

## **BILL ANALYSIS**

Senate Research Center  
89R12974 JBD-F

S.B. 2173  
By: Parker  
Local Government  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Under current law, homebuyers can face unexpected tax bills for up to five years of unpaid taxes due to a prior owner's erroneous homestead exemption. While a tax certificate under Texas Tax Code Section 31.08 provides a safe harbor against such liabilities, some buyers either fail to obtain one or do not invoke its protection. The law does not explicitly state that a tax certificate shields buyers from prior owners' homestead-related tax debts. As the state continues increasing homestead exemptions, the risk of such errors affecting new homeowners is likely to grow.

S.B. 2173 clarifies that a tax certificate protects homebuyers from delinquent taxes, penalties, interest, and any known costs discovered after its issuance. It also specifies that this protection does not apply to property transfers between close family members, employers and employees, parent companies and subsidiaries, or trusts and beneficiaries. By strengthening legal protections, S.B. 2173 ensures new homeowners are not held financially responsible for a previous owner's erroneous homestead exemption.

As proposed, S.B. 2173 amends current law relating to the effect of a tax certificate accompanying a transfer of certain property.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 31.08, Tax Code, by amending Subsection (b) and adding Subsection (d), as follows:

(b) Provides that, except as provided by Subsections (c) and (d), if a person transfers property accompanied by a tax certificate that erroneously indicates that no delinquent taxes, penalties, or interest are due a taxing unit on the property or that fails to include property because of its omission from an appraisal roll as described under Section 25.21 (Omitted Property), the taxing unit's tax lien on the property, including, 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 exemption was erroneously allowed for the property and was subsequently canceled, is extinguished and the purchaser of the property is absolved of liability to the taxing unit for delinquent taxes, penalties, or interest on the property or for taxes based on omitted property. Makes nonsubstantive changes.

(d) Provides 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 certain entities.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2025.