

BILL ANALYSIS

C.S.H.B. 3750
By: Simmons
Land & Resource Management
Committee Report (Substituted)

BACKGROUND AND PURPOSE

According to interested parties, there is no database in Texas containing a list of all the property owned by the state and, consequently, no agency or legislator knows how much property the state owns or what that property is worth. This has raised concerns about the state's ability to assess, effectively use, or insure its assets. C.S.H.B. 3750 seeks to address these concerns.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 3750 requires the State Office of Risk Management (SORM) to conduct an interim study on insurable state assets, using information provided by the Legislative Budget Board (LBB), to develop a statewide strategy to ensure that all real property owned by the state, including buildings, facilities, and land, is adequately insured. The bill requires the LBB, in coordination with the comptroller of public accounts, the state auditor's office, SORM, the General Land Office, the Texas Facilities Commission, the Texas Higher Education Coordinating Board, and any other state agency, to collect from each state agency and institution of higher education that possesses real property the comprehensive real property data described by the bill and requires the LBB to require each such agency and institution to submit the information to the LBB by a date prescribed by the LBB. The bill requires the LBB to report the information submitted by each state agency and institution of higher education to SORM by a date prescribed by SORM. The bill requires SORM, not later than June 1, 2016, to consolidate the information received by the LBB and to enter it into a single database accessible by the legislature and all state agencies and institutions of higher education. The bill requires SORM, not later than August 31, 2016, to conduct the insurable state asset interim study and to report its findings and recommendations to the legislature and requires the report to include a statewide strategy that will ensure all real property owned by the state is adequately insured.

C.S.H.B. 3750 establishes a Senate Select Committee on State Real Property Data Collection, Reporting, and Assessment and a House Select Committee on State Real Property Data Collection, Reporting, and Assessment to study, separately or jointly, certain specified factors relating to real property owned by the state. The bill requires the lieutenant governor, not later than November 30, 2015, to appoint five senators to the senate select committee and to designate one senator to serve as the chair and requires the speaker of the house of representatives to appoint five state representatives to the house select committee and to select one state

representative to serve as the chair. The bill requires the committees to convene separately at the call of the chair of the respective committee, or jointly at the call of both chairs, and requires the chairs of each committee to act as joint chairs in joint meetings. The bill requires the committees, jointly and following consideration of the factors specified in the bill, to adopt recommendations and report in writing any findings and adopted recommendations to the legislature not later than January 13, 2017. The bill requires the report, at a minimum, to identify a single entity to collect information on all real property owned by the state, including buildings, facilities, and land. The bill requires the committees to conduct an appraisal of all or part of the Capitol Complex and authorizes the committees to use the services of SORM, including any existing appraisal contracts developed by SORM, or to contract with a state certified or state licensed real estate appraiser in accordance with the Professional Services Procurement Act and other applicable state procurement practices, to conduct the appraisal. The bill requires the appraisal to be completed in a manner that ensures that the committees can study the results of the appraisal and the potential loss to the state resulting from inadequately insuring the Capitol Complex. The bill's provisions expire on September 1, 2017.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2015.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3750 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. INTERIM STUDY. (a) The State Office of Risk Management shall conduct an interim study on insurable state assets, using information provided by the Legislative Budget Board, to develop a statewide strategy to ensure that all real property owned by the state, including buildings, facilities, and land, is adequately insured.

(b) The Legislative Budget Board shall collect the information listed under Subsection (c) of this section from each state agency that possesses real property and require each state agency to submit the information to the board by a date prescribed by the board. The board shall coordinate with the following entities to collect the information:

- (1) the comptroller of public accounts;
- (2) the state auditor's office;
- (3) the State Office of Risk Management;
- (4) the General Land Office; and
- (5) the Texas Facilities Commission.

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. INTERIM STUDY. (a) The State Office of Risk Management shall conduct an interim study on insurable state assets, using information provided by the Legislative Budget Board, to develop a statewide strategy to ensure that all real property owned by the state, including buildings, facilities, and land, is adequately insured.

