

SUBJECT: Including improvements in property tax certificates

COMMITTEE: Local Government Ways and Means — favorable, without amendment

VOTE: 5 ayes — Hill, Elkins, Puente, Quintanilla, Uresti
0 nays
2 absent — Hamilton, Laubenberg

WITNESSES: None

BACKGROUND: Under Tax Code, Chapter 31.08, a tax collector, upon request, is required to issue a tax certificate for a \$10.00 maximum fee that lists delinquent taxes, penalties, and interest. When property is transferred and a certificate with no listed delinquencies, penalties, or interest is issued, the taxing unit's tax lien on the property is discontinued and the purchaser is not liable for any amount due on the property. If a tax collector discovers an amount due on the property during or after the transfer, the person responsible for the amount due is liable.

DIGEST: HB 2629 would amend Tax Code, chapter 31.08 to require that certificates with a zero balance take into account improvements made on property by the transferring party, unless otherwise specified.

This bill would take effect September 1, 2005.

SUPPORTERS SAY: HB 2629 would protect buyers from unexpected increases in property taxes resulting from improvements under previous ownership. When property transfers, tax certificates should precisely account for all improvements to property and reflect the corresponding amounts due. With annually increasing property taxes, tax payers have a right to accurate information regarding property values.

HB 2629 would prevent taxing units from requesting additional property taxes on improvements made under previous ownership after the property already had been transferred. It would create more accurate tax

certificates and tax roll inventory, as it would encourage taxing units to report more complete information.

**OPPONENTS
SAY:**

While tax payers certainly have a right to accurate tax certificates, corrections to the certificates statutorily should not be mandated. When improvements unintentionally are left off certificates, the bill would not allow taxing units to correct them and request remittance of payment. Allowing for corrections would keep tax certificates and tax rolls up to date and correct.