

BILL ANALYSIS

S.B. 2550
By: West
Natural Resources
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Current law includes numerous real estate disclosure requirements designed to inform purchasers about specific conditions and risks associated with the land and structures they are acquiring. However, the bill sponsor has informed the committee that some of these disclosure requirements, which were primarily intended to provide important information to buyers regarding the surface estate being purchased, would also apply if a landowner was selling only the water rights from their property—even though the information required to be disclosed is not relevant to water rights. As a result, sellers of water rights are subject to regulations that can create confusion, delays, and additional legal costs in water rights transactions. The bill sponsor has also informed the committee that, when these statutes were adopted, the sale of water rights was less common, likely leading to an oversight that failed to exempt water rights from certain disclosure obligations, despite similar exemptions being provided for mineral rights. S.B. 2550 addresses these issues by removing certain irrelevant and burdensome disclosure requirements for the sale of water rights.

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. 2550 amends the Natural Resources Code, Property Code, and Water Code to exempt a transfer of a groundwater or surface water right from the following required disclosures applicable to the transfer of certain interests in real property:

- notice regarding coastal area property under the Natural Resources Code;
- notice concerning legal and economic risks of purchasing coastal real property near a beach under the Natural Resources Code;
- notice regarding possible municipal annexation under the Property Code;
- notice of obligation to pay public improvement district assessments under the Property Code; and
- notice regarding a property's location in a certificated service area of a utility providing water or wastewater service under the Water Code and charges for such service.

EFFECTIVE DATE

September 1, 2025.