

## **BILL ANALYSIS**

Senate Research Center

C.S.H.B. 2044  
By: McReynolds (Staples)  
Natural Resources  
5/21/2003  
Committee Report (Substituted)

### **DIGEST AND PURPOSE**

Currently, Chapter 31 (General Land Office), Natural Resources Code, fails to explain the general powers and duties of the General Land Office (GLO) regarding real estate transactions dealing with state real property. C.S.H.B. 2044 clarifies the General Land Office's powers and duties concerning the accounting and disposition of state-owned real property.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the General Land Office in SECTION 16 (Section 31.1573, Natural Resources Code) of this bill.

Rulemaking authority is expressly granted to the commissioner of the General Land Office in SECTION 31 (Section 51.507, Natural Resources Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 31.001, Natural Resources Code, as follows:

Sec. 31.001. DEFINITIONS. Defines "appraiser," "board," "commissioner," "division," "evaluation report," "exchange," "governor's report," "institution of higher education," "land office," "market value," "political subdivision," "real estate transaction," "real property owned by the state," "state," and "state agency."

SECTION 2. Amends Section 31.013(b), Natural Resources Code, to require the General Land Office (GLO) to pay the expenses necessary and incidental to the execution of the bonds.

SECTION 3. Amends Sections 31.016 and 31.017, Natural Resources Code, as follows:

Sec. 31.016. ABSTRACT CLERK. Sets forth that one of the duties of the abstract clerk is to correct the abstracts of surveyed real property, rather than land, among other duties required by the commissioner of the GLO (commissioner).

Sec. 31.017. New heading: RECEIVER. (a) and (b) Make conforming changes.

SECTION 4. Amends Section 31.018(c), Natural Resources Code, to require the translator to translate into English any laws and public contracts relating to titles to real property, rather than land, and any original titles or papers which are written in the Spanish language and which are filed in the land office. Deletes text referring to recording in a book laws and public contracts.

SECTION 5. Amends Section 31.019, Natural Resources Code, as follows:

Sec. 31.019. New heading: SURVEYORS. (a) Makes conforming changes.

(b) and (c) Make conforming changes and replace gender specific designations with

gender neutral designations.

SECTION 6. Amends Section 31.051, Natural Resources Code, to make conforming changes.

SECTION 7. Amends Section 31.052(a), Natural Resources Code, to make a conforming change.

SECTION 8. Amends Sections 31.054, 31.055, 31.056, 31.057, 31.058, 31.059, and 31.060, Natural Resources Code, as follows:

Sec. 31.054. New heading: PUBLIC ACCESS TO AND REMOVAL OF PAPERS. (a) Requires any person who desires to examine any paper, record, or file to make a written request on a form and according to procedures prescribed by the commissioner. Authorizes the commissioner to establish procedures as reasonably necessary to maintain the integrity of the records. Deletes text referring to obtaining written consent from the commissioner, and the chief clerk examining and filing the papers. Deletes the heading and designation of Sec. 31.005.

(c) Redesignates this subsection from the original Section 31.005(b). Deletes the original Section 31.005(c) referring to prohibiting the commissioner from permitting any person to obtain an official copy of the paper if there are doubts about the genuineness of any transfer of a paper on file in the commissioner's office.

Sec. 31.056. New heading: REVISION, COMPILATION, AND PRINTING OF ABSTRACTS. (a) Makes a conforming change.

(b) Makes no changes to this subsection.

(c) Authorizes the commissioner to distribute to the officers of the state who require its use but have not previously received a set, one complete set of the abstracts, as supplemented, of patented, titled, and surveyed real property. Authorizes the commissioner to distribute to officers of counties who are required to use abstracts copies of supplementary abstracts. Deletes text referring to the commissioner selling surplus volumes.

(d) Authorizes the commissioner to provide the abstracts and supplementary abstracts electronically. Deletes text requiring any money received from the sale of surplus volumes to be deposited in the general revenue fund.