(b) The Legislative Budget Board shall collect the information described by this section from each state agency and institution of higher education that possesses real property and require each agency and institution to submit the information to the board by a date prescribed by the board. The board shall coordinate with the following entities to collect the information:

- (1) the comptroller of public accounts;
- (2) the state auditor's office;
- (3) the State Office of Risk Management;
- (4) the General Land Office;
- (5) the Texas Facilities Commission;
- (6) the Texas Higher Education Coordinating Board; and
- (7) any other state agency.

(c) The Legislative Budget Board shall coordinate the collection of comprehensive real property data for official state use, including:

(1) for each state-owned building or facility:

(A) the name of the state agency that has charge and control of the building or facility, including, for institutions of higher education, the number assigned to the institution by the Federal Interagency Committee on Education;

(B) the number or name of the building or facility;

(C) the address and geographic coordinates of the building or facility;

(D) a description of the building or facility, including the type of construction based on the Insurance Services Office classification system, the cost of construction, and a statement on the quality of the construction;

(E) the year the building or facility was built or the acquisition date of the building or facility;

(F) the number of stories and the square footage of the building or facility;

(G) the occupancy type of the building or facility;

(H) the amount of space in the building or facility that is being used, expressed as a percentage;

(I) the status of the fire alarm system within the building or facility;

(J) information on protection systems and features of the building or facility, including fire protection systems and features and any violations for which the building or facility has been cited;

(K) the value of the building or facility based on replacement value, market value, donated value, or purchase price, including the year the building or facility was appraised;

(L) the value of the contents of the building or facility;

(M) the fund from which the building or facility was purchased;

(N) information on the flood zone status of the building or facility;

(O) any surrounding use of the building or facility; and

(P) the type of fund profiled under the uniform statewide accounting system that

(c) The Legislative Budget Board shall coordinate the collection of comprehensive real property data for official state use, including for a state agency other than an institution of higher education, as defined by Section 61.003, Education Code:

(1) for each state-owned building or facility:

(A) the name of the state agency that has charge and control of the building or facility;

(B) the number or name of the building or facility;

(C) the address and geographic coordinates of the building or facility;

(D) a description of the building or facility, including the type of construction based on the Insurance Services Office classification system, the cost of construction, and a statement on the quality of the construction;

(E) the year the building or facility was built or the acquisition date of the building or facility;

(F) the number of stories and the square footage of the building or facility;

(G) the occupancy type of the building or facility;

(H) the amount of space in the building or facility that is being used, expressed as a percentage;

(I) the status of the fire alarm system within the building or facility;

(J) information on protection systems and features of the building or facility, including fire protection systems and features and any violations for which the building or facility has been cited;

(K) the value of the building or facility based on replacement value, market value, donated value, or purchase price, including the year the building or facility was appraised;

(L) the value of the contents of the building or facility;

(M) the fund from which the building or facility was purchased;

(N) information on the flood zone status of the building or facility;

(O) any surrounding use of the building or facility; and

(P) the type of fund profiled under the uniform statewide accounting system that

the state agency used to purchase the building or facility; and

(2) for state-owned land:

(A) the name of the state agency that has charge and control of the land, including, for institutions of higher education, the number assigned to the institution by the Federal Interagency Committee on Education;

(B) the address and geographic coordinates of the land;

(C) the name of the land, if any;

(D) whether a historical marker is located on the land, and if so, a description of the historical marker;

(E) the amount of acres of the land;

(F) whether the land is located in a flood zone;

(G) any surrounding use of the land;

(H) the value of the land based on market value, donated value, or purchase price and the year the land was appraised; and

(I) the fund from which the land was purchased.

the state agency used to purchase the building or facility; and

(2) for state-owned land:

(A) the name of the state agency that has charge and control of the land;

(B) the address and geographic coordinates of the land;

(C) the name of the land, if any;

(D) whether a historical marker is located on the land, and if so, a description of the historical marker;

(E) the amount of acres of the land;

(F) whether the land is located in a flood zone;

(G) any surrounding use of the land;

(H) the value of the land based on market value, donated value, or purchase price and the year the land was appraised; and

(I) the fund from which the land was purchased.

