

By: Dutton

H.B. No. 1833

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the exemption of real property from ad valorem taxation
3 during the period between the issuance of a judgment foreclosing a
4 tax lien on the property and the sale of the property at a tax sale
5 conducted under that judgment or the payment by the property owner
6 of that judgment before the sale, as applicable.

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

8 SECTION 1. Subchapter B, Chapter 11, Tax Code, is amended by
9 adding Section 11.281 to read as follows:

10 Sec. 11.281. PROPERTY SUBJECT TO FORECLOSURE JUDGMENT. (a)
11 Property is exempt from taxation by a taxing unit during the period
12 of time beginning on the date a judgment foreclosing a tax lien on
13 the property is entered and ending:

14 (1) on the date the property is sold to a purchaser or
15 bid off to a taxing unit at a tax sale conducted under that
16 judgment; or

17 (2) if the property owner pays the amount of the
18 judgment before the property is sold or bid off, on the date the
19 owner pays the judgment.

20 (b) If the property owner pays the amount of the judgment
21 before the property is sold or redeems the property in the manner
22 provided by Section 34.21, a penalty is imposed on the property in
23 an amount equal to the amount of the taxes that would have been
24 imposed on the property during the period of time the property was

1 exempted from taxation under Subsection (a), plus interest at an
2 annual rate of seven percent calculated from the dates on which the
3 taxes would have become due. A tax lien attaches to the property on
4 the date the property owner pays the judgment or redeems the
5 property, as applicable, to secure payment of the penalty and
6 interest imposed under this subsection. The lien exists in favor of
7 all taxing units for which the penalty is imposed.

8 SECTION 2. Section 11.43(a), Tax Code, is amended to read as
9 follows:

10 (a) To receive an exemption, a person claiming the
11 exemption, other than an exemption authorized by Section 11.11,
12 11.12, 11.14, 11.145, 11.146, 11.15, 11.16, 11.161, ~~or~~ 11.25, or
13 11.281 ~~[of this code]~~, must apply for the exemption. To apply for
14 an exemption, a person must file an exemption application form with
15 the chief appraiser for each appraisal district in which the
16 property subject to the claimed exemption has situs.

17 SECTION 3. Section 33.52(d), Tax Code, is amended to read as
18 follows:

19 (d) Except as provided by Section 11.281 ~~[34.05(k)]~~, a
20 taxing unit's claim for taxes that become delinquent after the date
21 of the judgment is not affected by the entry of the judgment or a tax
22 sale conducted under that judgment. Those taxes may be collected by
23 any remedy provided by this title.

24 SECTION 4. Section 34.01(1), Tax Code, is amended to read as
25 follows:

26 (1) Notwithstanding that property is bid off to a taxing
27 unit under this section, a taxing unit that established a tax lien

1 in the suit may continue to enforce collection of any amount for
2 which a former owner of the property is liable to the taxing unit[~~7~~
3 ~~including any post-judgment taxes, penalties, and interest,~~] in any
4 other manner provided by law.

5 SECTION 5. Sections 34.05(j) and (k), Tax Code, are amended
6 to read as follows:

7 (j) In lieu of a sale pursuant to Subsections (c) and (d),
8 the taxing unit that purchased the property may sell the property at
9 a private sale for an amount equal to or greater than its market
10 value, as shown by the most recent certified appraisal roll, if:

11 (1) the ~~[sum of the]~~ amount of the judgment ~~[plus~~
12 ~~post-judgment taxes, penalties, and interest]~~ owing against the
13 property exceeds the market value of the property; and

14 (2) each taxing unit entitled to receive proceeds of
15 the sale consents to the sale for that amount.

16 (k) A sale under Subsection (j) discharges and extinguishes
17 all liens foreclosed by the judgment ~~[and, with the exception of the~~
18 ~~prorated tax for the current year that is assessed under Section~~
19 ~~26.10, the liens for post-judgment taxes that accrued from the date~~
20 ~~of judgment until the date the taxing unit purchased the property].~~

21 The presiding officer of a taxing unit selling real property under
22 Subsection (j) shall execute a deed to the property conveying to the
23 purchaser the right, title, and interest acquired or held by each
24 taxing unit that was a party to the judgment foreclosing tax liens
25 on the property. The conveyance is subject to any remaining right
26 of redemption at the time of the sale and to the purchaser's
27 obligation to pay the prorated taxes for the current year as

1 provided by Section 26.10. The deed must recite that the liens
2 foreclosed by the judgment [~~and the post-judgment tax liens~~] are
3 discharged and extinguished by virtue of the conveyance.

4 SECTION 6. The changes in law made by this Act apply only to
5 an ad valorem tax year that begins on or after January 1, 2018.

6 SECTION 7. This Act takes effect January 1, 2018, but only
7 if the constitutional amendment proposed by the 85th Legislature,
8 Regular Session, 2017, authorizing the legislature to exempt real
9 property from ad valorem taxation during the period between the
10 issuance of a judgment foreclosing a tax lien on the property and
11 the sale of the property at a tax sale conducted under that judgment
12 or the payment by the property owner of that judgment before the
13 sale, as applicable, is approved by the voters. If that
14 constitutional amendment is not approved by the voters, this Act
15 has no effect.