

- SUBJECT:** Specifying the source of liquid propane gas on a seller's disclosure
- COMMITTEE:** Business and Industry — committee substitute recommended
- VOTE:** 8 ayes — Deshotel, Orr, Bohac, Garza, Giddings, S. Miller, Quintanilla, Solomons
- 0 nays
- 1 absent — Workman
- WITNESSES:** For — (*Registered, but did not testify:* Mike Barnett, Texas Association of Realtors)
- Against — None
- On — Robin Lent, HOA Reform Coalition; Nancy Hentschel
- BACKGROUND:** Under Property Code, sec. 5.008, a seller of a single dwelling of residential real estate must provide a written seller's disclosure notice to the purchaser. The disclosure must reveal details concerning the condition of the property, including whether the property has natural gas or liquid propane gas lines.
- DIGEST:** CSHB 3389 would require a seller's disclosure to distinguish whether the gas source of a property fueled by liquid propane gas lines was located on the property or was community based and therefore captive.
- The bill would take effect September 1, 2011, and would apply only to transfers of property occurring on or after that date.
- SUPPORTERS SAY:** CSHB 3389 is a consumer protection measure that would increase transparency for home buyers. In some areas of Texas where natural gas is unavailable, developers have installed underground propane piping from a single large propane tank to serve individual homes in a subdivision. Many buyers are unaware of the implications of being part of a captive community propane system. Propane gas is an unregulated energy source in Texas, and these consumers are subject to significant rate increases.

Some deed restrictions prohibit the buyer from switching to electric appliances, and homeowners in a captive system often do not realize that they will be unable to choose their gas company.

CASHB 3389 would apply only to homes for resale because that is what the Property Code governs. New construction is contractually based and not statutorily based.

**OPPONENTS
SAY:**

The seller's disclosure in this bill would apply only to the resale of homes and not to bank-owned properties. Buyers of new homes or bank-owned properties are entitled to the same level of awareness and transparency regarding the type of gas fueling their property.

NOTES:

The committee substitute differs from the original with a provision specifying that a community-based liquid propane source is captive.