(e) Authorizes the commissioner to make available, rather than have, a sufficient number of volumes and supplementary abstracts of patented, titled, and surveyed real property to meet the demand. Deletes the requirement that the supplementary abstracts be printed.

(f) Requires the GLO to pay the cost of the abstracts and the supplementary abstracts from its appropriated funds. Deletes the requirement that the printing and binding be done exclusively in the State of Texas.

(g) Authorizes copies of the abstracts and supplementary abstracts to be sold at a reasonable price to any person who applies for a copy. Requires the commissioner to deposit any money received from the sale of surplus volumes and supplementary abstracts to the credit of the General Revenue Fund. Deletes the original Section 31.057(a) and (b) prohibiting the commissioner from having more than 1,500 copies of supplementary abstracts requiring the printing cost to be paid by the GLO printing appropriation.

Sec. 31.058. RECEIVING FUNDS. (a) Requires the receiver, rather than the receiving clerk, to receive funds required by law to be paid to the commissioner and, on request, to give to each person who deposits money a receipt, rather than a certificate of deposit, stating the amount, the name of the person, and a description of the purpose of the remittance, rather than the type of claim on which the deposit was made.

(b) Makes no changes to this subsection.

(c) Makes a conforming change.

Sec. 31.059. New heading: RECEIVER'S BOOKS. (a) Sets forth the information the receiver is required to enter in the books of the office. Deletes the number of claims from the list of information to be entered in the receiver's books

(b) Requires the receiver to keep letters and other vouchers filed in neat and regular order and number corresponding with the books of the office.

(c) Requires the receiver to report to the comptroller and pay in kind funds in the receiver's possession which are due to the state in accordance with the Government Code. Deletes the requirements that the in kind funds be paid on the last day of each month and that the receiver receive a receipt in his own name.

(d) Deletes the requirement that the receiver indicate the amount of specie or the amount of currency or other funds paid. Makes conforming changes.

(e) Requires the receiver, on removal from office or resignation, to turn over the books of the office, accounts, and money to the appointed successor or to the commissioner and to receive a receipt for them. Replaces gender specific designations with gender neutral designations. Deletes the requirement that the successor be qualified.

Sec. 31.060. FINANCIAL REPORT. Requires the commissioner, rather than the receiving clerk, on or before the meeting of the legislature, to prepare and furnish to the governor a correct report of the condition of the office, including the amount of money received, the type of claim, the amount of money paid out, and the type of payment. Replaces gender specific designations with gender neutral designations.

SECTION 9. Amends Section 31.064, Natural Resources Code, to delete the requirement that amount of reasonable fees be determined by the commissioner. Includes any other provided services and products in the list of services and products for which the commissioner is required to set and collect reasonable fees.

SECTION 10. Amends Section 31.065(c), Natural Resources Code, to specify that the property authorized for exchange in a certain manner under certain circumstances is real property suitable for that purpose.

SECTION 11. Amends Section 31.066(b), Natural Resources Code, to replace a reference to the Texas Natural Resource Conservation Commission with a reference to the Texas Commission on Environmental Quality, which is required to provide for maintenance of the real property in a certain manner following state assumption of ownership.

SECTION 12. Amends Section 31.067, Natural Resources Code, as follows:

Sec. 31.067. New heading: AUTHORITY TO SELL CERTAIN AGENCY REAL PROPERTY. Authorizes the division to sell any real property acquired on behalf of the state pursuant to Section 402.025 (Property Transactions), Government Code. Requires sale of

such real property to be conducted in accordance with the provisions of Section 31.158 of this code unless otherwise provided by law.