(d) The Legislative Budget Board shall collect the real property data of an institution of higher education, as defined by Section 61.003, Education Code, from:

(1) the Texas Higher Education Coordinating Board, as such data is reported to that board, including, for each building or facility owned by an institution:

(A) the name of the institution that has charge and control of the building or facility, including the number assigned to the institution by the Federal Interagency Committee on Education;

(B) the number or name of the building or facility;

(C) the address and geographic coordinates of the building or facility;

(D) a description of the building or facility, including the type of construction;

(E) the year the building or facility was built or the acquisition date of the building or facility;

(F) the number of stories and the square footage of the building or facility;

(G) the occupancy type of the building or facility;

(H) the amount of space in the building or facility that is being used, expressed as a percentage;

(I) the value of the building or facility based on replacement value; and

- (J) information on the flood zone status of the building or facility; and
- (2) each institution of higher education, including, for land owned by the institution:
 - (A) the name of the institution that has charge and control of the land, including the number assigned to the institution by the Federal Interagency Committee on Education;
 - (B) the address and geographic coordinates of the land;
 - (C) the name of the land, if any;
 - (D) the amount of acres of the land; and
 - (E) the value of the land based on the market value or acquisition value.

(d) The Legislative Budget Board shall report the information submitted by each state agency to the State Office of Risk Management by a date prescribed by the State Office of Risk Management.

(e) The Legislative Budget Board shall report the information submitted by each state agency and institution of higher education to the State Office of Risk Management by a date prescribed by the State Office of Risk Management.

(e) Not later than January 1, 2016, the State Office of Risk Management shall consolidate the information received by the Legislative Budget Board and enter it into a single database accessible by the legislature and all state agencies.

(f) Not later than June 1, 2016, the State Office of Risk Management shall consolidate the information received by the Legislative Budget Board and enter it into a single database accessible by the legislature and all state agencies and institutions of higher education.

(f) Not later than January 1, 2017, the State Office of Risk Management shall conduct the insurable state asset interim study and report the office's findings and recommendations to the legislature. The report must include a statewide strategy that will ensure all real property owned by the state is adequately insured.

(g) Not later than August 31, 2016, the State Office of Risk Management shall conduct the insurable state asset interim study and report the office's findings and recommendations to the legislature. The report must include a statewide strategy that will ensure all real property owned by the state is adequately insured.

SECTION 2. SELECT INTERIM COMMITTEES; STUDY. (a) A Senate Select Committee on State Real Property Data Collection, Reporting, and Assessment and a House Select Committee on State Real Property Data Collection, Reporting, and Assessment are established to, separately or jointly, study:

SECTION 2. SELECT INTERIM COMMITTEES; STUDY. (a) A Senate Select Committee on State Real Property Data Collection, Reporting, and Assessment and a House Select Committee on State Real Property Data Collection, Reporting, and Assessment are established to, separately or jointly, study:

- (1) the potential benefits of maintaining a comprehensive database of all real property owned by the state;
- (2) the potential financial loss to the state that could result from the state owning uninsured and underinsured real property;

- (1) the potential benefits of maintaining a comprehensive database of all real property owned by the state;
- (2) the potential financial loss to the state that could result from the state owning uninsured and underinsured real property;

(3) any efficiencies or cost savings potentially achieved by requiring the General Land Office to submit the annual report required under Section 31.157, Natural Resources Code, to the Texas Department of Transportation, the Employees Retirement System of Texas, and the Teacher Retirement System of Texas;

(4) the potential benefits or burdens, including administrative burdens, of requiring each state agency to report information on the real property it possesses, at the same time and in a uniform manner, to a single entity, and how often state agencies should report this information;

(5) which state agency is best suited to collect information on all real property owned by the state and the appropriate method for collecting this information;

(6) the information that is currently reported by state agencies regarding real property it possesses;

(7) the distinction between state agencies that report information on real property owned by the state as compared to state agencies that collect information for a report on real property owned by the state;

(8) information determined by the Legislative Budget Board as necessary for the State Office of Risk Management to conduct an insurable state asset study to develop a statewide strategy that will ensure all real property owned by the state is adequately insured;

(9) how often the State Office of Risk Management should submit an insurable state asset study to the legislature;

(10) the results of the appraisal required by Subsection (e) of this section, and the potential loss to the state by inadequately insuring the Capitol Complex, as defined by Section 443.0071, Government Code; and

(11) other potential ways to ensure that the state is able to identify, track, and maintain a database of the location, condition, and replacement value of all real property owned by the state.

