

BILL ANALYSIS

S.B. 873

By: Duncan

Land & Resource Management
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Section 66.41 (Management of University Lands), Education Code, grants the board of regents of The University of Texas System (UT System) sole and exclusive management and control of the lands set aside or acquired by, the Permanent University Fund. The regents may sell, lease, and otherwise manage, control, and use the lands in a manner and at prices and under terms and conditions the regents deem best for the interests of the Permanent University Fund.

Section 66.46 (Easements on University Land), Education Code, gives the regents authority to grant easements or other interests in property for rights-of-way or access across land that belongs to the state but is dedicated to the support and maintenance of UT System for telephone, telegraph, electric transmission, and power lines; for oil pipelines, gas pipelines, sulphur pipelines, and other electric lines and pipelines of any nature; and for irrigation canals, laterals, and water pipelines.

Recently, regents have increased utility line easement rates, resulting in two electric cooperatives claiming that the rates are not "fair and reasonable." These two electric cooperatives are Southwest Texas Rural Electric and Rio Grande Electric Cooperative. UT System set easement rates based upon an appraisal study conducted in 2010, by a real estate appraisal and consulting firm. The appraisal study lists many comparables that set the trends of the market for easement rates in Texas. The appraisal study states that the "rates for utility line easements charged on university lands fall within the overall trends of the market but are at the higher end." The cooperatives fear that easement rates will continue to rise without limit. Currently, there are no avenues for easement holders to seek relief if they believe that the rates do not represent the fair market value of the interests being sought. Establishing an appeals process for easement holders across university lands will provide these holders with an avenue to contest rates that they believe to be unjust or unfair.

As proposed, S.B. 873 amends current law relating to rate and damage schedules governing certain easements or other interests in land of The University of Texas System.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

ANALYSIS

SECTION 1. Amends Section 66.46, Education Code, by adding Subsection (m), as follows:
(m) Requires the board of regents of The University of Texas System to establish procedures by which a person seeking an easement or other interest under this section may seek relief from a rate or damage schedule that the person believes does not represent the fair market value of the interest being sought.

SECTION 2. Effective date: upon passage or September 1, 2011.

EFFECTIVE DATE

September 1, 2011.