

By: Hegar

S.B. No. 586

A BILL TO BE ENTITLED

AN ACT

relating to the priority of ad valorem tax liens on personal property subject to a purchase money security interest.

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

SECTION 1. Section 32.05, Tax Code, is amended by amending Subsection (b) and adding Subsection (b-2) to read as follows:

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

(1) the claim of any creditor of a person whose property is encumbered by the lien, except as provided by Subdivision (4);

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

(3) any right of remainder, right or possibility of reverter, or other future interest in, or encumbrance against, the property, whether vested or contingent; and

(4) the claim of any creditor that is the holder of a

1 purchase money security interest on personal property encumbered by
2 the tax lien to the extent provided by Subsection (b-2).

3 (b-2) The priority given to a tax lien by Subsection (b)(4)
4 prevails only to the extent of the amount of taxes, and of any
5 penalties or interest on those taxes, that would have been imposed
6 on the personal property had the property been taxed separately on
7 the date the tax lien attached. In determining the amount of taxes
8 that would have been assessed under this subsection, the tax rate is
9 the applicable rate adopted for the tax year in which the lien
10 attaches, and the taxable value assigned to the property is the
11 price of the property agreed to by the delinquent taxpayer and the
12 creditor at the time the purchase money security interest attached.

13 SECTION 2. The change in law made by this Act applies only
14 to a tax lien on personal property for taxes imposed in 2013 and
15 subsequent tax years. A tax lien on personal property for taxes
16 imposed in a tax year before the 2013 tax year is governed by the law
17 in effect on the date the tax lien attached, and that law is
18 continued in effect for that purpose.

19 SECTION 3. This Act takes effect January 1, 2014.