

By: Murr

H.B. No. 260

A BILL TO BE ENTITLED

AN ACT

relating to the calculation of net to land in the appraisal of open-space land for ad valorem tax purposes.

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

SECTION 1. Section 23.51(4), Tax Code, is amended to read as follows:

(4) "Net to land" means the average annual net income derived from the use of open-space land that would have been earned from the land during the five-year period preceding the year before the appraisal by an owner using ordinary prudence in the management of the land and the farm crops or livestock produced or supported on the land and, in addition, any income received from hunting or recreational leases. The chief appraiser shall calculate net to land by considering the income that would be due to the owner of the land under cash lease, share lease, or whatever lease arrangement is typical in that area for that category of land, and all expenses directly attributable to the agricultural use of the land by the owner shall be subtracted from this owner income and the results shall be used in income capitalization. In calculating net to land, a reasonable deduction shall be made for any depletion that occurs of underground water used in the agricultural operation. In this subdivision, "wildlife or livestock disease or pest area" means an area designated by a state agency as an area in which a disease or pest that affects wildlife or livestock exists or may exist,

1 including a chronic wasting disease containment or surveillance
2 zone and an area subject to a quarantine authorized by Subtitle C,
3 Title 6, Agriculture Code. In calculating net to land of open-space
4 land located in or adjacent to a wildlife or livestock disease or
5 pest area, the chief appraiser shall take into consideration the
6 effect that the presence of the applicable disease or pest or the
7 designation of the area has on the net income from the land. For
8 land that qualifies under Subdivision (7) for appraisal under this
9 subchapter, the chief appraiser may not consider in the calculation
10 of net to land the income that would be due to the owner under a
11 hunting or recreational lease of the land.

12 SECTION 2. The change in law made by this Act applies only
13 to the appraisal of open-space land for a tax year that begins on or
14 after the effective date of this Act.

15 SECTION 3. This Act takes effect January 1, 2024.