SECTION 13. Amends Subchapter C, Chapter 31, Natural Resources Code, by adding Sections 31.0671 and 31.0672, as follows:

Sec. 31.0671. **AGENCY AUTHORITY TO SELL OR EXCHANGE REAL PROPERTY.** Authorizes any state agency or political subdivision to directly sell or exchange real property to which it holds title with the School Land Board for the benefit of the permanent school fund if the sale or exchange is for market value. Provides that Section 272.001 (Notice of Sale or Exchange of Land by Political Subdivisions; Exceptions), Local Government Code, does not apply to an exchange under this section. Requires a political subdivision to provide the governor with advance notice of a proposed sale or exchange under this section, and requires the notice to be sent to the governor at least 30 days before the transaction may be effected. Authorizes the governor to disapprove any sale or exchange of real property by a state agency under this section prior to the sale or exchange. Requires the state agency contemplating a sale or exchange under this section to submit to the governor a formal request for approval. Authorizes the state agency to conduct the sale or exchange unless the governor gives the state agency written notice disapproving the sale or exchange. Requires the governor to provide written notice of disapproval under this section not later than the 30th day after the date the governor receives the written request for approval.

Sec. 31.0672. **AUTHORITY TO CONDUCT CERTAIN REAL PROPERTY TRANSACTIONS.** (a) Authorizes the division to directly sell to a political subdivision any real property owned by the state that the legislature has authorized or the governor has approved for sale under Subchapter E (Real Property Accounting and Management) if the commissioner determines the sale is in the best interest of the state.

(b) Requires the governor to approve any sale of real property under this section. Provides that failure of the governor to approve the sale constitutes a veto of the transaction.

(c) Requires a sale of real property under this chapter to be for market value and under other terms and conditions the commissioner determines to be in the best interest of the state.

SECTION 14. Amends Section 31.068(a), Natural Resources Code, make a conforming change.

SECTION 15. Amends Sections 31.153, 31.154, 31.155, 31.156, 31.157, and 31.1571, Natural Resources Code, as follows:

Sec. 31.153. New heading: **REAL PROPERTY ACCOUNTING AND RECORDS.** (a) Makes a conforming change.

(b) Sets forth the required information in the record and deletes existing language requiring the division to request the record. Deletes language limiting the description of certain uses of property to during the next 15 years. Makes conforming changes.

(c) Authorizes the division, if the description of real property required under this section is excessively voluminous, to direct the agency in possession of the real property to furnish the description only in summary form, as agreed to by the division and the state agency involved. Deletes parkland as an example and makes a nonsubstantive change.

(d) Requires each state agency to furnish the Texas Historical Commission with a

photograph and information that specifies and identifies the age of each building that meets certain criteria, annually at the time set by the division.

(e) Requires each state agency, on request, to provide the division with any photographs and information furnished to the Texas Historical Commission under this section.

Sec. 31.154. New heading: REAL PROPERTY INVENTORY. Deletes the specification that the information used to compile the inventory records be submitted to the division under Sections 31.153 and 31.155 of this subchapter.

Sec. 31.155. SPECIAL STATUS OF CERTAIN AGENCIES. (a) Provides that the division is not responsible for maintaining the inventory records, as provided by Section 31.154, of the real property administered by certain agencies. Deletes a reference to the Texas National Research Laboratory Commission and makes a conforming change.

(b) Requires the division to maintain the inventory records of the former Texas National Research Laboratory Commission, to the extent possible, and provides that the division is responsible for the disposal of any real property interests held by the former commission as provided by Subchapter G (Super Collider Site). Makes a conforming change.

(c) Authorizes, rather than requires, the division to review and verify the Texas Department of Transportation's (TxDOT) records and make recommendations regarding TxDOT's real property, and requires the commissioner to prepare a report involving TxDOT's real property to the same extent that the division and commissioner perform these functions with regard to the records and real property of other state agencies. Deletes references to the National Research Laboratory Commission's records and real property.

(d) Redefines the list of properties to which the duty under this subchapter of the division to review and verify real property records and to make recommendations regarding real property and of the commissioner to prepare a report involving real property does not apply, as inclusive.

(e) Sets forth the properties to which the duties of the division to make recommendations regarding real property and of the commissioner to prepare a report involving real property under this subchapter do not apply.

