

BILL ANALYSIS

H.B. 1936
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Business & Industry
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties have expressed concerns regarding the growing property tax transfer industry and the consequences on both mortgage lenders and property owners who take out loans to pay delinquent property taxes. The parties note that while penalties and interest imposed by governmental entities for tax liens are predictable and are quantifiable for mortgage lenders, the agreed terms of a property tax loan are not. The parties explain that this is an important point because a mortgage lender may feel compelled to pay off such a property tax loan, even though it was not a party to the loan, to avoid a tax lien on the property and protect its loan collateral. The parties contend that, because of such wide variation in these property tax loans, a delinquent property owner with an existing mortgage needs to provide notice to the owner's mortgage lender before signing a property tax loan. H.B. 1936 seeks to address this concern.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

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. 1936 amends the Tax Code to require a property owner, not later than the 10th day before the date the property owner executes a contract with a transferee authorizing the transferee to pay delinquent property taxes on the property, to send by certified mail to any applicable mortgage servicer a notice that the property owner intends to enter into the contract. The bill includes a sworn document stating that the notice has been mailed by certified mail to any applicable mortgage servicer among the information to be executed and filed by a property owner with the collector for a taxing unit to authorize another person to pay the property taxes imposed by the taxing unit on the owner's real property.

EFFECTIVE DATE

September 1, 2015.