

BILL ANALYSIS

S.B. 1579
By: Blanco
Intergovernmental Affairs
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The bill sponsor has informed the committee that the borders of the City of Socorro are restricted in growth by its previous agricultural footprint, the international border with Mexico, and city limits shared with other municipalities. The bill sponsor has also informed the committee that this limitation on expansion creates significant infrastructure challenges, as the city must focus on improving what exists within these boundaries, but undeveloped, abandoned, and unoccupied plots of land are major obstacles that block the development of new roads and other infrastructure improvements. S.B. 1579 seeks to address this issue by establishing a process to efficiently identify and repurpose abandoned parcels of land within municipalities in El Paso County.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

S.B. 1579 amends the Local Government Code to authorize the governing body of a municipality that is located in a county that contains a municipality with a population of more than 500,000 and is adjacent to an international border to implement an expedited process to administratively determine that an undeveloped parcel of land within the municipal boundaries is abandoned and unoccupied if the parcel meets the following conditions:

- has never been platted or surveyed or has remained undeveloped for 25 years or more after the date the land was platted or surveyed;
- if located in a subdivision, is part of a subdivision in which 50 percent or more of the parcels are undeveloped or unoccupied and 10 acres or less in size;
- has an assessed value of less than \$1,000 as indicated on the most recent appraisal roll for the appraisal district in which the parcel is located; and
- is not valued for property taxation as land for agricultural use under state law.

The bill establishes that the municipality does not have an ownership interest in any undeveloped parcel of land that is administratively determined to be abandoned and unoccupied or that is placed in a receivership under the bill's provisions, except for any existing or future legal interest established by other law.

S.B. 1579 requires the municipality, before it may make such an administrative determination, to hold a public hearing on the matter and make reasonable efforts to notify each owner and lienholder of the parcel of land of the time and place of the hearing as provided by the bill. The

bill authorizes the hearing to be held by the governing body of the municipality or an appropriate municipal commission or board appointed by the governing body. The Texas Rules of Evidence do not apply to a hearing conducted under these provisions. The bill authorizes an owner or lienholder, at the hearing, to provide testimony and present evidence to refute any of the applicable factors for a municipality's administrative determination and establishes that it is an affirmative defense to such a determination that the property taxes imposed on a parcel of land have been paid in full for each year that the taxing authority issued a tax invoice.

S.B. 1579 authorizes the municipality to conduct a single hearing for multiple parcels of land and make a determination that multiple parcels of land are abandoned and unoccupied based on the same evidence. The bill requires the municipality, if an undeveloped parcel of land is determined to be abandoned and unoccupied, to issue a resolution of its determination not later than the 14th day after that date of the hearing. The bill requires the municipality, not later than the 14th day after the date of the resolution, to do the following:

- post notice of the resolution at the city hall; and
- publish in a newspaper of general circulation in the municipality in which the parcel of land is located a notice of the determination containing the following information:
 - a description of the parcel;
 - the date of the hearing;
 - a brief statement of the results of the resolution;
 - instructions stating where a complete copy of the resolution may be obtained; and
 - notice that the resolution is appealable to a district court in the county within 60 calendar days of the resolution.

The bill authorizes the municipality to do the following in lieu of fulfilling those notice requirements:

- post that required information on the municipality's website; and
- publish a notice in a newspaper of general circulation in the municipality in which the parcel of land is located stating the following:
 - the governing body of the municipality has adopted a resolution under the bill's provisions; and
 - the information regarding that resolution may be found on the municipality's website.

S.B. 1579 requires the municipality to do the following with respect to the public hearing to make an administrative determination that an undeveloped parcel of land is abandoned and unoccupied:

- provide notice of the hearing to each record owner of the applicable parcel of land and to each holder of a recorded lien against the applicable parcel of land by:
 - personal delivery;
 - certified mail with return receipt requested to the last known address of each owner and lienholder; or
 - delivery to the last known address of each owner and lienholder by the U.S. Postal Service using signature confirmation services;
- publish notice of the hearing in a newspaper of general circulation in the municipality and on the municipality's website on or before the 10th day before the date of the hearing; and
- file in the applicable county property records notice of the hearing that contains the following information:
 - the name and last known address of the owner of the applicable parcel of land; and
 - a description of the administrative determination proceeding, including notice that the administrative determination may result in the extinguishment of any and all rights and legal interests in the parcel of land.