Sec. 31.156. New heading: REAL PROPERTY REVIEW. (a) Makes no changes to this subsection.

(b) Requires the division to identify real property owned or controlled by the state that is not being used or is being substantially underused and make recommendations to the commissioner regarding the use of the real property or a real estate transaction involving the real property. Deletes text referring to the division's requirements to provide a list and appraisal of certain properties to the Texas Department of Housing and Community Affairs (TDHCA) within a certain time frame.

(c) Redesignates this subsection from Subsection (f). Requires the division's recommendations to include an analysis of the highest and best use to which the real property may legally be placed and also to include alternative uses of the real property addressing potential for commercial or agricultural lease of the real property or any other real estate transaction or use that the division may deem to be in the best interest of the state. Deletes text referring to including a recommendation that title to a certain

property designated as suitable for affordable housing be transferred to an appropriate political subdivision in a recommendation. Deletes the requirements that the division solicit proposals and accept any unsolicited proposals about real estate transactions involving the property that would be of significant benefit to the state.

(d) Redesignates this subsection from Subsection (g). Requires the division to submit to the commissioner any information pertinent to the evaluation of a real estate transaction involving the real property, including the market value of the real property, current market conditions, and a separate evaluation of any proposals received from private parties that would be of significant benefit to the state, rather than including that information with the preceding information. Deletes the specification that the above occur upon completion of a review. Deletes the requirement that the division submit an evaluation of the lease potential of the property if it submits an evaluation of a sale of property.

(e) Redesignates this subsection from Subsection (h). Requires the division, in any year that the division will evaluate real property under the management and control of the adjutant general's department (department) or the Texas Military Facilities Commission, rather than the Texas National Guard Armory Board, to notify the department and the commission before the division begins the evaluation. Makes a nonsubstantive change.

Sec. 31.157. New heading: EVALUATION REPORT. (a) Requires the commissioner to prepare a draft evaluation report, which shall include the results and findings of the evaluation of the real property owned by the state required under Section 31.156. Deletes text referring to a proposed real estate transaction involving the real property incorporating.

(b) Requires the draft report to be submitted to the Texas Building and Procurement Commission (TBPC), rather than the State Purchasing and General Services Commission, which is required to further evaluate the potential use of the real property by another state agency. Deletes department as an entity that could use the real property. Requires GLO to submit a draft report to each agency that owns or holds in trust property that is the subject of the draft report. Deletes the requirement that this be done at the same time as it is furnished to TBPC. Authorizes TBPC to make additional recommendations regarding the use of the real property. Deletes text referring to TBPC's authorization to comment on any findings or recommendations made by the commissioner. Authorizes the state agency that owns or controls real property named in the report to comment on any findings or recommendations made by the commissioner. Requires TBPC and any state agency that owns or controls real property named in the report to complete a review, rather than the review, of the draft report within 60 days of the receipt of the report and forward all recommendations and comments to the commissioner. Makes nonsubstantive changes.

(c) Requires the commissioner to prepare and issue a final evaluation report that incorporates any recommendations of the TBPC regarding the potential use of the real property by another state agency and any comments from any state agency that owns or controls property named in the report. Deletes text referring to the division and the transfer of title to the property to a political subdivision for use as affordable and accessible housing. Deletes text referring to incorporating any recommendations of TBPC regarding the use of the property and addressing any comments received from TBPC.

(d) Makes a conforming change.

(e) Makes no changes to this subsection.

(f) Prohibits properties reported as not being used or being substantially underused under this section from being annexed by a political subdivision of the state without prior written approval of the commissioner.

(g) Requires a state agency that owns or controls real property identified in the evaluation report as not being used or being substantially underused to notify the land office 30 days before any planned development, acquisition, disposition, lease, or exchange of the real property, including any planned construction of new improvements or a major modification to an existing improvement. Deletes text referring to a requirement that an evaluation of a sale property include an evaluation of its lease potential. Deletes text referring to reporting an unused or underused property for recommendation to the governor for a real estate transaction. Deletes existing Section 31.1571, titled "DISPOSAL OF UNUSED OR UNDERUSED PROPERTY."

