

By: Blanco

S.B. No. 1579

A BILL TO BE ENTITLED

AN ACT

relating to the appointment of a receiver for and sale of certain parcels of land that are abandoned, unoccupied, and undeveloped in certain municipalities.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 212, Local Government Code, is amended by adding Subchapter I to read as follows:

SUBCHAPTER I. ABANDONED, UNOCCUPIED, AND UNDEVELOPED

PARCELS IN CERTAIN MUNICIPALITIES

Sec. 212.301. APPLICABILITY. (a) This subchapter applies to a municipality that is located in a county that:

(1) contains a municipality with a population of more than 500,000; and

(2) is adjacent to an international border.

(b) This subchapter applies only to land that is located within the boundaries of a municipality.

Sec. 212.302. ADMINISTRATIVE DETERMINATION. (a) The governing body of a municipality may implement an expedited process to administratively determine that an undeveloped parcel of land is abandoned and unoccupied if the parcel:

(1) has never been platted or surveyed or has remained undeveloped for 25 years or more after the date the land was platted or surveyed;

(2) if located in a subdivision, is part of a

1 subdivision in which 50 percent or more of the parcels are:

2 (A) undeveloped or unoccupied; and

3 (B) 10 acres or less in size;

4 (3) has an assessed value of less than \$1,000 as
5 indicated on the most recent appraisal roll for the appraisal
6 district in which the parcel is located; and

7 (4) is not valued for ad valorem taxation as land for
8 agricultural use under Subchapter C, Chapter 23, Tax Code.

9 (b) The municipality does not have an ownership interest in
10 any undeveloped parcel of land that is administratively determined
11 to be abandoned and unoccupied or that is placed in a receivership
12 under this subchapter, except for any existing or future legal
13 interest established by other law.

14 Sec. 212.303. PUBLIC HEARING. (a) Before a municipality
15 may make an administrative determination under Section 212.302, the
16 municipality must:

17 (1) hold a public hearing on the matter; and

18 (2) make reasonable efforts to notify each owner and
19 lienholder of the parcel of land of the time and place of the
20 hearing as provided by Section 212.304.

21 (b) The hearing may be held by the governing body of the
22 municipality or an appropriate municipal commission or board
23 appointed by the governing body. The Texas Rules of Evidence do not
24 apply to a hearing conducted under this section.

25 (c) At the hearing, an owner or lienholder may provide
26 testimony and present evidence to refute any of the applicable
27 factors for a determination under Section 212.302. It is an

1 affirmative defense to a determination under Section 212.302 that
2 the ad valorem taxes imposed on a parcel of land have been paid in
3 full for each year that the taxing authority issued a tax invoice.

4 (d) The municipality may conduct a single hearing for
5 multiple parcels of land and make a determination that multiple
6 parcels of land are abandoned and unoccupied based on the same
7 evidence.

8 (e) Not later than the 14th day after the date of the
9 hearing, if an undeveloped parcel of land is determined to be
10 abandoned and unoccupied, the municipality shall issue a resolution
11 of its determination.

12 (f) Not later than the 14th day after the date of the
13 resolution, the municipality shall:

14 (1) post notice of the resolution at the city hall; and
15 (2) publish in a newspaper of general circulation in
16 the municipality in which the parcel of land is located a notice of
17 the determination containing:

18 (A) a description of the parcel;
19 (B) the date of the hearing;
20 (C) a brief statement of the results of the
21 resolution;

22 (D) instructions stating where a complete copy of
23 the resolution may be obtained; and

24 (E) notice that the resolution is appealable to a
25 district court in the county within 60 calendar days of the
26 resolution.

27 (g) In lieu of the notice required by Subsection (f), the

1 municipality may:

2 (1) post the information required by Subsection (f)(2)
3 on the municipality's Internet website; and

4 (2) publish a notice in a newspaper of general
5 circulation in the municipality in which the parcel of land is
6 located stating that:

7 (A) the governing body of the municipality has
8 adopted a resolution under this subchapter; and

9 (B) the information required by Subsection
10 (f)(2) may be found on the municipality's Internet website.

11 Sec. 212.304. NOTICE OF HEARING. (a) The municipality
12 shall:

13 (1) provide notice of the hearing to each record owner
14 of the applicable parcel of land and to each holder of a recorded
15 lien against the applicable parcel of land by:

16 (A) personal delivery;

17 (B) certified mail with return receipt requested
18 to the last known address of each owner and lienholder; or

19 (C) delivery to the last known address of each
20 owner and lienholder by the United States Postal Service using
21 signature confirmation services;

22 (2) publish notice of the hearing in a newspaper of
23 general circulation in the municipality and on the municipality's
24 Internet website on or before the 10th day before the date of the
25 hearing; and

26 (3) file in the property records of the county in which
27 the parcel of land is located notice of the hearing that contains:

1 (A) the name and last known address of the owner
2 of the applicable parcel of land; and

3 (B) a description of the administrative
4 determination proceeding, including notice that the administrative
5 determination may result in the extinguishment of any and all
6 rights and legal interests in the parcel of land.

