL GOVERNMENT. The sale of a

27 delinquent tax receivable does not alter or affect the duty or

1 authority of a local government to collect a delinquent tax
2 receivable.

3 Sec. 274.007. PROHIBITED ACTIVITY. A purchaser of a
4 delinquent tax receivable may not engage, directly or indirectly,
5 in the collection of a delinquent tax receivable.

6 SECTION 2. This Act takes effect immediately if it receives
7 a vote of two-thirds of all the members elected to each house, as
8 provided by Section 39, Article III, Texas Constitution. If this
9 Act does not receive the vote necessary for immediate effect, this
10 Act takes effect September 1, 2011.