

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**April 11, 2017**

**TO:** Honorable Abel Herrero, Chair, House Committee on Land & Resource Management

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE:** **HB3687** by Ashby (Relating to the acquisition of property by an entity with eminent domain authority.), **As Introduced**

**There is an indeterminate fiscal impact to the state from the provisions of the bill due to the case by case nature of the requirements on future condemnation proceedings.**

The bill would amend the Property Code related to certain eminent domain actions. It would also establish certain procedures relating to eminent domain for pipeline and electrical easements.

It is anticipated the bill could prevent the Department of Transportation from selling property no longer needed for a transportation purpose at some future point. As a result, any additional costs or negative fiscal implications to the state cannot be determined.

The bill amends the Tax Code to change the date used to calculate the amount of tax due on a property acquired under a possession and use agreement entered into under threat of condemnation to be the effective date of the agreement.

In addition, provisions of the bill could be read as waiving the sovereign immunity of the state as well as potentially require the Texas Department of Transportation to acquire insurance on all remainder properties for the lifetime of the highway rather than the current practice of the agency to self-insure.

According to the Railroad Commission, no fiscal impact to the state is anticipated.

The bill would take effect September 1, 2017.

**Local Government Impact**

According to the Texas Municipal League, the negative fiscal impact to a political subdivision relating to the acquisition and compensation for real property could be significant, but would vary depending on the number of property acquisitions for which the additionally listed costs would be required, and therefore cannot be determined.

According to the Texas Association of Counties, the fiscal impact on counties that condemn and acquire properties could be significant. However, it is impossible to determine how many properties would be acquired through the condemnation process and the value of those properties. In addition, it is also impossible to know how many properties acquired through the condemnation

process that would have to be acquired through another process in the future. Therefore, it is not possible to quantify the extent of the fiscal impact on counties.

**Source Agencies:** 212 Office of Court Administration, Texas Judicial Council, 601 Department of Transportation, 455 Railroad Commission, 103 Legislative Council, 304 Comptroller of Public Accounts, 305 General Land Office and Veterans' Land Board, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 802 Parks and Wildlife Department

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