

BILL ANALYSIS

Senate Research Center
79R4792 QS-D

S.B. 459
By: Staples
Natural Resources
2/28/2005
As Filed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

The General Land Office (GLO) is charged with the review and analysis of the utilization of the real property of state agencies under Chapter 31, Natural Resources Code. The statute currently requires the Asset Management Division to review and make an analysis of the "highest best use" of each asset of each agency and the analysis must include the market value of the real estate. The statute also states that each agency's inventory of real property be reviewed not less than every four years. Therefore, the division reviews on a rotating basis 25 percent of the real property of all state agencies and produces an asset-specific report annually.

Market value is defined as "the value of real property as determined by an appraisal of the real property as performed by an appraiser." In 2004, the GLO reviewed approximately 270 state agency properties, each requiring a full appraisal by a licensed appraiser. Most reviews are completed by GLO appraisers. In some instances, however, property appraisals are contracted outside of the agency.

Most of the state's assets reviewed annually by the GLO will never be considered for sale because almost all are determined to be fully utilized by the state and many, such as the office buildings in the Capitol Complex, will never be considered underutilized. In order to comply with the present statute, the GLO must contract for a full appraisal review whether the property will be sold or not. This is not cost effective.

While appraisals should be required when the GLO or state agency sells a piece of real property, a less costly real estate report can easily satisfy the necessary review determinations on properties that will never be considered underutilized and therefore never sold.

As proposed, S.B. 459 maintains the full requirements of the review of real property tracts of state agencies, but allows the GLO to provide evidence of value as deemed appropriate by the Commissioner of the GLO in lieu of a full appraisal on real property not recommended for a transaction.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 31.156(d), Natural Resources Code, to require the asset management division of the General Land Office or any other division delegated the duties of the asset management (division) to submit to the Commissioner of the General Land Office (commissioner) the market value of the real property if the division recommends a real estate transaction involving the real property. Requires the division to submit to the commissioner evidence of the real property's value in a form determined to be appropriate by the commissioner if the division does not recommend a real estate transaction involving the real property. Deletes the requirement that the division submit to the commissioner the market value of the real property and the information regarding current market conditions. Makes nonsubstantive changes.

SECTION 2. Effective date: upon passage or September 1, 2005.