

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 31, 2009

TO: Honorable Dennis Bonnen, Chair, House Committee on Land & Resource Management

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

IN RE: HB417 by Callegari (Relating to the acquisition of and compensation for real property, including blighted property, for public purposes through condemnation or certain other means.), **As Introduced**

The amount of additional costs and overall negative fiscal impact to a condemnor under the provisions of the bill would vary by condemnor and by case, and therefore the fiscal impact to the state cannot be estimated.

The bill would amend the Local Government Code, and repeal sections, regarding procedures a municipality must follow when identifying property as having the characteristics of blight and before exercising powers of eminent domain.

The bill would amend the Property Code to require a department, agency, instrumentality, or political subdivision of this state to provide a relocation advisory service for an individual, family, business concern, farming or ranching operation, or nonprofit organization being displaced by the exercising of powers of eminent domain. This state or a political subdivision of this state would be required to pay moving expenses and rental supplements, make relocation payments, provide financial assistance to acquire replacement housing, and compensate for expenses incidental to the transfer of the property if an individual, family, business concern, farming or ranching operation, or nonprofit organization would be displaced in connection with acquisition of property. Under current statute, payment of these costs by the state or political subdivisions acquiring the property is optional.

The bill would amend the Tax Code to authorize a municipality or a county to exercise any power necessary and convenient to carry out provisions of Chapter 311, Tax Code, to include consistent with the project plan for a reinvestment zone to acquire by condemnation any interest, including a fee simple interest, in real property that is a blighted area and necessary for the reinvestment zone, but only if the taking is in accordance with Chapter 2206, Government Code, which places limitations on the use of eminent domain.

The proposed changes in statute would apply only to a condemnation proceeding in which the condemnation petition is filed on or after the effective date of the bill. The bill would take effect immediately if it were to receive the required two-thirds vote in each house; otherwise, it would take effect September 1, 2009.

Based on the analysis of the Texas Department of Transportation, it is assumed the provisions of the bill would result in increased costs for the acquisition of highway right of way through condemnation. Because the factors considered in evaluating the financial or economic damages to the owner of the property to be condemned would vary by case, any additional costs or negative fiscal implications to the state cannot be determined.

Local Government Impact

The negative fiscal impact to a political subdivision would vary depending on the number of property acquisitions for which the additionally listed costs would be required, and therefore cannot be determined; however, according to the Texas Association of Counties and the Texas Municipal

League, it could be significant.

Source Agencies: 601 Department of Transportation

LBB Staff: JOB, WK, SD, DB