

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 24, 2009

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

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

IN RE: HB1534 by Burnam (Relating to the property valuation information required to be provided regarding property to be acquired by eminent domain.), **As Introduced**

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

The bill would amend Section 21.0111 of the Property Code to specify that eminent domain authority granted by this section applies to governmental entities and to a person that produces, gathers, transports, distributes, or sells natural gas.

A person to whom the above section applies would be required to provide all existing appraisal reports produced or acquired by the person relating specifically to the owner's property. A property owner shall provide to the acquiring person a copy of existing appraisal reports relating specifically to the owner's property and used in determining the owner's opinion of value.

The initial offer to purchase made by the acquiring person must include various documentation, including fair market value, damage estimates resulting from the acquisition or lease, and a statement that the property owner has a right to request an appraisal at the acquiring person's expense and information on similar transactions involving the acquiring person.

On a property owner's written request, the acquiring person shall disclose each appraisal report completed, offer to purchase or lease made, and negotiated purchase or lease price paid by the acquiring person for property acquired or leased by the acquiring person for a purpose related to the purpose for which the acquiring person seeks to acquire or lease the property owner's property and for property that is adjacent to the property owner's property.

Based on the analysis of the Texas Department of Transportation (TxDOT), it is assumed the provisions of the bill would result in increased costs for eminent domain acquisitions. Because the factors considered in determining the number of appraisal requests by landowners would vary by case, any additional appraisal costs or negative fiscal implications to the state cannot be determined.

Local Government Impact

As with the state impact, the negative fiscal impact to units of local government related to changes to the Government Code, the Local Government Code, and the Property Code would vary depending on the number of situations in which the entity would seek to exercise its eminent domain authority, costs associated with and imposed by court proceedings, and the number of parcels of land involved in initial condemnation or in repurchase by the previous owner or their heirs.

Source Agencies: 601 Department of Transportation

LBB Staff: JOB, WK, SD, PJK