

By: Darby

H.B. No. 3710

A BILL TO BE ENTITLED

AN ACT

relating to the effect of a tax certificate accompanying a transfer of certain property.

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

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

(b) Except as provided by Subsections ~~[Subsection]~~ (c) and (d) [of this section], 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, 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. The person who was liable for the tax for the year the tax was imposed or the property was omitted remains personally liable for the tax and for any penalties or interest.

(d) A tax certificate that accompanies a transfer of

1 property and erroneously indicates that no delinquent taxes,
2 penalties, or interest are due a taxing unit on the property because
3 a residence homestead exemption was erroneously allowed for the
4 property and was subsequently canceled does not extinguish the tax
5 lien securing the payment of any delinquent taxes, penalties, or
6 interest that are subsequently determined to be due the taxing unit
7 on the property if the chief appraiser or the collector for a taxing
8 unit determines that the transfer of the property occurred between:

9 (1) two individuals who are related within the first
10 degree by consanguinity or affinity, as determined under Chapter
11 573, Government Code;

12 (2) an employer and an employee;

13 (3) a parent company and a subsidiary of that parent
14 company; or

15 (4) a trust and a beneficiary of that trust.

16 SECTION 2. The change in law made by this Act applies only
17 to a tax certificate issued on or after the effective date of this
18 Act. A tax certificate issued before the effective date of this Act
19 is covered by the law in effect on the date of issuance, and the
20 former law is continued in effect for that purpose.

21 SECTION 3. This Act takes effect September 1, 2025.