The bill requires the notice to be provided to each owner and lienholder for whom an address can be reasonably ascertained from the deed of trust or other applicable instrument on file in the

office of the county clerk for the county in which the parcel of land is located or in the records of the office of the central appraisal district for the county in which the parcel of land is located. The bill requires the filed notice to contain the name and address of each owner to the extent that that information can be reasonably ascertained from that deed of trust or other applicable instrument. The bill establishes that the filing of the notice:

- is binding on subsequent grantees, lienholders, or other transferees of an interest in the parcel of land who acquire that interest after the filing of the notice; and
- constitutes notice of the proceeding on any subsequent recipient of any interest in the parcel of land who acquires that interest after the filing of the notice.

The bill establishes that an owner or lienholder is presumed to have received actual and constructive notice of the hearing if the municipality complies with these provisions, regardless of whether the municipality receives a response from the person.

S.B. 1579 authorizes any owner or lienholder of record of a parcel of land aggrieved by a resolution of a determination that the parcel of land is determined to be abandoned and unoccupied to file in a district court in the applicable county a verified petition alleging that the decision is illegal, wholly or partly, and stating with specificity the grounds of the alleged illegality. The petition must be filed by an owner or lienholder of the parcel of land within 60 calendar days of the resolution, and if it is not filed as such, the resolution will become final. The bill authorizes an applicable court, on the filing of such a petition, to issue a writ of certiorari directed to the municipality to review the resolution of the municipality and requires the court to prescribe in the writ the time within which a return on the writ must be made and served on the relator or the relator's attorney. The bill establishes that the municipality is not required to return the original papers acted on by it, but it is sufficient for the municipality to return certified or sworn copies of the papers or parts of the papers as may be called for by the writ. The bill requires an appeal of the municipality's determination under the bill's provisions to be conducted under the substantial evidence rule.

S.B. 1579 requires the municipality, after a final determination that an undeveloped parcel of land is abandoned and unoccupied, to bring a civil action to have the parcel placed in a receivership. On such a final determination, an owner's or lienholder's rights and legal interests are extinguished, subject to the provisions of the bill regarding any net proceeds resulting from the disposition of the property, and transferred to the receiver. The bill establishes that the only allegations required to be pleaded in such an action for receivership are the following:

- the identification of the applicable parcel of land;
- the relationship of the defendant to the real property;
- the notice of the administrative hearing given to the owner; and
- the administrative determination that the parcel of land has been abandoned and unoccupied.

The bill authorizes the court to appoint as receiver any person with a demonstrated record of knowledge of the problems created by undeveloped parcels of land described by these provisions and, in selecting a receiver, to take into consideration whether the person owns property in the affected area. The bill prohibits the court from appointing the municipality, an official or employee of the municipality, or a relative of an official or employee of the municipality within the third degree of consanguinity or affinity as a receiver. The bill requires the record owners and any lienholders of record of the land subject to a civil action under the bill's provisions to be served with personal notice of the proceedings as provided by the Texas Rules of Civil Procedure. Service on the record owners or lienholders constitutes notice to all unrecorded owners or lienholders.

S.B. 1579 establishes that the rules of equity govern all matters relating to the appointment, powers, duties, and liabilities of a receiver and to the powers of a court regarding a receiver, unless inconsistent with state law relating to municipal regulation of subdivisions and property development or other law. The bill authorizes a receiver appointed by the court to do the following:

- take control of the parcel of land;

- make or have made any repairs or improvements to the parcel of land to make it developable;
- make provisions for the parcel of land to be subject to street, road, drainage, utility, and other infrastructure requirements;
- aggregate the parcel of land with other parcels that have been similarly determined to be abandoned and unoccupied;
- plat or replat the parcel of land;
- accept the grant or donation of any parcel of land within the affected area to carry out the purpose of the bill's provisions; and
- exercise all other authority that an owner of the parcel of land could have exercised, including the authority to sell the parcel.

