

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

March 10, 2003

TO: Honorable Anna Mowery, Chair, House Committee on Land & Resource Management

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB394 by Seaman (Relating to the restoration by the landowner of private property affected by coastal erosion.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would allow residential lots of one acre or less fronting a bay to be restored to the original boundaries without using state funds. These properties would have to be privately owned and not submerged or owned by the School Land Board on December 31, 1955. The bill would also add a section to provide property rights of qualifying private landowners, leasees of public school land, and local taxing units. The bill would grant the General Land Office the authority to adopt rules by December 1, 2003, for the administration and regulation of land affected by coastal erosion.

The General Land Office indicates that the impact of the bill would be to the Permanent School Fund (PSF). The agency estimates that the value of submerged lands and their corresponding mineral rights could be in the millions or tens of millions of dollars worth of real property and mineral rights to which the state would no longer hold title. For the purpose of this fiscal note, it is assumed that the PSF currently is not receiving proceeds from leases or extraction of minerals from these submerged lands and therefore there would be no significant fiscal impact to the state or the Permanent School Fund.

The General Land Office anticipates that inspection and monitoring of restored parcels could be financially burdensome, especially if numerous parcels are restored immediately and not phased in. However, the agency did not identify a cost for these activities.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

In practice, many taxing authorities currently assess and collect property taxes for the submerged lands as if it were still held by the property owners. The bill would move all restored land, including the bulkhead, to the tax rolls by the chief of an appraisal district in the year following restoration.

Source Agencies: 304 Comptroller Of Public Accounts, 305 General Land Office And Veterans' Land Board

LBB Staff: JK, JO, CL, MS, CJ, KG