

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

February 27, 2007

TO: Honorable Fred Hill, Chair, House Committee on Local Government Ways & Means

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

IN RE: HB1552 by Villarreal (Relating to mandatory sales price disclosure in real property sales; providing a civil penalty.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would amend the Property Code to authorize a county commissioners court to call an election to permit the voters in the county to determine whether a person must disclose the sales price of property. A person would not be allowed to file for record in the county clerk's office an instrument conveying real property under a contract for sale unless the instrument discloses the sales price. A violator would be liable to the state for a civil penalty in an amount equal to 5 percent of the sales price of the property. The attorney general or the county or district attorney for the county in which the property is located would be authorized to file suit to recover the penalty.

The proposed legislation may result in new complaints, investigations or cases by the Consumer Protection and Public Health Division of the Office of Attorney General, however the Office anticipates that the increase can be absorbed using current resources.

Local Government Impact

If an election be called, the county would incur associated costs. Based on a sampling of municipalities and special districts self-reporting data for calendar year 2006 and a sampling of counties self-reporting data for calendar year 2005 to the Secretary of State's Office, the average cost incurred by a local government entity for conducting an election would range from \$0.70 to \$1.25 per registered voter. The total election costs would vary by local government entity depending on the number of voters registered in each.

Were a violation to occur, costs associated with suing for civil penalties would be offset by collection of the civil penalty. The amount of penalties collected would depend on how many violations occur and the sales price of the property. For example, 5 percent of property sold for \$150,000 would result in a penalty of \$7,500.

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

Source Agencies: 302 Office of the Attorney General

LBB Staff: JOB, CT, DB