

SUBJECT: Renewal of judgment liens in favor of the state

COMMITTEE: Government Reform — favorable, without amendment

VOTE: 5 ayes — Callegari, Pitts, Berman, Leibowitz, Rodriguez
0 nays
2 absent — Miles, W. Smith

WITNESSES: For — None
Against — None
On — Ronald R. Del Vento, Texas Attorney General’s Office

BACKGROUND: Under current law, the attorney general may file suit against a person or entity to recover money owed to the state. A judgment is valid for 10 years, after which time it becomes dormant unless renewed through the issuance of a writ of execution.

DIGEST: HB 1104 would continue a judgment lien that was in favor of the state or a state agency until the earlier of 20 years or the date the judgment was satisfied or the lien was released. The judgment lien could be renewed for one additional 20-year period by filing, before the expiration of the initial 20-year period, a renewed abstract of judgment. A judgment in favor of the state or a state agency would not become dormant.

The bill would apply to:

- a judgment entered or an abstract recorded on or after the bill’s effective date;
- a judgment lien on record before the effective date; or
- a judgment, if not dormant, that existed on the effective date.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2007.

**SUPPORTERS
SAY:**

HB 1104 would simplify the time-consuming process of renewing judgment liens while saving money for the state. Thousands of judgments will need to be renewed over the next few years, and the cost to renew a single judgment may be more than \$200, excluding staff costs, according to the Attorney General's Office. By extending the period during which liens were active and allowing the state to renew the judgment by filing a judgment abstract, rather than undertaking a costly writ of execution, HB 1104 could save the state more than \$1 million, according to estimates from the Attorney General's Office.

Setting a 20-year period with one optional renewal of 20 years would create certainty for recordkeeping on real property. HB 1104 would assure title companies of finality in the deed records and that titles would not be clouded by indefinite liens. In addition, the 20-year period with one optional renewal would be the same as that allowed under federal law (28 USC 3201).

In 1997, the 75th Legislature enacted HB 2600 by T. King to implement recommendations from the comptroller's Texas Performance Review to form a task force to identify procedural changes that would reduce the time and cost of collecting debt and delinquent accounts owed to the state. One recommendation was to extend the life of judgments in favor of the state or state agency.

**OPPONENTS
SAY:**

No apparent opposition.

NOTES:

SB 300 by Ellis, the identical companion bill, passed the Senate by 30-0 on March 28 on the Local and Uncontested Calendar.

Both HB 1104 and SB 300 are identical to SB 464 by Ellis, which passed the Senate by 30-0 on the Local and Uncontested Calendar during the 2005 regular session, but died on the House General Calendar on May 24, 2005, the last day to consider second readings of Senate bills.