Deshotel, et al. (Senate Sponsor - Kolkhorst) H.B. No. 2730 1-1 (In the Senate - Received from the House May 13, 2021; May 18, 2021, read first time and referred to Committee on Jurisprudence; May 21, 2021, reported favorably by the following vote: Yeas 5, Nays 0; May 21, 2021, sent to printer.) 1-2 1-3 1-4 1-5

1-6 COMMITTEE VOTE

1-7		Yea	Nay	Absent	PNV
1-8	Huffman	X			
1-9	Hinojosa	X			
1-10	Creighton	X			
1-11	Hughes	X			
1-12	Johnson	X			

1-13 A BILL TO BE ENTITLED 1-14 AN ACT

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relating to the acquisition of real property by an entity with eminent domain authority and the regulation of easement or right-of-way agents.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 402.031, Government Code, is amended by amending Subsection (b) and adding Subsections (c-1), (e), and (f) to read as follows:

- The landowner's bill of rights must notify each property (b) owner that the property owner has the right to:
- (1) notice of the proposed acquisition of the owner's property;
- a bona fide good faith effort to negotiate by the (2)
- entity proposing to acquire the property;
  (3) an assessment of damages to the owner that will result from the taking of the property;
- (4) a hearing under Chapter 21, Property Code, including a hearing on the assessment of damages; [and]
- (5) an appeal of a judgment in a condemnation proceeding, including an appeal of an assessment of damages; and
- (6) file a written complaint with the Texas Real Commission under Section 1101.205, Occupations Code, Estate regarding alleged misconduct by a registered easement or right-of-way agent acting on behalf of the entity exercising eminent domain authority.
- (c-1) The statement must also include an addendum of the terms required for an instrument of conveyance under Section 21.0114(c), Property Code, and the terms a property owner may negotiate under Section 21.0114(d), Property Code.

  (e) At least once every two years, the attorney general
- shall:
- evaluate the landowner's bill of rights statement, (1)including the addendum required by Subsection (c-1), for compliance with the requirements of this section, including the requirement under Subsection (d) that the statement be written in plain language designed to be easily understood by the average property owner; and
- (2) subject to Subsection (f), make any change to the landowner's bill of rights statement and addendum that the attorney general determines necessary to comply with the requirements of this section, including making a change to the writing style of the statement or addendum necessary to improve compliance with Subsection (d).
- (f) Before making any changes to the landowner's bill 1-57 rights statement under Subsection (e), the office of the attorney 1-58 1-59 general shall:
- 1-60 (1)publish the proposed changes in the 1-61 Register; and

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(2) accept public comment regarding for a reasonable period after the date
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SECTION 2. Section

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statement

statement is published under Subdivision (1) Code, 1101.502(a), Occupations amended to read as follows:

(a) To be eligible to receive a certificate of registration or a renewal certificate under this subchapter, a person must:

be, at the time of application:

(A)  $[\frac{1}{(1)}]$  at least 18 years of age; and

 $[\frac{(2)}{(2)}]$ (B) a citizen of the United States or a lawfully admitted alien; and

(2) successfully complete the required courses prescribed by this subchapter, including qualifying

continuing education requirements.

SECTION 3. Subchapter K, Chapter 1101, Occupations Code, is amended by adding Sections 1101.508 and 1101.509 to read as follows:

1101.508. PROBATIONARY CERTIFICATE. Sec. commission may issue a probationary certificate of registration under this subchapter.

The (b) commission bу rule shall adopt reasonable

requirements for the issuance of a probationary certificate.

Sec. 1101.509. QUALIFYING AND CONTINUING EDUCATION REQUIREMENTS. (a) The commission by rule shall approve coursework that an applicant must successfully complete to be eligible for the issuance or renewal of a certificate of registration under this subchapter.

(b) An applicant for the issuance of an original certificate registration shall submit evidence satisfactory to the commission that the applicant has completed at least 16 classroom hours of coursework approved by the commission in:

(1) the law of eminent domain, including the rights of

property owners;

(2) of professionalism appropriate standards in contacting and conducting negotiations with property owners; and (3) ethical considerations in the performance of right-of-way acquisition services.

(c) An applicant for the renewal of а certificate registration shall submit evidence satisfactory to the commission that the applicant has, during the renewal period, completed at least 16 classroom hours of coursework approved by the commission that provides current information regarding:

(1) the subjects specified in Subsection (b); and

(2) other relevant subjects as prescribed bу commission rule.

