

SUBJECT: Creating approval process for property deals by certain state agencies

COMMITTEE: State Affairs — favorable, without amendment

VOTE: 11 ayes — Phelan, Deshotel, Guerra, Harless, Holland, Hunter, P. King, Parker, Raymond, Smithee, Springer

0 nays

2 absent — Hernandez, E. Rodriguez

SENATE VOTE: On final passage, April 4 — 30-1 (Watson)

WITNESSES: *On House companion bill, HB 3189:*
For — (*Registered, but did not testify:* Daniel Gonzales, Texas Realtors; Iona Griffith)

Against — None

BACKGROUND: Agencies with self-directed semi-independent (SDSI) status are governed under Government Code ch. 472, Finance Code ch. 16, and Occupations Code ch. 1105. These agencies include:

- the Texas State Board of Public Accountancy;
- the Texas Board of Professional Engineers;
- the Texas Board of Architectural Examiners;
- the Texas Department of Banking;
- the Department of Savings and Mortgage Lending;
- the Office of Consumer Credit Commissioner;
- the Credit Union Department; and
- the Texas Real Estate Commission and its independent subdivision, the Texas Appraiser Licensing and Certification Board.

The budget of an agency with SDSI status is governed by the agency's own governing board and not by the general appropriations act, and the

agency may not incur costs to the general revenue fund.

DIGEST:

SB 646 would require a state agency that had self-directed semi-independent (SDSI) status under state law to obtain written authorization from the governor before allocating money to purchase real property or to construct a building on real property.

The bill would not limit the authority of the Legislature under other law to authorize construction projects or the purchase of real property.

To apply for authorization under the bill, an SDSI agency first would be required to submit to the Texas Facilities Commission a detailed description of the proposed property purchase or construction project, an explanation why the agency needed the purchase or project, and a request for an analysis by the commission of any available state property or building that would satisfy the agency's need. The agency would submit the analysis to the governor.

The agency also would submit to the governor a request for written authorization for the property purchase or construction project that included a detailed description of the purchase or project, the total amount of money required to complete the purchase or project, and the agency's justification for the project.

The bill would require an SDSI agency that received written authorization from the governor to collaborate with the Texas Facilities Commission on the purchase or project and to notify the commission and the General Land Office on completion of the purchase or project.

The bill would authorize the governor to adopt rules to implement the bill, including initial rules in the manner provided by law for emergency rules.

If an SDSI agency already had allocated money for a property purchase or construction project before the effective date of the bill but had not completed the purchase or begun the construction, the agency would be required by January 1, 2020, to make a report to the governor on the

purchase or project and to obtain written authorization before allocating additional money for it.

The bill would take effect September 1, 2019.

**SUPPORTERS
SAY:**

SB 646 would provide a uniform procedure for all state agencies with self-directed semi-independent (SDSI) status to purchase property or construct projects.

During its 2018-2019 Sunset review cycle, the Sunset Advisory Commission found that the Texas Real Estate Commission (TREC), one of the state's SDSI agencies, had been allocating revenue into its building reserve fund at the expense of core services. In its review, Sunset concluded that TREC should have its statutory purchasing and constructing authority eliminated. By requiring the approval of the governor for a property purchase or construction project, this bill would ensure that TREC and other SDSI agencies still could pursue these projects, without compromising funding for core services.

SB 646 also would encourage a more responsible approach in utilizing state-owned resources by requiring SDSI agencies to work with the Texas Facilities Commission to identify building needs and the availability of state-owned property that may satisfy those needs.

**OPPONENTS
SAY:**

SB 646 conflicts with the general purpose and idea behind self-directed semi-independent status (SDSI) agencies. An agency with SDSI status should not need outside approval to buy property, but if such approval is to be required, then it should be from the Legislature, not the governor, since the Legislature generally holds budgeting authority.

The bill also lacks any time frame for when the Texas Facilities Commission and governor would need to respond to an SDSI agency seeking to buy property or construct a building. This could prevent an agency from acting in a timely way on a real estate opportunity, especially in a fast-moving property market such as Austin.