

BILL ANALYSIS

Senate Research Center
78 R 2777 JD-F

H.B. 1125
By: Flores (Staples)
Finance
5/20/2003
Engrossed

DIGEST AND PURPOSE

Under current law, the redemption period concerning mineral tax rolls gives the foreclosed owner only six months to reclaim lost property. Mineral tax rolls, as opposed to real property rolls, are not prepared by the appraisal districts from the official records of the county where the property is located. The records used for preparation of the rolls come from private industry and may be incomplete and contain inaccurate data. In many cases the foreclosed owner is never informed of the taxes owed or the repossession of mineral royalties. If a foreclosed owner does not receive notification of the sale, the foreclosed owner is entirely dependent upon the actions of others. The current time allotment of six months may not provide the royalty owner enough time to settle claims in court, resulting in the owner not having any right of redemption after receiving notice of the foreclosure.

H.B. 1125 gives royalty owners some protection from ad valorem tax foreclosure by extending the redemption period to two years from the date on which the deed of the taxing unit is filed for record.

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 Sections 34.21(a), (b), (c), and (e), Tax Code, as follows:

(a) Provides that the owner of real property sold at a tax sale to a purchaser other than a taxing unit that was used as the residence homestead of the owner or that was land designated for agricultural use when the suit or the application for the warrant was filed, or the owner of a mineral interest sold at a tax sale to a purchaser other than a taxing unit, may redeem the property on or before the second anniversary of the date on which the purchaser's deed is filed for record by paying the purchaser the amount the purchaser bid for the property, the amount of the deed recording fee, and the amount paid by the purchaser as taxes, penalties, interest, and costs on the property, plus a redemption premium of 25 percent of the aggregate total if the property is redeemed during the first year of the redemption period or 50 percent of the aggregate total if the property is redeemed during the second year of the redemption period.

(b) Provides that if property that was used as the owner's residence homestead or was land designated for agricultural use when the suit or the application for the warrant was filed, or that is a mineral interest, is bid off to a taxing unit under Section 34.01(j) or (p) and has not been resold by the taxing unit, the owner having a right of redemption may redeem the property on or before the second anniversary of the date on which the deed of the taxing unit is filed for record by paying the taxing unit the lesser of certain amounts.

(c) Makes a conforming change.

(e) Makes a conforming change.

SECTION 2. (a) Effective date: January 1, 2004, but only if the constitutional amendment proposed by the 78th Legislature, Regular Session, 2003, to establish a two-year period for the redemption of a mineral interest sold for unpaid ad valorem taxes at a tax sale is approved by the voters. Provides that if that amendment is not approved by the voters, this Act has no effect.

(b) Makes application of this Act prospective.