

PUBLIC COMMENTS

HB 4270

HOUSE COMMITTEE ON WAYS & MEANS

Hearing Date: April 19, 2021 10:00 AM - or upon final adjourn./recess or bill referral if permission granted

RICHARD SALAS, Public Information Mgr./ Of Counsel
Office of Albert Uresti/ Bexar County Tax Assessor-Collector
SAN ANTONIO, TX

Dear Honorable Representative Rodriguez and Honorable Committee members,
We want to thank you for your arduous work and consideration of this Bill.

Bexar County serves over 2 million residents, and is currently the 4th largest county in the State of Texas, and which we believe this bill may impact many new and existing homeowners in counties across the State.

As originally written, our county tax office and most appraisal districts believe the bill may actually mitigate homeowner protections regarding property exemptions; and should be Amended.

History shows with the implementation of Section 1.071 of the Tax Code during the 86th Legislative session, many tax offices began to see increased homeowner complaints due to third-party recovery practices who filed late exemptions on behalf of property owners.

Some of the unintended consequences resulted in: deceptive usury practices where homeowners received less than what was promised by the recovery asset company; unauthorized permanent agent assignments filed through county appraisal districts causing missed tax notices for the owner; and in some cases, No refund turned over to the homeowner with balance invoices billed to the owner by the recovery asset company for future tax years yet to be assessed by the county tax office.

*It is important to note, the Tax Code currently places limits regarding excess tax sale proceeds for licensed attorneys acting on behalf of property owners, but none for such recovery companies.

Although we believe notarization requirements from such recovery companies protect homeowners, we realize there may be a need to make exemption applications (which are free) more streamlined; however, place similar recovery limits.

As such, Section 11.431 of the Tax Code should be amended to include a new Subsection (c) transferee refund requirements signed in writing or affirmation by the property owner, along with adding Subsections (d) through (f) to read as follows:

"(d) An assignee or transferee who obtains exempted proceeds without complying with Subsection (c) is liable to the owner or transferor for the amount of exempted refund amount obtained plus attorney's fees and expenses. An assignee or transferee who attempts to obtain exempted refund proceeds without complying with Subsection (c) is liable to the owner or transferor for attorney's fees and expenses.

(e) An assignee or transferee who files a late application for residence homestead exemption on behalf of an owner, including an exemption under Subsection (a), setting forth a claim to an exempted amount, must attach a copy of the assignment or transfer document and produce the original of the assignment or transfer document to the collector or taxing unit.

(f) A fee charged by an assignee or transferee to obtain a claim to refund of an exempted amount for an owner may not be greater than 25 percent of the total amount obtained or \$1,000, whichever is less."

Thank you for your consideration,
Safe Regards.

Ann Baddour
Texas Appleseed
Austin, TX

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I have many concerns about HB 4270. It takes away basic protections that are designed to stop fraud and identity theft with regard to claiming homestead exemptions and receiving appropriate refunds. The prohibition on a notarization element for the written request in section (b)(1) would make it more difficult to protect homeowners from fraudulent requests filed on their behalf. Similarly, the permissive language related to drivers licenses in subsection (b)(2) would make homeowners more vulnerable to identity theft and prevent the authorities from protecting them by requiring a copy of the homeowners driver's license before receiving a refund.

In addition to the fraud and identity theft concerns I also have concerns that the new standards in the bill could be exploited by bad actors who promise assistance to homeowners in filing homestead exemptions, but charge outrageous fees, often taking 50% or more of refunds due. These actors attempt to divert the homeowner's money to their address and there are numerous complaints that the homeowner never sees any of the money.

Identity theft and fraud are running rampant. We need more identity protections and verifications, and not fewer. HB 4270 would be harmful to Texans, allowing a smooth pathway for fraudsters and bad actors defraud Texas homeowners.

Ann Heaps

Self/Attorney

Austin, TX

HB 4270 removes consumer protections for homeowners, leaving them susceptible to fraud, and also negatively affects the free market. The prohibition on a notarization element for the written request in section (b)(1) would make it more difficult to protect homeowners from fraudulent requests filed on their behalf. This kind of activity not only undermines fair competition, but also harms homeowners who may not have any recourse or knowledge that this had occurred.

Similarly, the permissive language relating to the driver's license in subsection (b)(2) would make homeowners more vulnerable to identity theft and prevent the authorities from protecting them by requiring a copy of the homeowner's driver's license before receiving the refund. Identity theft is a pervasive problem in our digital age, and it is increasingly difficult to protect personal information from getting into the wrong hands. Given that property tax information is publicly available, if this bill is passed, anyone could simply walk into the tax office and sign a form reassigning some unsuspecting homeowner's property tax refund to himself. Requiring a driver's license or that the designation form be notarized helps to protect against this type of unlawful activity.

Companies are taking advantage of Texas homeowners and taking a large portion of their property tax refunds in exchange for filing a homestead exemption for them. This has been documented by individual complaints and media reports. Obtaining a property tax refund is very simple and local tax offices provide this service for free. In order to convince homeowners to contract with them, these companies often do not explain the process well or give the homeowners misleading information about the services they provide. They also often intentionally lead people to believe that they are affiliated with the government so as to make them more comfortable and trusting of the companies. Many homeowners never receive the refund checks they are promised, have credits misapplied to their property tax accounts, or end up owing money to these companies.

Because of the way that exemptions work, these companies often target veterans, elderly individuals, and people who have disabilities. These are also be the people that would be most harmed by this bill, since it would make it even easier for companies to convince them to sign contracts with them, when ultimately, they do much more harm than good. Since these companies can now look back two years to get unclaimed property tax refunds, often the amount at stake is hundreds or thousands of dollars. For all of these reasons, the changes proposed in these bills will further perpetuate predatory practices, contribute to the proliferation of identity theft and fraud, and take money out of the pockets of unsuspecting homeowners. Please vote against it!

Wayne Krause Yang

Self (attorney)

Austin, TX

Please vote against HB 4270. It enables predatory practices against unsuspecting homeowners and removes safeguards designed to protect them. Prohibiting the possibility of requiring a written request to be notarized under Section 1.071(b)(1) prevents governmental entities from protecting homeowners from fraudulent tax refund requests they did not personally authorize. Eliminating tax authorities' ability to require a copy of the homeowner's driver's license before somebody obtains the refund

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money under Section 1.071(b)(2) makes it more difficult for them to stop identity thieves, scammers, and predators. Let's do what we can to help homeowners, not endanger them.