

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 20, 2005

TO: Honorable Kenneth Armbrister, Chair, Senate Committee on Natural Resources

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB1740 by Seaman (Relating to authorizing the City of Aransas Pass to acquire certain state property.), **Committee Report 2nd House, Substituted**

<p>No significant fiscal implication to the State is anticipated.</p>
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The bill proposes to exchange certain Permanent School Fund (PSF) land with land owned by the City of Aransas Pass. The PSF would still retain the mineral rights to the affected property. Based on appraisals prepared in 2000, the General Land Office (GLO) estimated the value of the PSF land to be exchanged to be approximately \$4,064,389 and the value of the City of Aransas Pass land to be \$578,000. This exchange, however, would not have a negative fiscal impact on the state because the legislation provides that if after the two pieces of land have been re-appraised, the GLO does not agree to the equal value of the properties, then a mediator would be brought in by the GLO to resolve any differences. If the mediator's determination is that the PSF land is worth more than the city's land then the city either pays cash to the PSF or allows for a lien to be placed on the land in order to make up the difference in the value of the two pieces of property.

Local Government Impact

The City of Aransas Pass would experience a positive fiscal impact that is equivalent to the value of the land it would receive from the state minus the value of the land the city would provide to the state in exchange. This positive fiscal impact, however, could be diminished in a scenario where the city pays the PSF cash to effectuate the property exchange.

Source Agencies:

LBB Staff: JOB, WP, WK, JF