(h) Requires each state agency owning real property identified in the evaluation report as unused or substantially underused to provide to GLO, within 30 days of the land office's request, information on the status of those properties. Sets forth the content of a list required to be included in the report.

(i) Authorizes the division to solicit proposals and requires it to accept unsolicited proposals regarding real estate transactions involving real property that would be of significant benefit to the state.

Sec. 31.1571. GOVERNOR'S REPORT. (a) Authorizes the commissioner, at any time, to make a report to the governor recommending real estate transactions or other actions involving any real property included in the most recent evaluation report and identified as not used or substantially underused.

(b) Requires the commissioner, after recommending a real estate transaction to the governor under this section, to notify the state agency that owns or controls the real property and TDHCA. Authorizes the state agency and TDHCA, not later than the 60th day after the date the written recommendation is received, to file with the governor their comments on or objections to the recommendation.

(c) Requires TDHCA, if the commissioner recommends a real estate transaction to the governor involving real property identified as not used or substantially underused and the division's analysis of the highest and best use for the real property is determined to be residential, to evaluate the property and identify any property suitable for affordable housing. Requires TDHCA to submit comments concerning any property suitable for affordable housing and any documents supporting the comments to the governor not later than the 60th day after the date it receives the report prepared under this section.

(d) Prohibits real property that the commissioner has reported as unused or substantially underused and recommended for a real estate transaction, notwithstanding any other law, from being developed, sold, or otherwise disposed of by the state agency that owns or controls the real property before the earlier of the date the governor rejects a recommended real estate transaction involving the real property, or two years from the date the recommendation is approved, unless extended by the governor. Deletes references to Subchapter I and makes a conforming change.

(e) Redesignates this subsection from Subsection (b). Authorizes the governor, if a state agency that owns or controls real property reported as unused or substantially underused intends to dispose of or change the use of the real property prior to the time provided by Subsection (d), to require, rather than requiring a state agency to submit a plan, a general development plan for future use of the real property or any other

information. Authorizes the governor at any time, to request that the state agency provide its general development plan or any other information to GLO for evaluation and authorizes the governor to consult with the commissioner. Makes a conforming change.

(f) Authorizes the commissioner to conduct the transaction, unless the governor gives the commissioner written notice disapproving the recommendation. Requires the governor to provide written notice of disapproval under this subsection not later than the 90th day after the date the governor receives the commissioner's written recommendation.

SECTION 16. Amends Subchapter E, Chapter 31, Natural Resources Code, by adding Sections 31.1572 and 31.1573, as follows:

Sec. 31.1572. MINERAL CONVEYANCE REQUIRED FOR CERTAIN SALES. Requires the Texas Parks and Wildlife Department (TPWD), if TPWD enters into a contract to sell real property it owns or is under its control to a private entity, to convey the mineral rights to the property by an appropriate instrument of transfer to the permanent school fund before transferring title to the property to the private entity.

Sec. 31.1573. REAL ESTATE TRANSACTIONS AUTHORIZED BY GOVERNOR. (a) Requires GLO to take charge and control of real property as necessary to conduct and close a real estate transaction authorized by the governor.

(b) Authorizes the expenses incurred by GLO in conducting a real estate transaction, including the payment of reasonable brokerage fees, to be deducted from the proceeds of the transaction before the proceeds are deposited. Authorizes GLO to adopt rules relating to the payment of reasonable brokerage fees.

(c) Sets forth where the proceeds of the transaction are required to be deposited, unless otherwise dedicated by the Texas Constitution.

(d) Requires the grant of an interest in real property owned by the state under this section to comply with the requirements of Section 31.158 to the extent the requirements do not conflict with a recommendation in the governor's report under Section 31.1571, and to be conveyed by an instrument signed by the commissioner and, if the governor's approval is required, by the governor.

