

BILL ANALYSIS

Senate Research Center
80R3307 MCK-F

S.B. 771
By: Van de Putte
Natural Resources
3/19/2007
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

There are three areas in which the General Land Office (GLO) can use its authority to engage in real estate transactions with executory contracts for conveyance: the Veterans Land Board (VLB), the Permanent School Fund (PSF), and the sale of underutilized state agency property. VLB land transactions are in the form of executory contracts, and VLB has determined that using such contracts is the most efficient and cost-effective way to run the program. PSF and state agency property may also be sold using these contracts.

Opportunistic developers and landowners have used executory contracts to take advantage of buyers, and in response, the legislature has passed restrictions on the use of such contracts, including fees and penalties for failure to comply with the restrictions. Historically, VLB and GLO have sought and received exemption from many of these restrictions because they do not engage in the types of practices that require legislative control and the changes required by these laws would increase costs to the state and, ultimately, to the veterans who use VLB loans. The additional cost of administering new processes to comply with these regulations would raise the cost of processing and servicing VLB loans and could subject the state to various penalties. There may also be conflicts between the requirements of such regulatory laws and notices of disclosures related to land sales in general or the requirements of the Natural Resources Code, which controls GLO and VLB sales.

As proposed, S.B. 771 exempts GLO, VLB, and the School Land Board from current and future statutory regulations unless the statute specifies its application to those entities.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter A, Chapter 31, Natural Resources Code, by adding Section 31.002, as follows:

Sec. 31.002. EXEMPTION FROM CERTAIN REAL ESTATE TRANSACTION LAWS. (a) Provides that certain statutes set forth in this subsection do not apply to the General Land Office (office), unless statutorily specified as applicable to the office.

(b) Provides that this section does not affect the application of a statute described by Subsection (a)(2) (regarding a statute relating to a transaction involving real property and an executory contract) to a party involved in a transaction with the office.

SECTION 2. Amends Subchapter D, Chapter 32, Natural Resources Code, by adding Section 32.113, as follows:

Sec. 32.113. EXEMPTION FROM CERTAIN REAL ESTATE TRANSACTION LAWS. (a) Provides that certain statutes set forth in this subsection do not apply to the School Land Board (board), unless statutorily specified as applicable to the board.

(b) Provides that this section does not affect the application of a statute described by Subsection (a)(2) (regarding a statute relating to a transaction involving real property and an executory contract) to a party involved in a transaction with the board.

SECTION 3. Amends Subchapter F, Chapter 161, Natural Resources Code, by adding Section 161.237, as follows:

Sec. 161.237. EXEMPTION FROM CERTAIN REAL ESTATE TRANSACTION LAWS. (a) Provides that certain statutes set forth in this subsection do not apply to the Veterans Land Board (board), unless statutorily specified as applicable to the board.

(b) Provides that this section does not affect the application of a statute described by Subsection (a)(2) (regarding a statute relating to a transaction involving real property and an executory contract) to a party involved in a transaction with the board.

SECTION 4. Effective date: upon passage or September 1, 2007.