

SUBJECT: Allowing the GLO to sell property to economic development corporations

COMMITTEE: Land and Resource Management — favorable, without amendment

VOTE: 6 ayes — Mowery, Orr, Callegari, R. Cook, Pickett, Ritter

0 nays

3 absent — Zerwas, Y. Davis, Geren

WITNESSES: For — None

Against — None

On — Hal Croft, Texas General Land Office

BACKGROUND: The Development Corporation Act of 1979 authorizes Texas cities to establish nonprofit economic development corporations. The purpose of a development corporation created under this act is to develop industrial and manufacturing enterprises to promote employment and the public welfare. Current law authorizes economic development projects to be exempt from ad valorem taxes, sales and use taxes, or any other taxes levied or imposed by the state or any political subdivision of the state.

Natural Resources Code, sec. 31.0672, allows the asset management division of the General Land Office (GLO) to sell to a political subdivision any real property owned by the state that the Legislature has authorized or the governor has approved for sale if the commissioner determines the sale is in the best interest of the state.

DIGEST: HB 3486 would allow the GLO's asset management division to sell real property owned by the state to a development corporation organized under the Development Corporation Act of 1979.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2007.

**SUPPORTERS
SAY:**

HB 3486 would remove an unnecessary barrier in the process of selling state land by allowing the GLO to negotiate directly with economic development corporations, rather than having to first sell the land to a city, county, or other political subdivision, which in turn then sells it to the economic development corporation.

Economic development corporations perform many of the same functions as political subdivisions that are already authorized to purchase land directly from the GLO. They are an arm of the city or county and have the authority to buy and sell land. There is no practical reason that they should not be able to purchase land directly from the GLO.

**OPPONENTS
SAY:**

No apparent opposition.

NOTES:

The companion bill, SB 1509 by Lucio, passed the Senate on the Local and Uncontested Calendar on April 26 and was reported favorably, without amendment, by the House Land and Resource Management Committee on May 2, making it eligible to be considered in lieu of HB 3486.