

SUBJECT: Changing restrictions on conveyances or procurements by a port authority

COMMITTEE: Transportation — favorable, without amendment

VOTE: 11 ayes — Morrison, Martinez, Burkett, Y. Davis, Goldman, Israel,
Minjarez, Phillips, Simmons, E. Thompson, Wray

0 nays

2 absent — Pickett, S. Thompson

SENATE VOTE: On final passage, May 1 — 31-0

WITNESSES: *On House companion bill, HB 1528:*
For — Erik Eriksson, Texas Ports Association; Johnny Halili and Lisa Halili, Prestige Oysters, Inc.; Michael Ivic, Misho Oyster Company;
(*Registered, but did not testify:* Brian Yarbrough and Hugo Berlanga, Port of Corpus Christi; Spencer Chambers, Port of Houston Authority; Miranda Goodsheller, Texas Association of Business; Ron Lewis, Port of Beaumont; Greg Macksood, Calhoun Port Authority; Mackenna Wehmeyer, Transportation Advocacy Group Houston; Kevin Younger)

Against — None

On — (*Registered, but did not testify:* Andrew Hawkins and David Land, Texas General Land Office; Juan Vanos, Landry's Seafood)

BACKGROUND: Water Code, chs. 60-63 govern Texas port authorities, which operate as “navigation districts” and as political subdivisions of the state.

DIGEST: SB 1395 would change various provisions relating to all port authorities and extend certain authority to certain types of port authorities created under Water Code, chs. 62 and 63.

Conveyances. SB 1395 would change certain procedures relating to conveyance of real property owned by a port authority. Specifically,

bidders for land to be sold or leased for more than 50 years no longer would be required to submit a security for the full value of the bid. Instead, the bill would require security equal to 5 percent of the bid if the property was being purchased.

SB 1395 would specify that a port authority could enter into certain oil and gas leases and would explicitly exempt such a lease from Natural Resources Code, ch. 71, which governs leased land from a political subdivision for mineral development.

Under the bill, navigation districts created under Water Code, ch. 62 could enter into franchise agreements with a duration of up to 50 years. Navigation districts created under Water Code, ch. 63 also would be able to grant franchises for up to 50 years, extended from 30 years.

Districts created under ch. 62 explicitly would be allowed to grant easements on acquired land.

Procurements. The bill specifically would provide that the acquisition of land and facilities for certain purposes relating to the operation of the port was for a public purpose and a matter of public necessity.

The bill would specify certain dates for the publication of proposed purchases for the purpose of soliciting bids and certain procedures relating to competitive sealed proposals.

Other provisions. SB 1395 would specify that a treasurer of a port authority would not be required to sign certain checks.

The bill would allow a port authority to accept a gift or donation of services, equipment, goods, or other tangible or intangible property from any source for any relevant purpose.

Under the bill, a port authority could issue revenue bonds to purchase, construct, or repair desalinization facilities.

This 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, 2017.

**SUPPORTERS
SAY:**

SB 1395 would update statutes to reflect current practice, resolve inconsistencies caused by previous recodifications, remove certain onerous requirements, and establish certainty surrounding what the law says. This would allow port authorities to be in full compliance with their laws in day-to-day activities.

Conveyances. SB 1395 would eliminate an unfair requirement that a person wishing to bid on a sale of property by a port provide security for the full value of the bid. This requirement that the buyer front the full purchase price unnecessarily excludes some buyers who are financially able to purchase the property through financing, potentially reducing the sale price.

SB 1395 also would relieve a ministerial burden from the Port of Corpus Christi Authority, which is currently required to grant franchises to certain landowners with property on the channel. Because there are many landowners, this creates an administrative burden on the port authority even though the franchises last for 30 years. This bill would reduce that burden by allowing the length of the franchises to be extended to 50 years, meaning that there would be fewer renewals.

Procurements. By specifying that land held by a navigation district was for a public purpose and a matter of public necessity, the bill would clarify that the land owned by a port authority, which is a political subdivision of the state, was not subject to property taxation as provided under Tax Code, sec. 11.11.

**OPPONENTS
SAY:**

No apparent opposition.

NOTES:

A companion bill, HB 1528 by Perez, was reported favorably by the House Transportation Committee on May 2 and sent to the Local and

Consent Calendars Committee on May 8.