SECTION 4. Section 1101.653, Occupations Code, is amended to read as follows:

Sec. 1101.653. GROUNDS FOR SUSPENSION OR REVOCATION OF CERTIFICATE. The commission may suspend or revoke a certificate of registration issued under this chapter if the certificate holder:

(1) engages in dishonest dealing, fraud, unlawful discrimination, or a deceptive act;

(2) makes a misrepresentation;

(3)acts in bad faith;

(4)demonstrates untrustworthiness;

(5) fails to honor, within a reasonable time, a check issued to the commission after the commission has mailed a request for payment to the certificate holder's last known address according to the commission's records;

(6) fails to provide to a party to a transaction a written notice prescribed by the commission that:

(A) must be given before the party is obligated to sell, buy, lease, or transfer a right-of-way or easement; and

(B) contains:

> (i) the name of the certificate holder;

the certificate number; (ii)

(iii) the name of the the person certificate holder represents;

(iv) a statement advising the party that

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the party may seek representation from a lawyer or broker in the 3**-**1 3-2 transaction; and

(V)a statement generally advising the party that the right-of-way or easement may affect the value of the property; [<del>or</del>]

directly or indirectly accepts to make an initial offer that the certificate holder incentive knows or should know is lower than the adequate compensation required under the Texas Constitution; or

(8) disregards or violates this chapter а or commission rule relating to certificate holders.

SECTION 5. Subchapter B, Chapter 21, Property Code, is amended by adding Section 21.0101 to read as follows:

Sec. 21.0101. EFFECT OF CHAPTER ON SURVEY ACCESS RIGHTS. Nothing in this chapter prevents an entity from seeking survey access rights as provided by law.

SECTION 6. Section 21.0113(b), Property Code, is amended to read as follows:

(b) An entity with eminent domain authority has made a bona fide offer if:

(1)an initial offer is made in writing to a property owner that includes:

(A) a copy of the landowner's bill of prescribed by Section 402.031, Government the addendum prescribed by Section 402.03 rights Code, statement including if applicable; Government Code,

(B) a statement, in bold print and a larger font than the other portions of the offer, indicating whether the compensation being offered includes:

(i) damages to the remainder, if any, of the

property owner's remaining property; or

(ii) an appraisal of the property, including damages to the remainder, if any, prepared by a certified appraiser certified to practice as a certified general appraiser under Chapter 1103, Occupations Code;
(C) an instrument of conveyance, provided that

the entity is a private entity as defined by Section 21.0114(a), the instrument must comply with Section 21.0114, as applicable, unless: (i) the entity has previously provided an instrument complying with Section 21.0114;

(ii) the property owner desires to use an

different than one complying with Section 21.0114 and instrument consents in writing to use a different instrument; or

(iii) the property owner provided the entity with the instrument prior to the issuance of the initial offer; and

(D) the name and telephone number of а representative of the entity who is:

(i) an employee of the entity;

an employee of an affiliate providing <u>(</u>ii) services on behalf of the entity;

(iii) a legal representative of the entity;

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if the entity does not have employees, (iv) an individual designated to represent the day-to-day operations of the entity;

a final offer is made in writing to the property owner;

the final offer is made on or after the 30th day (3)after the date on which the entity makes a written initial offer to the property owner;

(4) before making a final offer, the entity obtains a written appraisal from a certified appraiser of the value of the property being acquired and the damages, if any, to any of the property owner's remaining property;

(5) the final offer is equal to or greater than the

amount of the written appraisal obtained by the entity;

the following items are included with the final 3-68 (6) 3**-**69 offer or have been previously provided to the owner by the entity:

- 4-1 a copy of the written appraisal; 4-2
  - (B) a copy of the deed, easement, or other instrument conveying the property sought to be acquired; and
  - (C) the landowner's bill of rights statement prescribed by Section 21.0112; and
    - (7) the entity provides the property owner with at least 14 days to respond to the final offer and the property owner does not agree to the terms of the final offer within that period.
  - SECTION 7. Subchapter B, Chapter 21, Property Code, is
  - amended by adding Section 21.0114 to read as follows:

    Sec. 21.0114. REQUIRED TERMS FOR INSTRUMENTS OF CONVEYANCE OF CERTAIN EASEMENTS. (a) In this section, "private entity":

## (1)means:

- (A) a for-profit entity, as defined by Section 1.002, Business Organizations Code, however organized, including an affiliate or subsidiary, authorized to exercise the power of eminent domain to acquire private property for public use; or
- (B) a corporation organized under Chapter Water Code, that has a for-profit entity, however organized, as the sole or majority member; and
- (2) does not include an entity governed by the Natural Gas Act (15 U.S.C. Section 717 et seq.), unless the entity seeks to acquire property under this chapter.

