

- SUBJECT:** Allowing certain navigation districts to sell leased real property to lessee
- COMMITTEE:** Transportation — committee substitute recommended
- VOTE:** 12 ayes — Canales, E. Thompson, Ashby, Bucy, Davis, Harris, Lozano, Martinez, Ortega, Perez, Rogers, Smithee
- 0 nays
- 1 absent — Landgraf
- WITNESSES:** For — Tony Chovanec, Enterprise Products Partners L.P.; (*Registered, but did not testify*: Michael Lozano, Permian Basin Petroleum Association; Shana Joyce, Texas Oil and Gas Association)
- Against — None
- BACKGROUND:** Interested parties have called to allow Texas ports to use private funds received through the conveyance of land to a long-term lessee to expedite federally financed projects to deepen and widen ship channels.
- DIGEST:** CSHB 3713 would allow certain navigation districts, to the extent that the district had entered into a surface lease with an original term of at least 20 years, to sell the land, improvements, easements, and any other interests in the real property or part of the property to the surface lease counterparty.
- The land, improvements, easements, and any other interests in real property could be conveyed without complying with certain notice and bidding requirements. The sale would have to be:
- approved by the port commission;
  - executed by the chair of the port commission;
  - attested by the executive director of the district; and
  - made for an amount that was not less than the sum of the reasonable market value of the property.

The bill would apply only to a district that controlled a ship channel or waterway that was the subject of a project that had been authorized or modified by the U.S. Congress in the Water Resources Development Act of 2016 or 2020. Money received from the sale in excess of the sum of the reasonable market value of the property and the amount of rent due for the unexpired term of the lease could be used only for the purposes of such a project.

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, 2021. The bill would apply only to a lease entered into before the effective date.