

## BILL ANALYSIS

H.B. 2249  
By: Howard  
Land & Resource Management  
Committee Report (Unamended)

### BACKGROUND AND PURPOSE

Chapter 51, Natural Resources Code, provides the statutory basis for the sale and lease of property owned by the Permanent School Fund (PSF).

H.B. 2249 updates Chapter 51, Natural Resource Code, by changing the PSF's handling of forfeitures of delinquent property contracts and gives the School Land Board authority to use brokers to market land.

### 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

- SECTION 1. Amends Section 51.001, Natural Resources Code, as follows:
- Deletes the obsolete definition of "Asylum land".
  - Defines "appraiser" to mean a state certified or state licensed real estate appraiser who is employed by or contracts with the General Land Office, etc.
  - Defines "land" and "real property" to mean any interest in the physical land and appurtenances attached to the land, including improvements.
  - Defines "market value" to mean the value of real property determined by appraiser.
- SECTION 2. Amends Section 51.011, Natural Resources Code, by deleting the reference to the obsolete "asylum land" and "asylum fund".
- SECTION 3. Amends Section 51.012, Natural Resources Code, by deleting the reference to the obsolete "asylum".
- SECTION 4. Amends Section 51.0125, Natural Resources Code, by changing "fair market value" to "market value".
- SECTION 5. Amends Section 51.013, Natural Resources Code, as follows:
- Deletes a redundancy to "value or revalue land", which is contained in another section of the code.
  - Deletes the reference to the obsolete "asylum land".
  - Deletes the archaic "appraisement" and replaces it with "determination of market

value.”

SECTION 6. Amends Section 51.018, Natural Resources Code, by deleting a reference to the obsolete “asylum”.

SECTION 7. Amends Section 51.052, Natural Resources Code, as follows:

Deletes “subchapter” and replaces it with “chapter”.

Deletes “appraisers for the land office” and replaces it with “appraisers”.

Replaces “fair market value” with “market value”.

Deletes “property” and replaces it with “land.”

Deletes reference to the “asset management division”.

Replaces “value” with “market value”.

Authorizes the School Land Board to bypass the bid process if it thinks doing so is in the best interest of the PSF. Authorizes the School Land Board to authorize the payment of broker’s commissions.

SECTION 8. Amends Subsection 51.054(c), Natural Resources Code, by deleting a reference to the obsolete “asylum”.

SECTION 9. Amends Subsection 51.056(a), Natural Resources Code, by deleting a reference to the obsolete “asylum”.

SECTION 10. Amends Subsection 51.057 (a), Natural Resources Code, by deleting a reference to the obsolete “asylum”.

SECTION 11. Amends Subsection 51.064(a), Natural Resources Code, by deleting a reference to the obsolete “asylum”.

SECTION 12. Amends Subsection 51.065(b), Natural Resources Code, by deleting a reference to the obsolete “asylum”.

SECTION 13. Amends Section 51.070, Natural Resources Code, as follows:

Amends the title to refer to “unpaid principal” as well as “unpaid interest”.

States that unpaid and delinquent principal and interest on sales of public school land shall bear interest and be payable as set by the School Land Board. The existing provision only allows such action in regard to unpaid and delinquent interest.

Mandates a delinquency date for unpaid principal and interest (30th day after it is due).

Prescribes the form of notice due to delinquent obligors.

SECTION 14. Amends Section 51.071, Natural Resources Code, as follows:

Deletes reference to “principal or interest” and replaces it with “principal and

interest”. This prevents the holder of an award from avoiding forfeiture by keeping interest only current and never paying principal.

SECTION 15. Amends Section 51.072, Natural Resources Code, by deleting a reference to the recovery of penalties upon forfeiture and establishes reinstatement fees.

SECTION 16. Amends Section 51.073(a), Natural Resources Code, by imposing upon the Commissioner the duty to determine the market value of land to be sold in addition to his or her current duty to classify the value of the land.

SECTION 17. Amends Section 51.074, Natural Resources Code, as follows:

Clarifies that holder of an award whose claim has been forfeited for nonpayment of interest and “principal” can have their claim reinstated. Currently, the law implies that the holder of a claim who is behind on principal payments can not reinstate.

States that the time to reinstate a claim following forfeiture is reduced from five years to six months.

Deletes the provision authorizing the late reinstatement if an outstanding grazing lease is on the property.

SECTION 18. Amends Section 51.076, Natural Resources Code, by expanding what can be collected through a legal proceeding (adds “principal” and deletes “penalties”).

SECTION 19. Amends Section 51.077, Natural Resources Code, by clarifying that a lien on the sale of school land secures both principal and interest and that the amount recoverable runs past the date of forfeiture to the deadline for possible reinstatement.

SECTION 20. Adds Section 51.0771, Natural Resources Code, to authorize the General Land Office to charge a reinstatement fee of 1.5 % of all delinquent amounts. Proceeds from the fee will go to the PSF.

SECTION 21. Amends Subsection 51.079(a), Natural Resources Code, by deleting a reference to the obsolete “asylum land”.

SECTION 22. Amends Section 51.121, Natural Resources Code, as follows:

Deletes references to the obsolete “asylum”.

Replaces “fair market value” with “market value”.

SECTION 23. Amends Subsection 51.174(c), Natural Resources Code, by deleting “fair market value” and replacing it with “market value”.

SECTION 24. Amends Subsection 51.175(b), Natural Resources Code, by replacing “property” with “real property”.

SECTION 25. Amends Subsection 51.246(b), Natural Resources Code, by deleting “an appraisal of the land” and replacing it with “determination of market value by an appraiser.”

- SECTION 26. Amends Subsection 51.302(g), Natural Resources Code, by replacing “property” with “real property”.
- SECTION 27. Amends Section 51.342, Natural Resources Code, to provide that timber can be leased at market value. Current law authorizes only the sale of timber at fair market value.
- SECTION 28. Amends Section 51.402, Natural Resources Code, to authorize the School Land Board to pay the expenses of acquisitions and sales.
- SECTION 29. Amends Section 51.403, Natural Resources Code, as follows:
- Mandates that market value for real property bought by the School Land Board is to be determined by an appraiser.
- Replaces “subchapter” with “chapter”.
- Provides that the School Land Board may sell property for not less than market value and under any terms or conditions the commissioner deems to be in the best interest of the state.
- SECTION 30. Amends Subsections 51.404(a) and (b), Natural Resources Code, by changing references from “property” to “real property.”
- SECTION 31. Changes to Sections 51.070, 51.071, 51.074 and 51.076, Natural Resources Code, are prospective.
- SECTION 32. Effective date.

**EFFECTIVE DATE**

September 1, 2003, or immediately if it receives the requisite number of votes.