## This section:

- (1) applies only to a deed, agreement, or other instrument of conveyance for a pipeline right-of-way easement or an electric transmission line right-of-way easement that is included with an offer made under this chapter to acquire a property interest for a public use; and
  - does not apply in relation to:
    - a pipeline or appurtenance that is: (A)
- (i) downstream of the point where natural is measured and custody is transferred from a transmission pipeline to a gas local distribution company for distribution to end-use customers; or
- at a location where a gas utility taps (ii) a transmission pipeline to a city gate, provided that the pipeline does not exceed 100 feet; or
  - (B) an electric power line that operates below 60

## kilovolts. (c)

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- Except as provided by Subsections (d), (e), and (f) agreement, or other instrument of conveyance provided to a property owner by a private entity with eminent domain authority to acquire the property interest to be conveyed must address the following general terms, as applicable:

  (1) if the instrument conveys a pipeline right-of-way
- easement or an easement related to pipeline appurtenances:
- (A) the maximum number of pipelines that may be installed under the instrument for a pipeline right-of-way;
- (B) a description of the types of pipeline that are authorized to be installed under the appurtenances instrument for pipeline-related appurtenances, such as pipes, valves, compressors, pumps, meters, pigging stations, dehydration facilities, electric facilities, communication facilities, and any appurtenances be that may necessary or desirable
- connection with a pipeline; (C) the diameter, maximum excluding protective coating or wrapping, of each pipeline to be initially
- installed under the instrument for a pipeline right-of-way;

  (D) the type or category of substances permitted to be transported through each pipeline to be installed under the instrument;
- (E) a general description of any aboveground equipment or facility the private entity intends to install, maintain, or operate under the instrument for a pipeline easement on the surface of the easement;
- 4-66 4-67 (F) a description or illustration of the location of the easement, including a metes and bounds or centerline description, plat, or aerial or other map-based depiction of the 4-68 4-69

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      location of the easement on the property;
(G) the maximum width of the easement under the
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       instrument;
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                          (H)
                                the minimum depth at which each pipeline to
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       be installed under the instrument for a pipeline right-of-way will
       initially be installed;
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                          (I) a provision identifying whether the private
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       entity intends to double-ditch areas of the pipeline easement that
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       are not installed by boring or horizontal directional drilling;
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                          (J) a provision requiring the private entity to
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      provide written notice to the property owner at the last known address of the person in whose name the property is listed on the
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      most recent tax roll of any taxing unit authorized to levy property
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       taxes against the property if and when the private entity assigns
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       the interest under the instrument to another entity, provided that
       the provision does not require notice by the private entity for assignment to an affiliate or to a successor through merger,
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       consolidation, or other sale or transfer of all or substantially
       all of its assets and businesses;
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                           (K) a provision describing whether the easement
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      rights are exclusive or nonexclusive;
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                          (L) a provision limiting the private entity's
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      right to grant to a third party access to the easement area for a
      purpose that is not related to the construction, safety, repair,
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      maintenance, inspection, replacement, operation, or removal of each pipeline to be installed under the instrument and of pipeline
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       appurtenances to be installed under the instrument;
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                          (M) a provision regarding the property owner's
                  recover actual monetary damages arising from the
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      construction and installation of each pipeline to be installed under the instrument, or a statement that the consideration for the
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       instrument includes any monetary damages arising from the
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       construction and installation of each pipeline to be installed
      under the instrument;
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a provision regarding the property owner's right after initial construction and installation of each pipeline to be installed under the instrument to actual monetary damages arising from the repair, maintenance, inspection, replacement, operation, or removal of each pipeline to be installed under the instrument, or a statement that consideration for the instrument includes any monetary damages arising from the repair, maintenance, inspection, replacement, operation, or removal of each pipeline to be installed under the instrument;

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(0) a provision:

(i) regarding the removal, cutting, use, repair, and replacement of gates and fences that cross the easement or that will be used by the private entity under the instrument; or

(ii) providing for the payment for any damage caused by the private entity to gates and fences described by Subparagraph (i), if any, to the extent that the gates or fences are not restored or paid for as part of the consideration paid for the instrument;

(P) a provision: (i) regarding the private entity's obligation to restore the pipeline easement area and the property owner's remaining property, if any, used by the private entity to as near to original condition as is reasonably practicable and to maintain the easement in a manner consistent with the purposes for which the easement will be used by the private entity under the instrument; or

