



INTERVENING IN TAX COLLECTION LAWSUITS

RS-16-153B

June 6, 2017

Lien Background

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- If property owners fail to abate nuisances, the city abates or pays a contractor to do so.
 - ▣ Examples of nuisances: weeds, grass, trash, substandard structures.

- Property owners are billed.

- If the owner fails to pay, the city places a lien on the property and the city continues to maintain the property.

Foreclosure Lawsuits & Sheriff's Sale

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- Bell County Tax Appraisal District files foreclosure lawsuits to collect delinquent taxes, then sells properties at Sheriff's sale.
 - ▣ Many properties with unpaid taxes also have unpaid city liens.
- The City of Killeen currently does not participate in the foreclosures and Sheriff's sale, meaning our liens stay with the property if it sells at the Sheriff's sale.
- If the property does not sell, the property is placed in trust, making the property tax exempt.
 - ▣ Delinquent taxes are not collected
 - ▣ City does not collect on liens
 - ▣ City continues to maintain the property

Law Firm Representation

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- McCreary, Veselka, Bragg & Allen, P.C. represents the Bell County Appraisal District in tax foreclosure lawsuits.
- The firm is offering to intervene in future lawsuits on behalf of the City to include its abatement liens.
- No charge for representation because the firm is paid from proceeds of tax sale.

Why Intervene?

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- The City's liens often exceed the minimum bid, or even the fair market value, which discourages potential purchasers.
- By intervening, liens will be combined with delinquent taxes and may be collected during sale.

Summary

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- Staff recommends the city council authorize intervention in the tax collection lawsuits filed by the Bell County Tax Appraisal District for the foreclosure of abatement liens.