

## **BILL ANALYSIS**

Senate Research Center  
76R11029 DLF-D

H.B. 1453  
By: Smith (Madla)  
Economic Development  
5/13/1999  
Engrossed

### **DIGEST**

Many times, new homeowners and title companies are unaware of any improprieties concerning erroneous claims for homestead exemptions. If a person purchases a residential homestead encumbered with delinquent taxes, penalties, and interest due to an invalid exemption, that person, rather than the former owner, must pay as the delinquent taxes, penalties, and interest are levied against the property, rather than the owner. This bill would allow the commissioner of insurance, for an owner policy on residential real property issued to a natural person, to adopt coverages that insure against ad valorem taxes.

### **PURPOSE**

As proposed, H.B. 1453 sets forth guidelines for coverage under a title insurance policy issued with respect to residential real property.

### **RULEMAKING AUTHORITY**

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

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Article 9.07A, Insurance Code, by adding Subsection (f), to authorize the commissioner of insurance, for an owner policy on residential real property that is issued to a natural person, to adopt coverages that insure against ad valorem taxes, including penalties and interest, to be paid with respect to the property for a previous tax year and that are delinquent on the effective date of the policy because of sale, diversion, or change of use, unless excluded because the insured has actual knowledge of the delinquent taxes; and because of an exemption granted to a previous owner of the property under Section 11.13, Tax Code, or because of improvements not assessed for a previous tax year, unless excluded because the insured has actual knowledge of the delinquent taxes.

SECTION 2. Effective date: September 1, 1999.

SECTION 3. Makes application of this Act prospective.

SECTION 4. Emergency clause.