

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 26, 2017

TO: Honorable Joan Huffman, Chair, Senate Committee on State Affairs

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB740 by Kolkhorst (Relating to the acquisition of property by an entity with eminent domain authority.), **Committee Report 1st House, Substituted**

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 Government, Occupations, Property, and Tax Codes to generally place more limitations and duties on Texas condemning authorities and add certain provisions to the "landowners bill of rights." The bill would require a condemnor in its initial written offer to make an offer that is 150 percent of market value as determined based on the tax assessed value of the property or at least the value determined by a condemnation appraisal conducted by a licensed appraiser. Requires the Real Estate Commission to approve a "right-of-way agent responsibility course" and requires passage of this course for satisfaction of certain continuing education requirements. 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.

The Department of Transportation anticipates the bill would have some operational impacts to the agency's right-of-way acquisition process; however, it does not anticipate any significant financial impacts to the agency.

The Real Estate Commission is a self-directed, semi-independent agency; therefore, any agency costs or savings associated with implementing the provisions of the bill are not considered in this analysis.

The Office of the Attorney General anticipates some additional work on new issues in eminent domain cases however any additional work could be absorbed within current agency resources.

The bill would take effect September 1, 2017 except for provisions related to implementing the "right of way responsibility course," which would take effect March 1, 2018.

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, 302 Office of the Attorney General, 329 Real Estate Commission, 455 Railroad Commission, 601 Department of Transportation, 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

LBB Staff: UP, AG, GG, GP, BM, SZ, JI