

BILL ANALYSIS

C.S.H.B. 1684
By: Casteel
State Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Currently, cities negotiating real estate purchases are at risk of sellers gaming the process due to a requirement that real estate appraisal reports be released prior to the sale if such a real estate appraisal report is complete, and a member of the public, including the prospective seller, requests a copy of it under the Public Information Act. Because the appraisal often has little relationship with the price the market will bear, this requirement puts cities -- and taxpayers -- at a distinct disadvantage in bargaining.

Excepting cities from appraisal report disclosure during the negotiation of property transactions would not diverge from the current exemption related to appraisals, merely clarify it: Currently, Section 552.105 of the Government Code exempts "appraisals or the purchase price of real or personal property acquired for a public purpose prior to the formal award of contracts for the property." However, a separate provision of the Public Information Act (Section 552.022 of the Government Code) deems that all completed reports are expressly public. Therefore, currently, when an appraisal report has been completed, cities cannot take advantage of section 552.105 and withhold the report until the sale of the property is complete.

In addition, other areas of state law already contain exemptions for completed appraisal report disclosures by public entities during property transactions. For example, in transactions involving institutions of higher education Section 51.951 of the Education Code allows for confidentiality of an "appraisal, completed report" until after a "deed for the property is executed."

Because cities must now furnish appraisal reports to prospective buyers and sellers prior to property transactions, if such reports are complete and a member of the public, including a buyer or seller, requests a copy under the Public Information Act, prices reflect appraisal prices -- not market prices. Such disclosure often forces cities and taxpayers to pay more for property than the market would normally bear. CSHB 1684 proposes to clarify the exemption applied to "appraisals in a completed report" related to property "that is being acquired" for a public purpose or "is being sold."

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

Amends Section 552.105 of the Government Code, including in the exceptions for the requirements of Section 552.021 appraisals in a completed report of property that is being acquired or sold for a public purpose. Additionally, CSHB 1684 adds to the exceptions the purchase price of real or personal property for a public purpose. It also makes conforming changes and adds Subsection 552.105(b) which clarifies exceptions in subsection (a).

EFFECTIVE DATE

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2005.

COMPARISON OF ORIGINAL TO SUBSTITUTE

CSHB 1684 more clearly defines that the appraisals in a completed report are public record after the formal action to acquire the property or the formal award of the contract for the property have been completed.