SECTION 17. Amends Subchapter E, Chapter 31, Natural Resources Code, by amending Section 31.158 and adding Section 31.1581, as follows:

Sec. 31.158. New heading: REAL ESTATE TRANSACTIONS AUTHORIZED BY LEGISLATURE. (a) Deletes real property held in trust as property the division is required to take possession and control of if the legislature authorizes a real estate transaction involving certain categories of property. Makes conforming changes.

(b) Makes no changes to this subsection.

(c) Sets forth the manner in which the division shall transact the sale or lease of state real property, unless the enabling legislation or general law authorizing the real estate transaction specifies a different procedure. Makes a conforming change.

(d) Authorizes the division to contract for the services of a real estate broker or a private brokerage or real estate firm in the course of a real estate transaction under this section if the commissioner determines contracting for those services is in the best

interest of the state.

Sec. 31.1581. TRANSFER OF REAL PROPERTY FOR USE AS AFFORDABLE HOUSING. (a) Creates this subsection from existing text. Requires the division, if the legislature authorizes or the governor approves the transfer of title to real property to an entity, rather than a political subdivision, for use as affordable, rather than affordable and accessible, housing, to take possession and control of the real property and to conduct the transaction as provided by the policy adopted under Subsection (b). Makes conforming changes.

(b) Redesignates this subsection from Section 31.158(e). Makes conforming changes.

SECTION 18. Amends Subchapter E, Chapter 31, Natural Resources Code, by adding Section 31.1585, as follows:

Sec. 31.1585. CERTAIN PROCEEDS. Requires proceeds from the sale of real property purchased with general revenue funds that was recommended for sale by the division and not disapproved for sale by the governor during the calendar years 1995 through 2002, notwithstanding any other law, to be deposited in the unobligated portion of the general revenue fund and authorizes it to be appropriated only to the state agency that possessed the property at the time of the sale for use by the state agency in performing its duties.

SECTION 19. Amends Section 31.159, Natural Resources Code, as follows:

Sec. 31.159. FIRST OPTION TO PURCHASE. (a) Provides that the School Land Board (board) has a first option to purchase real property authorized for sale by the legislature or the governor. Authorizes the board to exercise its option by tendering cash for market value as mutually agreed on by the board and the state agency that owns the real property, but prohibits the purchase price from being less than market value. Authorizes the division, for purposes of this section, to request more than one appraisal to determine market value. Requires the board and the state agency that owns the real property, if the parties cannot agree on a value, to follow the procedures provided by Subsections (d) and (e). Prohibits the board from paying more than market value.

(b) Requires the division to inform the board of the proposed sale and its first option to purchase state agency real property. Requires the division, if the board decides to exercise its option under this section, to appoint an appraiser not later than the 30th day after the date the board notifies the division of its decision.

(c) Requires the board to complete the cash purchase not later than the 120th day after the date the board exercises its first option to purchase. Authorizes the division, if the board fails to complete the purchase within the time permitted, to extend the time for completing the purchase or disposing of the real property as authorized by the legislature or approved by the governor.

(d) Requires the board, if the state agency that owns the real property disputes the market value, to request a second appraisal. Requires the division, if the board fails to request a second appraisal, to appoint a second appraiser not later than the 21st day after the date the state agency notifies the board that it disputes the market value. Requires the two appraisers, on completion of the second appraisal, to meet promptly and attempt to reach agreement on the market value. Requires GLO, if the two appraisers fail to reach agreement within 10 days of the meeting, to request a third appraiser to reconcile the two previous appraisals. Prohibits the determination of value by the third appraiser from being less than the lower or more than the higher of the first two appraisals. Provides that the market value determined by the third appraiser is final and binding on all parties.

(e) Authorizes the division to appoint an appraiser employed by GLO for the performance of any one of the required appraisals. Requires any other appraiser employed under this section to be selected in accordance with Subchapter A, Chapter 2254 (Professional Services), Government Code. Requires the party requesting the appraisal to award the appraisal services contract to the provider of professional services after considering the factors identified in Chapter 2254 (Professional and Consulting Services), Government Code. Requires the division to pay the expenses of appraisal. Deletes text referring to the board's first option to purchase the real property by cash at current fair market value and the established process of purchasing and determining fair market value of said land.

