

BILL ANALYSIS

S.B. 1725
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Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

When seized or foreclosed real property is sold, the proceeds are distributed in an order prescribed by current law, and any excess proceeds are paid to the clerk of the court that issued the sale. In cases in which the excess proceeds are greater than \$25, the clerk must send written notice to the former owner of the property disclosing the excess amount and informing the owner of the owner's right to claim the funds. Interested parties contend that notifying the attorney general of the deposit and amount of excess proceeds after a property tax foreclosure sale would help ensure full and prompt payment of child support obligations. S.B. 1725 seeks to address this issue.

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

S.B. 1725 amends the Tax Code to require the clerk of a court, following a property tax sale, to send to the attorney general notice of the deposit and amount of excess proceeds if the attorney general or a state agency represented by the attorney general is named as an in rem defendant in the underlying suit for seizure of the property or foreclosure of a tax lien on the property. This requirement applies to the disposition of excess proceeds of a property tax foreclosure sale paid into court regardless of the date on which the foreclosure sale occurred or the date on which the proceeds were paid into the court. The bill requires the clerk of a court who is retaining excess proceeds on the bill's effective date to mail the required notice to the attorney general as soon as practicable after that date if the attorney general or a state agency represented by the attorney general is named as an in rem defendant in the underlying suit for seizure of the property or foreclosure of a tax lien on the property on that date.

S.B. 1725 prohibits the clerk from distributing excess proceeds that have not been claimed within the statutorily prescribed period to each taxing unit participating in the sale before the second anniversary of the date the notice to the attorney general is mailed and establishes that a claim for the proceeds made on or before that second anniversary is considered to have been made within that prescribed period.

EFFECTIVE DATE

September 1, 2015.