

## **BILL ANALYSIS**

Senate Research Center

S.B. 782  
By: Hinojosa  
Ports, Select  
5/25/2021  
Enrolled

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

On January 9, 1956, the State of Texas patented the surface estate (Patent No. 446) in 1,945.75 acres of state-owned submerged land in Nueces Bay to the Nueces County Navigation District No. 1 (now the Port of Corpus Christi Authority) (port), to be used for navigation-related purposes. Following the conveyance, approximately 33 acres of submerged lands (referred to as the Rincon Tract) were artificially filled and subsequently leased to a third party for non-navigation-related purposes. To settle the dispute regarding the authorized usage, the Rincon Tract was conveyed back to the state in 2012.

In the summer of 2018, rapid growth at the port led the port to approach the General Land Office (GLO) about leasing the Rincon Tract for use as a storage site. During those discussions, the port inquired about purchasing the land at fair market value. However, the port was informed that only the legislature may authorize the sale of submerged Permanent School Fund (PSF) land.

S.B. 782 directs GLO, acting on behalf of the state, to sell the Rincon Tract to the port at a fair market price as determined by an independent appraisal obtained by GLO. Proceeds from the sale would be deposited to the credit of the PSF for the benefit of public education. The bill makes it clear that the port can only use this land for industrial purposes related to maritime commerce.

(Original Author's/Sponsor's Statement of Intent)

S.B. 782 amends current law relating to authorizing the sale of certain real property by the State of Texas to the Port of Corpus Christi Authority of Nueces County, Texas.

### **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. (a) Provides that the real property described by Section 2 of this Act was originally submerged land purchased by the Port of Corpus Christi (port) from the State of Texas in 1956 under former Article 8225, Revised Statutes. Provides that following the conveyance, the submerged land was artificially filled and subsequently leased to a third party for non-navigation-related purposes. Provides that, following litigation between the port and the State of Texas, the parties entered into a settlement agreement pursuant to which the real property was conveyed back to the state. Provides that the port now wishes to use the real property for navigation-related purposes.

(b) Requires the State of Texas, subject to Subsections (c), (d), and (e) of this section, to convey the real property described by Section 2 of this Act to the Port of Corpus Christi Authority of Nueces County, Texas, to be used by the port only for purposes reasonably related to the promotion of navigation as defined under Section 61.116(b) (relating to the certain purposes for which the State of Texas, through the School Land Board, is authorized to lease state owned lands or flats), Water Code.

(c) Prohibits the real property described by Section 2 of this Act from being conveyed by the State of Texas to the Port of Corpus Christi Authority of Nueces County, Texas, for an amount less than the fair market value of the real property. Requires that the fair market value of the real property be established by an independent appraisal obtained by the asset management division of the General Land Office.

(d) Requires that the proceeds from the sale of real property authorized by this Act be paid to the State of Texas for the benefit of the permanent school fund. Requires the state to reserve for the benefit of the permanent school fund the state's interests in all oil, gas, and other minerals in and under the real property described by Section 2 of this Act.

(e) Requires that the conveyance of the real property described by Section 2 of this Act be made subject to all valid covenants, conditions, reservations, restrictions, rights-of-way, easements, and leases, if any, that are recorded or apparent by visual inspection.

(f) Prohibits the port from:

(1) leasing the real property described by Section 2 of this Act for a use that is not reasonably related to the promotion of navigation as defined under Section 61.116(b), Water Code; or

(2) disposing of the real property except to sell the real property to the State of Texas or exchange the real property with the State of Texas in accordance with Section 61.117(f) (relating to the authority and limitations of certain districts regarding the disposal of certain lands or flats), Water Code.

(g) Provides that Sections 31.1571 (Governor's Report), 31.158 (Real Estate Transactions Authorized by Legislature), and 31.159 (First Option to Purchase), Natural Resources Code, do not apply to the sale of real property authorized by this Act.

SECTION 2. Provides that the real property held by the State of Texas is submerged and filled submerged land being 33.26 acres of real property, more or less, located in Nueces County, Texas, and sets forth the metes and bounds of the property.

SECTION 3. Effective date: upon passage or September 1, 2021.