

BILL ANALYSIS

H.B. 3710
By: Darby
Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The bill author has informed the committee that purchasers of residential property can face unexpected tax liabilities if a previous owner erroneously received a residence homestead property tax exemption for the property that was subsequently canceled, which can result in buyers being held responsible for up to five years of back taxes. Current state law authorizes individuals to secure a tax certificate showing the amount of delinquent taxes, penalties, interest, and any known costs and expenses due, if any, for a property and provides protection from liability for purchasers of property accompanied by a tax certificate that erroneously indicates that no delinquent taxes, penalties, or interest are due on the property. However, current law does not explicitly provide such protections for purchasers of property against liabilities arising from a prior property owner's residence homestead property tax exemption that was erroneously allowed for the property and was subsequently canceled. H.B. 3710 seeks to address this issue by clarifying that protections from liability for purchasers of property accompanied by a tax certificate erroneously indicating that no delinquent taxes, penalties, or interest are due on the property extend to purchasers of property for which a tax lien securing the payment of any such taxes, penalties, or interest are subsequently determined to be due because a residence homestead exemption was erroneously allowed for the property and was subsequently canceled.

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. 3710 amends the Tax Code to specify that a taxing unit's tax lien on a property that is extinguished when a person transfers the property accompanied by a tax certificate that erroneously indicates that no delinquent taxes, penalties, or interest are due the taxing unit on the property or that fails to include the property because of its omission from an appraisal roll includes, if applicable, the tax lien securing the payment of any delinquent taxes, penalties, or interest that are subsequently determined to be due the taxing unit on the property because a residence homestead property tax exemption was erroneously allowed for the property and was subsequently canceled. However, the bill establishes that a tax certificate that accompanies a transfer of property and erroneously indicates that no delinquent taxes, penalties, or interest are due a taxing unit on the property because a residence homestead exemption was erroneously allowed for the property and was subsequently canceled does not extinguish the tax lien securing the payment of any delinquent taxes, penalties, or interest that are subsequently determined to

be due the taxing unit on the property if the chief appraiser or the collector for a taxing unit determines that the transfer of the property occurred between:

- two individuals who are related within the first degree by consanguinity or affinity, as determined under Government Code provisions relating to degrees of relationship and nepotism prohibitions;
- an employer and an employee;
- a parent company and a subsidiary of that parent company; or
- a trust and a beneficiary of that trust.

H.B. 3710 applies only to a tax certificate issued on or after the bill's effective date. A tax certificate issued before the bill's effective date is covered by the law in effect on the date of issuance, and the former law is continued in effect for that purpose.

EFFECTIVE DATE

September 1, 2025.