(ii) providing for the private entity reimburse the property owner for actual monetary damages incurred by the property owner that arise from damage to the pipeline easement area or the property owner's remaining property, if any, to the extent caused by the private entity and not restored or paid for as part of the consideration for the instrument; and

(Q) a provision describing the private entity's rights of ingress, egress, entry, and access on, to, over, and across the property owner's property under the instrument;

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6-1 (2) if the instrument conveys an electric transmission
6-2 line right-of-way easement:
6-3 (A) a general description of the uses of the

(A) a general description of the uses of the surface of the property to be encumbered by the easement the entity intends to acquire;

(B) a description or illustration of the location of the easement, including a metes and bounds or centerline description, plat, or aerial or other map-based depiction of the location of the easement on the property;

(C) the maximum width of the easement under the

instrument;

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(D) the manner in which the entity will access the easement under the instrument;

(E) a provision limiting the private entity's right to grant to a third party access to the easement area for a purpose that is not related to the construction, safety, repair, maintenance, inspection, replacement, operation, or removal of the electric and appurtenant facilities installed under the instrument;

(F) a provision regarding the property owner's right to recover actual monetary damages arising from the construction, operation, repair, maintenance, inspection, replacement, and future removal of lines and support facilities after initial construction in the easement, if any, or a statement that the initial consideration for the easement instrument includes such damages;

(G) a provision:

(i) regarding the removal, cutting, use, repair, and replacement of gates and fences that cross the easement or that will be used by the private entity under the instrument; or

(ii) providing for the payment for any

(ii) providing for the payment for any damage caused by the private entity to gates and fences described by Subparagraph (i), if any, to the extent that the gates or fences are not restored or paid for as part of the consideration for the instrument;

(H) a provision regarding the private entity's obligation to restore the easement area and the property owner's remaining property to the easement area's and the remaining property's original contours and grades, to the extent reasonably practicable, unless the safety or operational needs of the private entity and the electric facilities would be impaired, and:

(i) a provision regarding the entity's obligation to restore the easement area and the property owner's remaining property following any future damages directly attributed to the use of the easement by the private entity, to the extent reasonably practicable, unless the safety or operational needs of the private entity and the electric facilities would be impaired; or

(ii) a provision that the consideration for the easement instrument includes damages as described by Subparagraph (i) to the easement area and the property owner's remaining property;

(I) a provision describing whether the easement rights are exclusive, nonexclusive, or otherwise limited under the terms of the instrument; and

(J) a prohibition against the assignment of the entity's interest in the property to an assignee that will not operate as a utility subject to the jurisdiction of the Public Utility Commission of Texas or the Federal Energy Regulatory Commission without written notice to the property owner at the last known address of the person in whose name the property is listed on the most recent tax roll of any taxing unit authorized to levy property taxes against the property;

(3) a prohibition against any use by the private entity of the property rights being conveyed by the instrument, other than a use stated in the instrument, without the express written consent of the property owner; and

(4) a provision that the terms of the instrument will bind the successors and assigns of the property owner and private

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A private entity shall notify the property owner that the property owner may negotiate for the following general terms to be included in a deed, agreement, or other instrument of conveyance described by Subsection (c):

(1)a provision regarding the property owner's right negotiate to recover damages, or a statement that the consideration for the instrument includes damages, for:

(A) damage to certain vegetation; and

the income loss from disruption of existing (B) agricultural production or existing leases based on verifiable loss or lease payments; and

a provision:

(A) requiring the private entity to maintain at all times while the private entity uses the easement, including during construction and operations on the easement, commercial liability insurance or self-insurance:

(i) issued by an insurer authorized issue liability insurance in this state, if maintaining commercial

liability insurance; and

insuring the property owner (ii) liability for personal injuries and property damage sustained by any person to the extent caused by the negligence of the private entity or the private entity's agents or contractors and to the extent allowed by law; or (B) if

the private entity is subject electric transmission cost-of-service rate jurisdiction of the Public Utility Commission of Texas or has a net worth of at least \$25 million, requiring the private entity to maintain self-insurance or commercial liability insurance at levels self-insurance or commercial liability insurance at levels approved by the Public Utility Commission of Texas in the entity's most recent transmission cost-of-service base rate proceeding.

(e) A private entity or the property owner may, after in compliance with Section provides an instrument <u>entity</u> 21.0113(b)(1)(C):

(1) negotiate for and agree to terms and conditions not required by Subsection (c), including terms and conditions that differ from or are not included in a subsequent condemnation petition; and

(2) negotiate for and agree to a deed, agreement, or other instrument of conveyance that does not include or includes

terms that differ from the terms required by Subsection (c).

