

- SUBJECT:** Creating a commission to study unclaimed land grant mineral proceeds
- COMMITTEE:** Land and Resource Management — committee substitute recommended
- VOTE:** 7 ayes — Deshotel, Frank, Goldman, Herrero, Paddie, Simpson, Springer  
0 nays  
2 absent — Walle, Parker
- WITNESSES:** For — Al Cisneros; Hector Uribe; (*Registered, but did not testify:* Benita Castillo; Amado Garza; Mary Garza; Hilda Velasquez)  
Against — None
- BACKGROUND:** In Texas, after a dormancy period, unclaimed property is turned over to the comptroller's office, which attempts to locate the rightful owner. Unclaimed monies are deposited into the General Revenue Fund and returned to the owner when located. Property is declared unclaimed after a set dormancy period, which begins after the last act of ownership. This is usually defined as the owner's last transaction or communication with the property holder. In January 1986, unclaimed mineral royalties in Texas began to be turned over to the comptroller.  
  
According to the General Land Office, the governments of Spain and Mexico awarded about 26 million acres of land in what is now Texas in specific grants during the 16th and 17th centuries. In total, Texas contains about 172 million acres of land.
- DIGEST:** CSHB 724 would establish the Unclaimed Minerals Proceed Commission to study and provide recommendation to the Legislature regarding the distribution of mineral proceeds that are derived from an original land grant, owned by a decedent of an original grantee, and unclaimed and presumed abandoned unclaimed property that has been delivered to the Comptroller of Public Accounts.  
  
The commission would determine the amount of the original land mineral proceeds delivered to the comptroller that remain unclaimed on December 1, 2014, and an efficient and effective procedures through which the state

could determine, notify, and distribute the proceeds.

The 17-member commission would comprise three members who represent grant heirs and three members who have expertise in property law appointed by the governor; two members appointed by the lieutenant governor; two members appointed by the speaker of the house; two members appointed by the land commissioner; two members appointed by the comptroller; two members appointed by the executive director of the Texas Historical Commission; and the state historian or designee. The governor would appoint the commission's presiding officer.

CSHB 724 would require the governor, lieutenant governor, and the speaker of the house of representatives to make appointments by December 31, 2013.

The bill would establish the timeframe for the first meeting and meet regularly as called by the chairman. Commission members would not be entitled to reimbursement for expenses or compensation.

The commission would have to prepare a report, no later than January 1, 2015, and provide the report to governor, lieutenant govern and speaker of the House of Representatives.

The report would be required to specify the amount of unclaimed original land grant mineral proceeds delivered to the comptroller by December 1, 2014, and recommendations for efficient and effective ways to determine, notify, and distribute the proceeds to the owners.

CSHB 724 would require the commission to recommend legislation necessary to implement the final report, as well as any administrative recommendations and a complete explanation of each of the commission's recommendations.

The commission would not be subject to Government Code, ch. 2110, the statute governing the operation of state advisory committees. The commission would expire on June 1, 2015.

The bill would be effective on September 1, 2013.

**SUPPORTERS  
SAY:**

CSHB 724 would establish a study so the Legislature could determine the best method to distribute unclaimed mineral royalties to the descendants of

Spanish and Mexican land grant recipients. This would be an important step toward providing finality to the potential heirs of the unclaimed mineral rights.

The commission that would be established by CSHB 724, working with oil and gas companies, genealogists, and others, would be fully capable of providing finality to this issue.

Since 1986, oil and gas companies have sent royalty payments to the comptroller when they were unable to locate the rightful owners. The companies often are unable to determine who the heirs were or where they lived. More often than not in these situations, the rightful owners died without specifying their heirs in their wills. The comptroller holds these funds in trust for the unknown owners. Up to 95 percent of the unclaimed mineral royalties contain some kind of information on the true owners, but it is often insufficient to identify, let alone locate, them. Sometimes the royalty payments even lack information on the well head from which they were generated. Absent a study, recommendation, and proposal for change in law, these funds likely will never be distributed.

Descendants of Spanish and Mexican land grantees are likely the proper recipients of the state's unclaimed mineral royalties because these descendants still own significant portions of the mineral rights of the original land grants.

The commission would make a limited determination aimed addressing a narrow, but ongoing problem. It would not be the first step in undoing existing property rights.

**OPPONENTS  
SAY:**

Existing law provides the mechanism by which individuals having unclaimed property can provide proof to the comptroller. The commission and the resulting study could establish a belief among some that they should expect to a payment from the comptroller, when none will be forthcoming.

The commission might not be able to complete the task because the comptroller does not receive with unclaimed mineral royalties information about county of production or other geographic location, making it nearly impossible for the comptroller to undertake such a study. Such determinations would have to be made by the oil and gas production companies, which would be a challenge for them because of the large

amount of turnover in the oil and gas leases.

The amount of money that the comptroller is unable to attribute to a land grant mineral right that has gone unclaimed property is relatively small — about \$500,000. The costs of determining the ownership of that money, especially given the size of the commission and the agency staff time used to staff the commission, may not be enough to justify the commission's existence.

Although just a study, the bill could be the first step in undoing longstanding property laws to benefit a small number of individuals who have had nothing to do with land for more than 100 years.