7 (b) Notice under Subsection (a)(1) must be provided to each
8 owner and lienholder for whom an address can be reasonably
9 ascertained from the deed of trust or other applicable instrument
10 on file in the office of the county clerk for the county in which the
11 parcel of land is located or in the records of the office of the
12 central appraisal district for the county in which the parcel of
13 land is located. The filed notice under Subsection (a)(3) must
14 contain the name and address of each owner to the extent that that
15 information can be reasonably ascertained from the deed of trust or
16 other applicable instrument on file in the office of the county
17 clerk or in the records of the office of the central appraisal
18 district for the county.

19 (c) The filing of notice under Subsection (a)(3):

20 (1) is binding on subsequent grantees, lienholders, or
21 other transferees of an interest in the parcel of land who acquire
22 that interest after the filing of the notice; and

23 (2) constitutes notice of the proceeding on any
24 subsequent recipient of any interest in the parcel of land who
25 acquires that interest after the filing of the notice.

26 (d) An owner or lienholder is presumed to have received
27 actual and constructive notice of the hearing if the municipality

1 complies with this section, regardless of whether the municipality
2 receives a response from the person.

3 Sec. 212.305. JUDICIAL REVIEW. (a) Any owner or lienholder
4 of record of a parcel of land aggrieved by a resolution issued under
5 Section 212.303 may file in a district court in the county in which
6 the parcel of land is located a verified petition alleging that the
7 decision is illegal, wholly or partly, and stating with specificity
8 the grounds of the alleged illegality. The petition must be filed
9 by an owner or lienholder of the parcel of land within 60 calendar
10 days of the resolution. If a petition is not filed within 60
11 calendar days of the resolution, the resolution shall become final.

12 (b) On the filing of a petition under Subsection (a), the
13 court may issue a writ of certiorari directed to the municipality to
14 review the resolution of the municipality and shall prescribe in
15 the writ the time within which a return on the writ must be made and
16 served on the relator or the relator's attorney.

17 (c) The municipality is not required to return the original
18 papers acted on by it, but it is sufficient for the municipality to
19 return certified or sworn copies of the papers or parts of the
20 papers as may be called for by the writ.

21 (d) Appeal of the municipality's determination under this
22 subchapter shall be conducted under the substantial evidence rule.

23 Sec. 212.306. CIVIL ACTION FOR RECEIVERSHIP. (a) After a
24 final determination that an undeveloped parcel of land is abandoned
25 and unoccupied, the municipality shall bring a civil action to have
26 the parcel placed in a receivership. On a final determination that
27 an undeveloped parcel of land is abandoned and unoccupied as

1 provided by this subchapter, an owner's or lienholder's rights and
2 legal interests are extinguished, subject to the provisions of this
3 subchapter regarding any net proceeds resulting from the
4 disposition of the property, and transferred to the receiver.

5 (b) The only allegations required to be pleaded in an action
6 for receivership brought under this section are:

7 (1) the identification of the applicable parcel of
8 land;

9 (2) the relationship of the defendant to the real
10 property;

11 (3) the notice of the administrative hearing given to
12 the owner; and

13 (4) the administrative determination that the parcel
14 of land has been abandoned and unoccupied.

15 (c) The court may appoint as receiver any person with a
16 demonstrated record of knowledge of the problems created by
17 undeveloped parcels of land described by this section. In
18 selecting a receiver, the court may also take into consideration
19 whether the person owns property in the affected area. The court
20 may not appoint the municipality, an official or employee of the
21 municipality, or a relative of an official or employee of the
22 municipality within the third degree of consanguinity or affinity
23 as a receiver.

24 (d) In a civil action under this subchapter, the record
25 owners and any lienholders of record of the land subject to the
26 action shall be served with personal notice of the proceedings as
27 provided by the Texas Rules of Civil Procedure. Service on the

record owners or lienholders constitutes notice to all unrecorded owners or lienholders.

