

## **BILL ANALYSIS**

Senate Research Center  
86R8437 SMT-D

S.B. 1642  
By: Miles  
Property Tax  
4/7/2019  
As Filed

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

S.B. 1642 prohibits the owner of a homestead sold at tax sale from transferring to another person his or her right to redeem that property. This bill ensures that only the original property owner may exercise the right to redeem. Any instrument that attempts to transfer this right would be void.

While Section 34.21, Tax Code, appears to limit the right of redemption to the homestead owner, instances have occurred where owners have sold their right of redemption. And because tax sales often fail to fetch market value for property, a person with easy access to capital may purchase and exercise the right of redemption to acquire real property at a reduced price. Also, the statutory exercise price does not include the purchaser's costs to voluntarily improve the property, so the purchaser may invest in the property only to lose it to a third party's redemption.

This bill clarifies the statute to confirm only the original homestead owner has the right to redeem that property.

A right of redemption means the individual whose property was sold at a tax sale may buy the property back from the purchaser by paying the tax sale price plus certain fees, expenses, interest, and a premium between 25 percent and 50 percent. This right is available for two years after the purchaser records the deed.

As proposed, S.B. 1642 amends current law relating to the authority of an owner of real property sold at a tax sale to transfer the owner's right of redemption to another person.

### **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 34.21, Tax Code, by adding Subsection (1), as follows:

(1) Prohibits an owner of real property who is entitled to redeem the property under this section from transferring the owner's right of redemption to another person. Provides that any instrument purporting to transfer the owner's right of redemption is void.

SECTION 2. Provides that the change in law made by this Act does not affect a transfer of a property owner's right of redemption that occurred before the effective date of this Act.

SECTION 3. Effective date: upon passage or September 1, 2019.