(b) Not later than November 30, 2015, the

(3) any efficiencies or cost savings potentially achieved by requiring the General Land Office to submit the annual report required under Section 31.157, Natural Resources Code, to the Texas Department of Transportation, the Employees Retirement System of Texas, and the Teacher Retirement System of Texas;

(4) the potential benefits or burdens, including administrative burdens, of requiring each state agency and institution of higher education to report information on the real property it possesses, at the same time and in a uniform manner, to a single entity, and how often the information should be reported;

(5) which state agency is best suited to collect information on all real property owned by the state and the appropriate method for collecting this information;

(6) the information that is currently reported by state agencies and institutions of higher education regarding real property of which agencies and institutions have charge and control;

(7) the distinction between state agencies and institutions of higher education that report information on real property owned by the state as compared to state agencies and institutions of higher education that collect information for a report on real property owned by the state;

(8) information determined by the Legislative Budget Board as necessary for the State Office of Risk Management to conduct an insurable state asset study to develop a statewide strategy that will ensure all real property owned by the state is adequately insured;

(9) how often the State Office of Risk Management should submit an insurable state asset study to the legislature;

(10) the results of the appraisal required by Subsection (e) of this section, and the potential loss to the state by inadequately insuring the Capitol Complex, as defined by Section 443.0071, Government Code; and

(11) other potential ways to ensure that the state is able to identify, track, and maintain a database of the location, condition, and replacement value of all real property owned by the state.

(b) Not later than November 30, 2015, the

lieutenant governor shall appoint five senators to the Senate Select Committee on State Real Property Data Collection, Reporting, and Assessment and designate one senator to serve as the chair, and the speaker of the house of representatives shall appoint five state representatives to the House Select Committee on State Real Property Data Collection, Reporting, and Assessment and select one state representative to serve as the chair.

(c) The committees established under this section shall convene separately at the call of the chair of the respective committee, or jointly at the call of both chairs. In joint meetings, the chairs of each committee shall act as joint chairs.

(d) Following consideration of the factors listed in Subsection (a) of this section, the committees established under this section shall jointly adopt recommendations and report in writing any findings and adopted recommendations to the legislature not later than January 13, 2017. The report, at a minimum, must identify a single entity to collect information on all real property owned by the state, including buildings, facilities, and land.

(e) The committees established under this section shall conduct an appraisal of the Capitol Complex, as defined by Section 443.0071, Government Code.

The committees may contract with a state certified or state licensed real estate appraiser in accordance with Subchapter A, Chapter 2254, Government Code, and other applicable state procurement practices to conduct the appraisal. The appraisal must be completed in a manner that ensures that the committees can comply with the requirements of Subsection (a)(10) of this section.

SECTION 3. EXPIRATION. This Act expires September 1, 2017.

84R 26483

Substitute Document Number: 84R 26128

lieutenant governor shall appoint five senators to the Senate Select Committee on State Real Property Data Collection, Reporting, and Assessment and designate one senator to serve as the chair, and the speaker of the house of representatives shall appoint five state representatives to the House Select Committee on State Real Property Data Collection, Reporting, and Assessment and select one state representative to serve as the chair.

(c) The committees established under this section shall convene separately at the call of the chair of the respective committee, or jointly at the call of both chairs. In joint meetings, the chairs of each committee shall act as joint chairs.

(d) Following consideration of the factors listed in Subsection (a) of this section, the committees established under this section shall jointly adopt recommendations and report in writing any findings and adopted recommendations to the legislature not later than January 13, 2017. The report, at a minimum, must identify a single entity to collect information on all real property owned by the state, including buildings, facilities, and land.

(e) The committees established under this section shall conduct an appraisal of all or part of the Capitol Complex, as defined by Section 443.0071, Government Code.

The appraisal must be completed in a manner that ensures that the committees can comply with the requirements of Subsection (a)(10) of this section. To conduct the appraisal required under this subsection, the committees may:

(1) use the services of the State Office of Risk Management, including any existing appraisal contracts developed by the office; or

(2) contract with a state certified or state licensed real estate appraiser in accordance with Subchapter A, Chapter 2254, Government Code, and other applicable state procurement practices.

SECTION 3. Same as introduced version.

15.118.1097

SECTION 4. EFFECTIVE DATE. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2015.

SECTION 4. Same as introduced version.