

BILL ANALYSIS

Senate Research Center
76R10903 SMJ-D

H.B. 2374
By: Burnam (Moncrief)
Intergovernmental Relations
5/4/1999
Engrossed

DIGEST

Currently, Texas law provides that when a building is identified as substandard the owner is allowed to submit an action plan to the municipality detailing the amount of time needed to rectify the problem, but the owner is not required to post a form of security to back the action plan. The municipality is forced to take action, when an owner fails to comply with the plan, which generally requires the expenditure of municipal funds. H.B. 2374 would authorize a municipality to require owners, lienholders, or mortgagees of buildings that exceed \$100,000 in total value, to post a cash or surety bond, or a letter of credit, within 30 days, to cover the costs of repair or for repairing, removing, or demolishing the building.

PURPOSE

As proposed, H.B. 2374 sets forth financial guaranty requirements for certain owners, lienholders, and mortgagees of certain substandard buildings.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 214.001(k) and (m), Local Government Code, as follows:

(k) Requires a municipality to require the owner, lienholder, or mortgagee to regularly submit progress reports to the municipality to demonstrate compliance with the time schedules established for commencement and performance of the work, if the municipality allows the owner, lienholder, or mortgagee more than 90 days to complete any part of the work required to repair, remove, or demolish the building. Authorizes the municipality to require the owner, lienholder, or mortgagee to post a cash or surety bond in an amount adequate to cover the cost of repairing, removing, or demolishing a building under this subsection, if the owner, lienholder, or mortgagee owns property, including structures or improvements on property, within the municipal boundaries that exceeds \$100,000 in total value. Authorizes the municipality to require the owner, lienholder, or mortgagee to provide a letter of credit from a financial institution or a guaranty from a third party approved by the municipality, in lieu of a bond. Requires the bond to be posted, or the letter of credit or third party guaranty provided, no later than the 30th day after the date the municipality issues the order. Deletes text regarding progress reports demonstrating that the owner, lienholder, or mortgagee has complied.

(m) Provides that this subsection does not limit the ability of a municipality to collect on a bond or other financial guaranty that may be required by Subsection (k).

SECTION 2. Effective date: September 1, 1999.

Makes application of this Act prospective.

SECTION 3. Emergency clause.