SECTION 20. Amends Section 31.161, Natural Resources Code, as follows:

Sec. 31.161. DEVELOPMENT PLAN. (a) Authorizes the division to promulgate, rather than the governing board or chief executive officer of the agency or institution possessing the land requesting the division to promulgate, a development plan on the real property, if the state intends to conduct, rather than if the legislature authorizes, a sale or lease for nongovernmental purposes of real property land belonging to the state, to the permanent school fund, or to any of the dedicated funds of the state, other than the permanent university fund, or any other real property lands subject to the administration and control of the board of regents of The University of Texas System. Deletes text referring to action being taken before land is offered for sale or lease. Makes conforming changes.

(b) Makes conforming changes.

(c) Requires the plan to address local land use planning ordinances, which may include certain provisions. Deletes text referring to such provisions as are necessary to implement the purposes of this section. Makes conforming and nonsubstantive changes.

(d) Requires the plan to comply with existing rules, regulations, orders, or ordinances for real property land development to the extent such rules, regulations, orders, or ordinances are not detrimental to the interests of the state as determined by the special board of review.

SECTION 21. Amends Sections 31.1611(a), (b), and (d), Natural Resources Code, as follows:

(a) Requires the division to provide the local government with information relating to the highest and best use of the real property as provided in the division's report under Section 31.157, as well as certain additional information. Deletes text referring to property being legally placed.

(b) Makes nonsubstantive and conforming changes.

(d) Makes conforming changes.

SECTION 22. Amends Sections 31.162(a), (b), (e), and (f), Natural Resources Code, as follows:

(a) Makes conforming changes.

(b) Requires the local government to evaluate the plan and either accept or reject the plan no later than the 120th day, rather than six months, after the date the division submits the plan. Makes conforming changes.

(e) Authorizes the division, if the plan is rejected by the affected local government, to modify the plan to conform to the ordinances specifically identified by the local government and resubmit the plan for approval, or authorizes the commissioner to apply for necessary rezoning

or variances from the local ordinances. Makes a conforming change.

(f) Makes conforming changes.

SECTION 23. Amends Section 31.163, Natural Resources Code, as follows:

Sec. 31.163. REZONING. (a) Authorizes the division or its designated representative, if the plan would require zoning inconsistent with any existing zoning or other land use regulation, to at any time submit a request for rezoning to the local government with jurisdiction over the real property in question.

(b) and (c) Make conforming changes.

SECTION 24. Amends Section 31.165, Natural Resources Code, as follows:

Sec. 31.165. New heading: SPECIAL BOARD OF REVIEW. (a), (b), (c), and (d) Make conforming and nonsubstantive changes.

SECTION 25. Amends Sections 31.166(b), (c), (d), (e), (f), and (g), Natural Resources Code, as follows:

(b) and (c) Make conforming changes.

(d) Requires any political subdivision in which the tract in question is located and the appropriate central appraisal district to receive written notice of board hearings at least 14 days prior to the hearing.

(e), (f), and (g) Make conforming changes.

SECTION 26. Amends Sections 31.167(a) and (c), Natural Resources Code, to make conforming changes.

SECTION 27. Amends Section 31.307, Natural Resources Code, to make conforming changes.

SECTION 28. Amends Sections 31.308(b) and (c), Natural Resources Code, as follows:

(b) Requires the commissioner to convey the state's interest in the subsurface estate underlying the surface estate of real property used as the site for the superconducting super collider research facility if the owner of the surface estate pays a sum equal to the market value, rather than the fair market value, of the subsurface estate as determined by the commissioner.

(c) Makes a conforming change.

