

By: Schofield

H.B. No. 449

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the repeal of the additional ad valorem taxes imposed as  
3 a result of a sale or change of use of certain land.

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

5 ARTICLE 1. REPEAL OF ADDITIONAL TAX PROVISIONS IN SUBCHAPTERS C, D,  
6 E, F, G, AND H, CHAPTER 23, TAX CODE

7 SECTION 1.01. Section 1.07(d), Tax Code, is amended to read  
8 as follows:

9 (d) A notice required by Section 11.43(q), 11.45(d),  
10 23.44(d), [~~23.46(c) or (f)~~], 23.54(e), 23.541(c), [~~23.55(e)~~],  
11 23.551(a), 23.57(d), [~~23.76(e)~~], 23.79(d), or 23.85(d) must be sent  
12 by certified mail.

13 SECTION 1.02. Section 23.52(e), Tax Code, is amended to  
14 read as follows:

15 (e) The [~~For the purposes of Section 23.55 of this code,~~  
16 ~~the~~] chief appraiser [~~also~~] shall determine the market value of  
17 qualified open-space land and shall record both the market value  
18 and the appraised value in the appraisal records.

19 SECTION 1.03. Section 23.524(e), Tax Code, is amended to  
20 read as follows:

21 (e) Notwithstanding Subsection (b) or (c), the eligibility  
22 of [~~For the purposes of this subchapter, a change of use of the~~]  
23 land subject to this section for appraisal under this subchapter is  
24 considered to have ended [~~occurred~~] on the day the period

1 prescribed by Subsection (c) begins if the owner has not fully  
2 complied with the terms of the agreement described by Subsection  
3 (b) on the date the agreement ends.

4 SECTION 1.04. Sections 23.551(a) and (d), Tax Code, are  
5 amended to read as follows:

6 (a) If land appraised as provided by this subchapter is  
7 owned by an individual 65 years of age or older, before making a  
8 determination that ~~[a change in use of]~~ the land is no longer  
9 eligible for appraisal under this subchapter ~~[has occurred]~~, the  
10 chief appraiser shall deliver a written notice to the owner stating  
11 that the chief appraiser believes ~~[a change in use of]~~ the land may  
12 no longer be eligible for appraisal under this subchapter ~~[have~~  
13 ~~occurred]~~.

14 (d) If the chief appraiser does not receive a response on or  
15 before the 60th day after the date the notice is mailed, the chief  
16 appraiser must make a reasonable effort to locate the owner and  
17 determine whether the land remains eligible to be appraised as  
18 provided by this subchapter before determining that ~~[a change in~~  
19 ~~use of]~~ the land is no longer eligible for appraisal under this  
20 subchapter ~~[has occurred]~~.

21 SECTION 1.05. Section 23.73(c), Tax Code, is amended to  
22 read as follows:

23 (c) The ~~[For the purposes of Section 23.76 of this code,~~  
24 ~~the]~~ chief appraiser ~~[also]~~ shall determine the market value of  
25 qualified timber land and shall record both the market value and the  
26 appraised value in the appraisal records.

27 SECTION 1.06. Section 31.01(c), Tax Code, is amended to

1 read as follows:

2 (c) The tax bill or a separate statement accompanying the  
3 tax bill shall:

4 (1) identify the property subject to the tax;

5 (2) state the appraised value, assessed value, and  
6 taxable value of the property;

7 (3) if the property is land appraised as provided by  
8 Subchapter C, D, E, or H, Chapter 23, state the market value of the  
9 land [~~and the taxable value for purposes of deferred or additional~~  
10 ~~taxation as provided by Section 23.46, 23.55, 23.76, or 23.9807, as~~  
11 ~~applicable~~];

12 (4) state the assessment ratio for the taxing unit;

13 (5) state the type and amount of any partial exemption  
14 applicable to the property, indicating whether it applies to  
15 appraised or assessed value;

16 (6) state the total tax rate for the taxing unit;

