

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 28, 2011

TO: Honorable Byron Cook, Chair, House Committee on State Affairs

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

IN RE: HB1729 by Keffer (Relating to the sale of surplus leased land by a governmental entity to a private party.), **As Introduced**

The fiscal implications of the bill cannot be determined at this time.

The bill would authorize a governmental entity of the state to sell certain property it owns to a lessee for the fair market value of the property without public notice or solicitation of the bid. The bill would authorize the governmental entity to pursue a sale of the land to a bulk purchaser, instead of a lessee, through passage of a resolution. The bill would set options and processes for lessees to purchase or lease land from a bulk purchaser at or after the closing date of the purchase from the governmental entity. The bill would define the costs for which the bulk purchaser and the lessee are responsible. The bill would take effect September 1, 2011.

This analysis assumes that state governmental entities would choose to sell land only when the available purchase price exceeds the present value of future revenue streams from leasing the property. The provisions of the bill could reduce the revenue realized by the state from the sale of certain properties by restricting the potential pool of purchasers to current lessees. The exemption of related properties from existing statutes governing state land sales could further reduce the realized value of the properties by removing the state's lead agency for property sales, GLO, from the process.

Based on the language of the bill the fiscal impact cannot be determined. This is due to an uncertainty in the number of potential transactions, the lack of detailed descriptions of affected properties, and unknown sales processes to be enacted by state agencies.

Local Government Impact

According to Texas Association of Counties, El Paso County does not anticipate a direct fiscal impact associated with the bill. El Paso noted that there could be some fiscal impact if a county were forced to sell real property to lessees; however these costs would depend on the number, if any, of such cases and could not be estimated.

Texas Municipal League reported that the fiscal impact of the bill would depend on how many properties would be sold under its terms and noted that the bill could have a positive fiscal impact on local governments that wish to sell surplus property.

Source Agencies: 303 Facilities Commission, 305 General Land Office and Veterans' Land Board

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