The bill requires a person, before they assume the duties of a receiver, to be sworn to perform the duties of a receiver faithfully. The bill establishes that the appointed receiver is an officer of the court and requires the court, if a receiver dies, resigns, or becomes incapacitated, to appoint a receiver to succeed the former receiver.

S.B. 1579 establishes that if a donation of a parcel of land to the receiver is not challenged before the first anniversary of the donation date, the donation is final and not revocable under any other legal proceeding. The bill requires all funds that come into the hands of the receiver to be deposited in a place in the state directed by the court. The bill requires the receiver's use of the funds in connection with the receiver's duties or authority to be subject to the approval of the court and requires all net proceeds from the disposition of a parcel of land by the receiver to be placed in trust and remain in trust for at least three years, unless claimed before the expiration of the trust period. The bill requires the court to order additional notices to an owner or lienholder about the net proceeds as are practicable during the trust period and, on expiration of the trust period, any money remaining in the receivership will escheat to the state. The bill subjects such escheated funds to disposition or recovery under applicable Property Code provisions.

S.B. 1579 requires the receiver, after the receiver has improved the parcel of land to the degree that the parcel is developable and meets all applicable standards, or before petitioning the court for termination of the receivership, to file the following with the court:

- a summary and accounting of all costs and expenses incurred, which may, at the receiver's discretion, include a receivership fee of up to 15 percent of the costs and expenses incurred, unless the court, for good cause shown, authorizes a different limit;
- a statement describing the disposition of each parcel of land, including whether the parcel was aggregated with other parcels;
- a statement of all revenues collected by the receiver in connection with the use or disposition of the parcels of land; and
- to the extent required by the court, a description of any undivided interest of an owner or lienholder, whether identified or not, in the net proceeds from the disposition of the property.

The bill requires the court to approve any sale of the property by the receiver. The bill requires a receiver to have a lien on the property under receivership for all of the receiver's unreimbursed costs and expenses and any receivership fee as detailed in the summary and accounting under these provisions.

S.B. 1579 requires a sale under the bill's provisions to be made by public auction, sealed bid, or sealed proposal. The bill requires the receiver, before a sale may take place, to publish notice of the proposed sale before the 60th day before the date the sale is to be held and again before the 30th day before the date the sale is to be held. The bill requires the notice to be published in English and Spanish in a newspaper of general circulation in the municipality in which the real property is located and to do the following:

- clearly identify the property to be sold;
- specify the procedures and date for the public auction, sealed bid, or sealed proposal method of sale;

- state the minimum bid for the property, if any;
- state any specific financial terms of sale imposed by the receiver; and
- describe the restrictions, conditions, and limitations on the use of the property that the receiver has determined are appropriate, other than the restrictions, conditions, and limitations provided by other law.

The bill requires the receiver, in addition to that notice and in order to maximize the number of bidders and the price at which the property is sold, to exercise best efforts to provide notice of the proposed sale to those persons who may have the business expertise, financial capability, and interest in developing the property, including local, state, and national trade associations whose members are development, real estate, or financial professionals. The bill requires, on the closing of a sale of property under the bill's provisions, fee simple title to be vested in the purchaser. The bill authorizes the receiver to reject any and all offers. If the receiver rejects all offers, the receiver may subsequently reoffer the same property for sale, reorganize the property and offer the property for sale, or combine all or part of the property with other property and offer the combined property for sale. The bill establishes that if these procedures are followed and a sale occurs, the sale price obtained for the property is conclusive as to the fair market value of the property at the time of the sale.

EFFECTIVE DATE

September 1, 2025.