- (f) Except as provided by this subsection, this section does not prohibit a private entity or the property owner from negotiating for or agreeing to amend, alter, or omit the terms required by Subsection (c) at any time after the private entity first provides a deed, agreement, or other instrument containing the required general terms to the property owner, whether before or at the same time that the entity makes an initial offer to the property owner. A private entity that changes the terms required by Subsection (c) must provide a copy of the amended deed, agreement, or other instrument of conveyance to the property owner not later than the seventh day before the date the private entity files a condemnation petition relating to the property unless the parties agree in writing to waive the notice.
  (g) A private entity that
- or changes amends agreement, or other instrument has satisfied the requirements of Section 21.0113 if the requirements were previously satisfied as part of the initial offer made in accordance with Section 21.0113(b)(1)(C).

SECTION 8. Section 21.012(c), Property Code, is amended to read as follows:

(c) An entity that files a petition under this section must concurrently provide a copy of the petition to the property owner by certified mail, return receipt requested, and first class mail. the entity has received written notice that the property owner represented by counsel, the entity must also concurrently provide a copy of the petition to the property owner's attorney by first class mail, commercial delivery service, fax, or e-mail. SECTION 9. Section 21.014, Property Code, is amended by amending Subsection (a) and adding Subsection (d) to read as follows:

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(a) The judge of a court in which a condemnation petition is filed or to which an eminent domain case is assigned shall, not later than the 30th calendar day after the petition is filed, appoint three disinterested real property owners who reside in the county as special commissioners to assess the damages of the owner of the property being condemned and appoint two disinterested real property owners who reside in the county as alternate special commissioners. The judge appointing the special commissioners shall give preference to persons agreed on by the parties, if any, before the court appoints the special commissioners. The judge shall provide the names and contact information of the special commissioners and alternate special commissioners to the parties. Each [each] party shall have until the later of 10 calendar days after the date of the order appointing the special commissioners or 20 days after the date the petition was filed [a reasonable period] to strike one of the three special commissioners [appointed by the judge]. Any strike of a special commissioner must be filed electronically with electronic service provided concurrently to any represented party and first class mail service provided concurrently to any other party. If a person fails to serve as a special commissioner or is struck by a party to the suit in accordance with this subsection, an alternate special commissioner shall serve as a replacement for the special commissioner based on the order that the alternate special commissioners are listed in the initial order of appointment. If a party exercises a strike, the other party may, by the later of the third day after the date of filling of the initial strike or the date of the initial strike deadline, strike a special commissioner from the resulting panel, provided the other party has not earlier exercised a strike | the judge shall appoint a replacement |

(d) Each party in an eminent domain proceeding is entitled to a copy of the court's order appointing special commissioners under Subsection (a). The court must promptly provide the signed order to the party initiating the condemnation proceeding and that party must provide a copy of the signed order to the property owner and each other party by certified mail, return receipt requested. If the entity has received written notice that the property owner is represented by counsel, the party initiating the condemnation proceeding must concurrently provide a copy of the signed order to the property owner's attorney by first class mail, commercial delivery service, fax, or e-mail.

delivery service, fax, or e-mail.

SECTION 10. Not later than September 1, 2022, the Texas Real Estate Commission shall adopt rules necessary to implement the changes in law made by this Act to Chapter 1101, Occupations Code.

SECTION 11. Notwithstanding Section 1101.502(a), Occupations Code, as amended by this Act, and Section 1101.509, Occupations Code, as added by this Act, a person who has submitted an application for the issuance or renewal of a certificate of registration as an easement or right-of-way agent before January 1, 2023, is not subject to the education requirements of those provisions until the first renewal of the certificate after March 1, 2023.

SECTION 12. (a) Except as provided by Subsection (b) of this section, the changes in law made by this Act to Chapter 21, Property Code, apply to the acquisition of real property in connection with an initial offer made under Chapter 21, Property Code, on or after the effective date of this Act. An acquisition of real property in connection with an initial offer made under Chapter 21, Property Code, before the effective date of this Act is governed by the law applicable to the acquisition immediately before the effective date of this Act, and that law is continued in effect for that purpose.

(b) The changes in law made by this Act to Chapter 21, Property Code, do not apply to an electric transmission project for which the Public Utility Commission of Texas has issued a final and appealable order that amends a certificate of convenience and

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9-1 necessity before the effective date of this Act. 9-2 SECTION 13. This Act takes effect January 1, 2022.

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