

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 24, 2007

TO: Honorable Tom Craddick, Speaker of the House, House of Representatives

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

IN RE: HB1742 by Giddings (Relating to urban land bank demonstration programs.), **As Passed**
2nd House

No significant fiscal implication to the State is anticipated.

The bill would add Chapter 379E to Subtitle A, Title 12, Local Government Code, to create the Urban Land Bank Program Act, which would apply only to a municipality to which Chapter 379C and 379D do not apply and that has never adopted a homestead land bank program under Subchapter E, Chapter 373A. The governing body of a municipality would be authorized to adopt an urban land bank demonstration program in which the officer charged with selling real property ordered sold pursuant to foreclosure of a tax lien may sell certain eligible real property by private sale for purposes of affordable housing development as provided by the chapter. The governing body of a municipality that adopts an urban land bank demonstration program would be required to establish or approve a land bank for the purpose of acquiring, holding, and transferring unimproved real property under this chapter. Requirements for establishing and operating the land bank program are included in the bill.

The bill would amend the Tax Code to stipulate that real property acquired, held, and transferred by a qualified charitable organization serving as or on behalf of a land bank would be tax exempt.

The bill would amend the Health and Safety Code to exclude urban land banks as responsible parties for enforcement actions or remediation costs for contaminants if contaminants appear to originate from an up-gradient source; if contaminants appear to have been present before the land bank purchased the site; and if the land bank could not have reasonably known about the contaminants at the time of purchase. The bill would amend the Local Government Code to prohibit the Texas Commission on Environmental Quality (TCEQ) from naming a land bank as a responsible party, under the conditions above, from which to seek reimbursement of remediation costs or imposition of enforcement actions. The bill would amend the Tax Code to allow the act of acquiring, holding, and transferring unimproved real property under an urban land bank demonstration program to be included in the list of acceptable charitable functions that a charitable organization must perform.

Based on information provided by the Texas Department of Housing and Community Affairs and TCEQ, it is assumed that costs related to the duties and responsibilities associated with implementing the provisions of the bill could be covered by utilizing existing resources.

The bill would take effect September 1, 2007.

Local Government Impact

The fiscal impact would vary by municipality, depending on whether the municipality chooses to establish an urban land bank demonstration program and the amount and value of property involved.

Source Agencies: 332 Department of Housing and Community Affairs, 582 Commission on Environmental Quality

LBB Staff: JOB, DB, WK, AH, KJG