

## **BILL ANALYSIS**

Senate Research Center  
80R8494 SMH-F

S.B. 1706  
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As Filed

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

Current law does not address the ability of taxing units to retain the mineral interests and easements of a tax-foreclosed property after the property has been foreclosed and struck off to the taxing units. The values of these mineral rights are typically not adequately reflected in the proceeds from sales of foreclosed property. Therefore, taxing entities lose the ability to receive full value for the property and lose the opportunity to receive future revenues from the utilization of the mineral interest. Additionally, ensuring that the taxing units may retain their easements in tax-foreclosed property prevents future ambiguity relative to those previously held easements that are vital for water and sewage services.

As proposed, S.B. 1706 authorizes taxing units to retain mineral interests and previously established easements on tax foreclosed property.

### **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 Sections 34.05(d), (e), and (i), Tax Code, as follows:

(d) Requires the notice of the public sale of property under execution, if applicable, to describe any reservation of an interest in the mineral estate in the property or of an easement that will be included in the deed to the property as authorized by Subsection (e).

(e) Authorizes the deed to real property being sold by a presiding officer of a taxing unit, a sheriff, or a constable that conveys to the purchaser the right, title, and interest acquired or held by each taxing unit that was a party to the judgment foreclosing tax liens on the property to reserve to each of those taxing units the right, title, and interest acquired or held by each of those taxing units in the mineral estate in the property and authorizes such a deed to reserve on behalf of any of those taxing units as necessary an easement for navigation for a water, sewer, or drainage facility.

(i) Authorizes the taxing unit that purchased the property, in lieu of a sale pursuant to Subsections (c) (regarding property being purchased by a taxing unit by resolution of its governing body) and (d), to sell the property at a private sale for an amount less than required under Subsection (h) (authorizing the taxing unit that purchased property under Subsection (c) or (d) to sell the property at a private sale for an amount that is less than the lesser of the market value specified in the judgment of foreclosure or the total amount of the judgments against the property) after providing written notice to, rather than with the consent of, each taxing unit entitled to receive proceeds of the sale under judgment. Makes a nonsubstantive change.

SECTION 2. Effective date: September 1, 2007.