Sec. 212.307. AUTHORITY AND DUTY OF RECEIVER. (a) Unless inconsistent with this chapter or other law, 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. A receiver appointed by the court may:

(1) take control of the parcel of land;

(2) make or have made any repairs or improvements to the parcel of land to make it developable;

(3) make provisions for the parcel of land to be subject to street, road, drainage, utility, and other infrastructure requirements;

(4) aggregate the parcel of land with other parcels that have been similarly determined to be abandoned and unoccupied;

(5) plat or replat the parcel of land;

(6) accept the grant or donation of any parcel of land within the affected area to carry out the purpose of this subchapter; and

(7) exercise all other authority that an owner of the parcel of land could have exercised, including the authority to sell the parcel.

(b) Before a person assumes the duties of a receiver, the person must be sworn to perform the duties faithfully.

(c) The appointed receiver is an officer of the court.

(d) If a receiver dies, resigns, or becomes incapacitated, the court shall appoint a receiver to succeed the former receiver.

1 (e) If the donation of a parcel of land to the receiver is
2 not challenged before the first anniversary of the donation date,
3 the donation is final and not revocable under any other legal
4 proceeding.

5 (f) All funds that come into the hands of the receiver shall
6 be deposited in a place in this state directed by the court. The
7 receiver's use of the funds in connection with the receiver's duties
8 or authority under this subchapter shall be subject to the approval
9 of the court. All net proceeds from the disposition of a parcel of
10 land by the receiver shall be placed in trust and remain in trust
11 for at least three years, unless claimed before the expiration of
12 the trust period. The court must order additional notices to an
13 owner or lienholder about the net proceeds as are practicable
14 during the trust period and, on expiration of the trust period, any
15 money remaining in the receivership shall escheat to the state.
16 Funds escheated to the state under this subchapter are subject to
17 disposition or recovery under Subchapters C and D, Chapter 71,
18 Property Code.

19 (g) After the receiver has improved the parcel of land to
20 the degree that the parcel is developable and meets all applicable
21 standards, or before petitioning the court for termination of the
22 receivership, the receiver shall file with the court:

23 (1) a summary and accounting of all costs and expenses
24 incurred, which may, at the receiver's discretion, include a
25 receivership fee of up to 15 percent of the costs and expenses
26 incurred, unless the court, for good cause shown, authorizes a
27 different limit;

1 (2) a statement describing the disposition of each
2 parcel of land, including whether the parcel was aggregated with
3 other parcels;

4 (3) a statement of all revenues collected by the
5 receiver in connection with the use or disposition of the parcels of
6 land; and

7 (4) to the extent required by the court, a description
8 of any undivided interest of an owner or lienholder, whether
9 identified or not, in the net proceeds from the disposition of the
10 property.

11 (h) The court must approve any sale of the property by the
12 receiver.

13 (i) A receiver shall have a lien on the property under
14 receivership for all of the receiver's unreimbursed costs and
15 expenses and any receivership fee as detailed in the summary and
16 accounting under Subsection (g)(1).

17 Sec. 212.308. SALE OF PROPERTY. (a) A sale under this
18 subchapter must be made by:

19 (1) public auction;

20 (2) sealed bid; or

21 (3) sealed proposal.

22 (b) Before a sale may take place under this subchapter, the
23 receiver must publish notice of the proposed sale before the 60th
24 day before the date the sale is to be held and again before the 30th
25 day before the date the sale is to be held. The notice must be
26 published in English and Spanish in a newspaper of general
27 circulation in the municipality in which the real property is

1 located. The notice must:

2 (1) clearly identify the property to be sold;

3 (2) specify the procedures and date for the public
4 auction, sealed bid, or sealed proposal method of sale;

5 (3) state the minimum bid for the property, if any;

6 (4) state any specific financial terms of sale imposed
7 by the receiver; and

8 (5) describe the restrictions, conditions, and
9 limitations on the use of the property that the receiver has
10 determined are appropriate, other than the restrictions,
11 conditions, and limitations provided by other law.

12 (c) In addition to the notice required by Subsection (b), to
13 maximize the price at which the property is sold and the number of
14 bidders, the receiver shall exercise best efforts to provide notice
15 of the proposed sale to those persons who may have the business
16 expertise, financial capability, and interest in developing the
17 property, including local, state, and national trade associations
18 whose members are development, real estate, or financial
19 professionals.

20 (d) On the closing of a sale of property under this
21 subchapter, fee simple title shall be vested in the purchaser.

22 (e) The receiver may reject any and all offers. If the
23 receiver rejects all offers, the receiver may subsequently reoffer
24 the same property for sale, reorganize the property and offer the
25 property for sale, or combine all or part of the property with other
26 property and offer the combined property for sale.

27 (f) If the procedures in this section are followed and a

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1 sale occurs, the sale price obtained for the property is conclusive
2 as to the fair market value of the property at the time of the sale.

3 SECTION 2. This Act takes effect September 1, 2025.