

SUBJECT: Requiring General Land Office to sell certain state lands

COMMITTEE: Land and Resource Management — committee substitute recommended

VOTE: 8 ayes — Oliveira, Kleinschmidt, Anchia, R. Anderson, Garza, Kolkhorst, Lavender, Margo

0 nays

1 absent — Brown

WITNESSES: For — None

Against — None

On — John Barton, Texas Department of Transportation; Hal Croft, General Land Office; Steve Huber and Mike Lacy, Texas Facilities Commission; Keith Yawn, Legislative Budget Board

BACKGROUND: Natural Resources Code, Chapter 31, Subchapter E, establishes a process for disposing of unused or underused state land. It requires the General Land Office to give the governor a list of state agency properties that it has identified as unused or underused and a set of recommended real estate transactions. The governor approves or disapproves the recommendations. If a sale of property is approved, the land commissioner can sell the land. The most recent report was issued in January 2011.

Natural Resources Code sec. 31.158 establishes the process for real estate transactions involving the state.

DIGEST: CSHB 2969 would require the General Land Office to sell certain state properties by August 31, 2013. The proceeds would be deposited in the General Revenue Fund.

The following properties would have to be sold:

Texas Department of Criminal Justice – part of the Estelle Unit in Huntsville, Walker County (895.99 acres) and the Central Unit, Sugar

Land, Fort Bend County. The Central Unit could be sold only if the Legislature did not provide operating funds for it.

Texas Department of Transportation – Bull Creek Camp Hubbard Annex State Headquarters (29.50 acres), Travis County. The GLO could not sell this land until after the agency relocated its operations currently on the property.

Texas Facilities Commission –

- Bull Creek New State Cemetery (46.19 acres), Austin, Travis County;
- Parking Lot 19 (0.79 acres), 203 Martin Luther King Boulevard, Austin, Travis County;
- Service Station (0.23 acres), 1500 San Jacinto Street, Austin, Travis County;
- Parking Garage B/G/Lot 22; and
- Austin Bolm Road Warehouse;

Health and Human Services Commission –

- part of the Abilene State Supported Living Center (33 acres), Abilene, Taylor County;
- part of the Rio Grande State Center (20 acres), Harlingen, Cameron County;
- part of the San Angelo State Supported Living Center (0.32 acres), Carlsbad, Tom Green County;
- Marlin Robert E. Lee Group Home (0.25 acres), Marlin, Falls County; and
- Wortham Twin Circle Group Home (0.34 acres), Wortham, Freestone County.

Parks and Wildlife Department – part of the McKinney Falls Park/State Headquarters (13 acres), Austin, Travis County;

Texas Youth Commission – up to three facilities. Texas Youth Commission property could be sold only if the Legislature reduced agency appropriations so that it could operate a maximum of 1,600 beds..

Department of Aging and Disability Services – one state supported living center. A state supported living center could be sold only if the Legislature did not provide operating funds for a named center.

The bill would take effect September 1, 2011.

**SUPPORTERS
SAY:**

CSHB 2969 would direct the GLO to sell certain state property that is unused or underutilized or may become unused so that the revenue from the sales would be available for fiscal 2012-13. The state is struggling to raise revenue to fund its fiscal 2012-13 budget, and selling the lands described by CSHB 2969 would help with those efforts. The properties listed in the bill have been identified by the GLO as unused or underutilized or house state facilities that may be closed in the fiscal 2012-13 general appropriations act. While the GLO does not need the authorization in CSHB 2629 to sell many of these properties because the governor already has approved the transactions, gubernatorial approval to sell others is pending. The bill would express the will of the Legislature that these properties be sold and allow all the sales to go forward.

The properties listed in CSHB 2969 should be sold by the end of the next biennium because the state needs the revenue, and the funds could be raised without jeopardizing state services. Every dollar raised could help fund the state's fiscal 2012-13 budget. While the sale of the properties in the bill might possibly bring more money in the future, there is no guarantee of that, and the state should not sit on unneeded property when it needs the funds that could be raised by their sale now. There is nothing on the horizon to indicate that the state would make significantly more money from waiting to sell these properties. According to the fiscal note, CSHB 2969 would result in a gain of \$82.3 million in revenue for fiscal 2012-13.

All sales would be governed by the Natural Resource Code and would be conducted under the state's standard rules and procedures for this type of sale. This includes a requirement that sale prices be tied to fair market value. Sales would not occur if they do not meet this requirement, ensuring that the state would not sell property at an inappropriately low price.

CSHB 2969 also would enact special provisions to make accommodations for some of the properties listed in the bill. For example, the Texas Department of Transportation property in central Austin could be sold only after the agency relocated. The agency owns property north of Austin in Cedar Park, and it could move its operations there if directed to do so.

The Central Prison Unit in Sugarland would be sold only if the fiscal 2012-13 general appropriations act did not fund operations of the unit. Decisions about whether the state will have adequate prison capacity to sell the Central Unit are still being made, and CSHB 2969 would implement that decision. CSHB 2969 would handle the Texas Youth Commission property and the sale of a state supported living center in a similar way.

The state need not be concerned with the post-sale zoning and use of these lands, which is the role of local governments.

**OPPONENTS
SAY:**

This may not be the best time to sell the state properties listed in CSHB 2969. The state may be able to raise more money from the sale of these properties by waiting until the market improves. It would be better to take a long view of the sale of state property to gain the best price than to force the GLO to sell them within the next biennium.

**OTHER
OPPONENTS
SAY:**

CSHB 2969 is unnecessary. There is an established process for the sale of state properties that does not require Legislative direction, and GLO already has the approval to sell many of the properties in the bill. It would be best to allow the unused and underutilized land sale process to occur without an inflexible legislative mandate to sell certain properties by a specific deadline.

NOTES:

Rep. Oliveira plans to offer a floor substitute which would add legal descriptions of the properties to the bill.

Article 2 of SB 1811 by Duncan, an omnibus fiscal matters bill passed by the Senate on April 29, also would require the sale of many of the state properties included in HB 2969.