

BILL ANALYSIS

H.B. 803
By: Geren
Natural Resources
Committee Report (Unamended)

BACKGROUND AND PURPOSE

When property is condemned by eminent domain, the landowner is compensated for the fair market value of the land. However, when land is condemned specifically for its groundwater resources, the law does not allow the fair market value of that groundwater to be considered in the compensation paid to the landowner.

In a condemnation proceeding, special commissioners appointed by the court assess actual damages to a property owner based on the fair market value of the property. Current interpretation of the law rejects the right of a property owner to submit evidence or to be compensated for the local market value of the groundwater rights in addition to the local market value of the real property

H.B. 803 authorizes the special commissioners or court in a condemnation proceeding to consider and award actual damages to a property owner for the local market value of a real property's groundwater rights in certain condemnation proceedings.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 803 amends the Texas Property Code to require special commissioners appointed by the court or the court in a condemnation proceeding to admit evidence of the market value of real property's groundwater rights in addition to the real property's local market value. This evidence is required to be admitted if a municipality plans to use the property to develop the rights to groundwater for a public purpose and proposes to condemn the fee title or real property.

H.B. 803 provides for generally accepted appraisal methods to be used in determining the market value of the groundwater rights.

H.B. 803 provides that if special commissioners or the court admit this evidence, they are authorized to assess the damages to the property owner based on: (1) the local market value of the real property, excluding the value of the groundwater in place, at the time of the hearing; and (2) the market value of the groundwater rights as property apart from the land at the time of the hearing.

H.B. 803 does not authorize the groundwater rights located on or under the real property to be appraised separately from the real property for tax appraisal purposes. The bill does not subject real property under these provisions to an additional tax.

H.B. 803 also provides that the changes in law made by this act does not affect any litigation pending on the effective date of the act that relates to the assessment of damages in a condemnation proceeding under Chapter 21 of the Texas Property Code.

EFFECTIVE DATE

September 1, 2003.