SECTION 29. Amends Section 31.309, Natural Resources Code, as follows:

Sec. 31.309. New heading: PREFERENCE RIGHT TO PURCHASE CERTAIN REAL PROPERTY. (a) and (b) Make conforming changes.

(c) and (d) Makes no changes to these subsections.

SECTION 30. Amends Subchapter B, Chapter 11, Natural Resources Code, by adding Section 11.0111, as follows:

Sec. 11.0111. LOCATION OF COASTAL BOUNDARIES. (a) Requires the commissioner to have the area between the coastline of the Gulf of Mexico and the Three

Marine League line compiled and platted and locate and set the boundary lines between the coastal counties from the coastline to the Three Marine League line.

(b) Requires the commissioner to locate and set the boundary lines between the counties from the coastline to the Three Marine League line in accordance with established engineering practice.

(c) Requires the legal description of the boundary lines set between the counties from the coastline to the continental shelf to be filed and recorded in the office of the county clerk of the affected county.

SECTION 31. Amends Chapter 51, Natural Resources Code, by adding Subchapter J, as follows:  
SUBCHAPTER J. GRANTS

Sec. 51.501. APPLICATION FOR GRANT. Authorizes a lessee of real property owned by the permanent school fund and used for grazing or agricultural purposes to apply to the commissioner for a grant to construct a permanent improvement on the leased property.

Sec. 51.502. SOURCE OF GRANT MONEY. Requires a grant under this subchapter to be made from money collected for surface damages under Sections 52.297 (Compensation for Damage from Use of Surface) and 53.155 (Compensation for Damages from Use of Surface).

Sec. 51.503. APPRAISAL REQUIRED. (a) Requires an appraiser employed by the land office, before a grant is made under Section 51.501, to appraise the effect of the improvement for which a grant is sought on the value of the permanent school fund property.

(b) Authorizes the commissioner, if the appraiser finds that the improvement will increase the value of the real property in an amount at least equal to the amount the improvement will cost, to authorize the disbursement of money to construct the improvement.

Sec. 51.504. EVIDENCE OF EXPENDITURE REQUIRED. Requires the commissioner to require each lessee who receives a grant to provide copies of receipts, vouchers, or other evidence of expenditures for the improvement.

Sec. 51.505. IMPROVEMENTS: REAL PROPERTY OF PERMANENT SCHOOL FUND. Provides that any improvement constructed with money disbursed under this subchapter is the real property of the permanent school fund.

Sec. 51.506. MAINTENANCE. Requires the commissioner, as a condition for a grant under this subchapter, to require the grantee to agree in writing to maintain the improvement in a manner that will protect the best interest of the permanent school fund.

Sec. 51.507. RULES. Requires the commissioner to adopt rules as necessary to administer this subchapter, including rules establishing a procedure for applying for a grant under Section 51.501 and for monitoring the maintenance of the improvement.

SECTION 32. Amends Chapter 53, Title 2, Natural Resources Code, by adding Section 53.163, as follows:

Sec. 53.163. GROUNDWATER. Provides that, unless otherwise expressly provided by statute, deed, patent, or other grant from the State of Texas, groundwater shall not be considered a mineral in any past or future reservation of title or rights to minerals by the State of Texas.

SECTION 33. Repealer: (1) Sections 31.061 (Examination of Books), 31.062 (Embezzlement), 31.063 (Location of Coastal Boundaries), 31.151 (Definitions), 31.152 (Asset Management Division), 31.160 (Information for Texas Historical Commission), 31.301 (Authority to Trade Permanent School Fund and Permanent University Fund Land), 31.302 (Appraised Value), 31.303 (Deed), 31.304 (Land Acquired), 31.305 (Mineral Rights), and 31.306 (Reports to Legislature), Natural Resources Code;

(2) Subchapter F (Grants), Chapter 31, Natural Resources Code; and

(3) Subchapter I (Real Estate Transaction not Authorized by Legislature), Chapter 31, Natural Resources Code.

SECTION 34. Effective date: upon passage or September 1, 2003.