

BILL ANALYSIS

Senate Research Center

H.B. 3263
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Intergovernmental Relations
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Engrossed

DIGEST

Currently, within large metropolitan areas, there are a substantial number of deteriorating neighborhoods. A significant contribution to neighborhood decline are large numbers of vacant or distressed properties encumbered with delinquent tax liens, health and safety liens, judgment liens, and other such obstacles that make any private redevelopment uneconomical. These kinds of properties provide no revenue to local taxing units and require the continued expenditure of public funds to safeguard the surrounding property owners. H.B. 3263 would authorize a municipality to use the tax foreclosure process to acquire vacant and distressed properties for use in urban redevelopment plans which have a principal goal of providing for the construction of low and moderate income homes within declining neighborhoods.

PURPOSE

As proposed, H.B. 3263 outlines provisions regarding authorization of an interlocal agreement between taxing units that provides for the disposal of tax foreclosed property at less than market value.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 34A, Tax Code, by adding Section 34.051, as follows:

Sec. 34.051. RESALE BY TAXING UNIT FOR THE PURPOSE OF URBAN REDEVELOPMENT. Provides that a municipality is authorized to resell tax foreclosed property for less than the market value specified in the judgment of foreclosure or less than the total amount of the judgments against the property if consent to such a conveyance is evidenced by an interlocal agreement between the municipality and each taxing unit that is a party to the judgment providing, however, that the interlocal agreement complies with the requirements of Subsection (c). Requires any property sold under this section to be sold conditioned on its use consistent with the municipality's urban redevelopment plans within two years from the date of conveyance, or title to the property reverts to the municipality. Provides that this two year reverter condition does not apply if the property is sold to a nonprofit entity that holds the property for urban redevelopment that is consistent with or part of the municipality's urban redevelopment plans. Requires any property held in such a land bank to be exempt from ad valorem taxation and deemed to be held on behalf of the municipality for a public purpose if the entity holding title complies with the requirements of the interlocal agreement provided for in Subsection (c) for use in the municipality's urban redevelopment plans. Authorizes any taxing unit to enter into an interlocal agreement with the municipality for the resale of tax foreclosed properties to be used for a purpose consistent with the municipality's urban redevelopment plans. Sets forth information to be included in any such interlocal agreement. Prohibits an action attacking the validity of a sale of property pursuant to this section from being instituted after the expiration of one year after the date

of the sale and then only after the unconditional tender into the registry of the court of an amount equal to all taxes, penalties, interest, costs, and post-judgment interest of all judgments on which the original foreclosure sale was based.

SECTION 2. Effective date: 90 days after adjournment.