

BILL ANALYSIS

C.S.H.B. 1059
By: Stephenson
Business & Industry
Committee Report (Substituted)

BACKGROUND AND PURPOSE

There are concerns that purchasers of certain real property may be unaware that the purchased property is located in a floodplain. C.S.H.B. 1059 addresses these concerns by providing for a mandatory disclosure in the course of certain land sales and providing for a legal remedy when the property of a buyer who did not receive the disclosure is subsequently damaged by a flood.

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

C.S.H.B. 1059 amends the Property Code to require a seller of an applicable tract of real property to provide to the purchaser of the property a written notice disclosing whether any part of the property is located in a 100-year floodplain. An applicable tract measures less than 15 acres and does not have a residence located or being constructed on the property at the time of the sale. The bill requires the notice, if any part of the property is located in a 100-year floodplain, to include a copy of a current flood insurance rate map that indicates the part of the property that is located in the floodplain. The bill requires the seller to deliver the notice on or before the effective date of an executory contract binding the purchaser to purchase the property.

C.S.H.B. 1059 entitles the purchaser to recover from the seller damages caused by flooding on any part of the purchased property that is located in a 100-year floodplain if the seller fails to provide the required notice and the flooding occurs before the fifth anniversary of the purchase date. The bill defines "100-year floodplain" and "flood insurance rate map" for purposes of its provisions.

EFFECTIVE DATE

September 1, 2021.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 1059 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute specifies that the floodplain of which a seller of certain real property is required to provide written notice to the purchaser of the property is a 100-year floodplain.

The substitute changes the documentation the seller is required to include with the notice from a copy of a current elevation certificate, topographical survey, plat, or flood map to a copy of a current flood insurance rate map.

The substitute includes definitions of "100-year floodplain" and "flood insurance rate map."