

BILL ANALYSIS

Senate Research Center

S.B. 450
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State Affairs
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

When collecting delinquent ad valorem taxes, political subdivisions must sometimes foreclose a tax lien that secures payment of ad valorem taxes due on vacant or abandoned property. These vacant or abandoned properties often are in substantial disrepair, do not meet building codes, and constitute a public nuisance. In most cases, the only practical course of action available to a political subdivision to collect the delinquent taxes and abate a threat to public health and safety is to take title to the real property by foreclosing the ad valorem tax lien on the property. Political subdivisions usually attempt a resale of the property under Section 34.05, Tax Code, often for less than the amount of delinquent ad valorem taxes due on the property. Through resale, the political subdivisions collect at least a portion of the delinquent taxes and can return the property to current taxpaying status. A new owner can then repair the property, making the property become an asset to the community.

Currently, political subdivisions are hesitant to take title to vacant or abandoned property due to potential tort liability under Chapter 101, Civil Practice and Remedies Code, for events, or conditions on the property that may occur while the political subdivision is in the process of reselling the property. However, Section 101.064, Civil Practice and Remedies Code, provides an exemption from this liability for a municipality that acquires land at a sale following the foreclosure of a lien held by the municipality. This exemption is limited to claims that arise: (1) between the date the municipality acquires the land and the date the land is sold, conveyed, or exchanged; and (2) from the condition of the land, a premises defect on the land, or an action committed by a person, other than an agent or employee of the municipality, on the land. S.B. 450 would apply the same exemption to all political subdivisions, so that a county, school district, or other political subdivision with a tax lien on a property has the same protections that a municipality currently has. This protection would apply when a political subdivision acquires the property as a result of the foreclosure of a lien held by the political subdivision or through a deed in lieu of foreclosure of such a lien. S.B. 450 will ensure that political subdivisions can collect delinquent ad valorem taxes and return dilapidated properties to taxpaying status.

S.B. 450 amends current law relating to the liability of a political subdivision of this state for certain claims relating to land acquired by the political subdivision under certain circumstances.

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 101.064, Civil Practices and Remedies Code, as follows:

Sec. 101.064. New heading: LAND ACQUIRED UNDER FORECLOSURE OF LIEN OR BY CONVEYANCE IN SATISFACTION OF CERTAIN TAX DEBT. (a) Provides that this chapter does not apply to a claim:

(1) against a political subdivision of this state that acquires land as a result of the foreclosure of a lien held by the political subdivision, including land that was bid off to the political subdivision under Section 34.01 (Sale of

Property), Tax Code, or under Section 31.061 (Payment of Taxes Assessed Against Real Property by Conveyance to Taxing Unit of Property), Tax Code;

(2) that arises after the date the land was acquired and before the date the land is sold, conveyed, or exchanged by the political subdivision; and

(3) that arises from the condition of the land, a premises defect on the land, or an action committed by any person, other than an agent or employee of the political subdivision on the land.

Deletes existing text providing that this section applies only to a municipality that acquires land at a sale following the foreclosure of a lien held by the municipality. Deletes existing text providing that this chapter does not apply to a claim that arises after the date the land was acquired and before the date the land is sold, conveyed, or exchanged by the municipality, and arises from the condition of the land, a premises defect on the land, or an action committed by any person, other than an agent or employee of the municipality, on the land. Makes nonsubstantive changes.

(b) Redefines "land."

SECTION 2. Provides that the change in law made by this Act applies only to a claim that arises on or after the effective date of this Act, regardless of whether the land was acquired by a political subdivision before, on, or after the effective date of this Act. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2015.