17 (7) state the amount of tax due, the due date, and the  
18 delinquency date;

19 (8) explain the payment option and discounts provided  
20 by Sections 31.03 and 31.05, if available to the taxing unit's  
21 taxpayers, and state the date on which each of the discount periods  
22 provided by Section 31.05 concludes, if the discounts are  
23 available;

24 (9) state the rates of penalty and interest imposed  
25 for delinquent payment of the tax;

26 (10) include the name and telephone number of the  
27 assessor for the taxing unit and, if different, of the collector for

1 the taxing unit;

2 (11) for real property, state for the current tax year  
3 and each of the preceding five tax years:

4 (A) the appraised value and taxable value of the  
5 property;

6 (B) the total tax rate for the taxing unit;

7 (C) the amount of taxes imposed on the property  
8 by the taxing unit; and

9 (D) the difference, expressed as a percent  
10 increase or decrease, as applicable, in the amount of taxes imposed  
11 on the property by the taxing unit compared to the amount imposed  
12 for the preceding tax year; and

13 (12) for real property, state the differences,  
14 expressed as a percent increase or decrease, as applicable, in the  
15 following for the current tax year as compared to the fifth tax year  
16 before that tax year:

17 (A) the appraised value and taxable value of the  
18 property;

19 (B) the total tax rate for the taxing unit; and

20 (C) the amount of taxes imposed on the property  
21 by the taxing unit.

22 SECTION 1.07. Section [41.41\(a\)](#), Tax Code, is amended to  
23 read as follows:

24 (a) A property owner is entitled to protest before the  
25 appraisal review board the following actions:

26 (1) determination of the appraised value of the  
27 owner's property or, in the case of land appraised as provided by

1 Subchapter C, D, E, or H, Chapter 23, determination of its appraised  
2 or market value;

3 (2) unequal appraisal of the owner's property;

4 (3) inclusion of the owner's property on the appraisal  
5 records;

6 (4) denial to the property owner in whole or in part of  
7 a partial exemption;

8 (5) determination that the owner's land does not  
9 qualify for appraisal as provided by Subchapter C, D, E, or H,  
10 Chapter 23;

11 (6) identification of the taxing units in which the  
12 owner's property is taxable in the case of the appraisal district's  
13 appraisal roll;

14 (7) determination that the property owner is the owner  
15 of property; or

16 (8) ~~[a determination that a change in use of land~~  
17 ~~appraised under Subchapter C, D, E, or H, Chapter 23, has occurred,~~

18 ~~or~~

19 ~~(9)~~ any other action of the chief appraiser,  
20 appraisal district, or appraisal review board that applies to and  
21 adversely affects the property owner.

22 SECTION 1.08. Sections 41.44(a) and (c), Tax Code, are  
23 amended to read as follows:

24 (a) Except as provided by Subsections (b), (c), (c-1), and  
25 (c-2), to be entitled to a hearing and determination of a protest,  
26 the property owner initiating the protest must file a written  
27 notice of the protest with the appraisal review board having

1 authority to hear the matter protested:

2 (1) not later than May 15 or the 30th day after the  
3 date that notice to the property owner was delivered to the property  
4 owner as provided by Section 25.19, whichever is later;

5 (2) in the case of a protest of a change in the  
6 appraisal records ordered as provided by Subchapter A of this  
7 chapter or by Chapter 25, not later than the 30th day after the date  
8 notice of the change is delivered to the property owner;

9 ~~(3) [in the case of a determination that a change in~~  
10 ~~the use of land appraised under Subchapter C, D, E, or H, Chapter~~  
11 ~~23, has occurred, not later than the 30th day after the date the~~  
12 ~~notice of the determination is delivered to the property owner;~~

13 ~~(4)~~ in the case of a determination of eligibility  
14 for a refund under Section 23.1243, not later than the 30th day  
15 after the date the notice of the determination is delivered to the  
16 property owner; or

17 (4) ~~(5)~~ in the case of a protest of the modification  
18 or denial of an application for an exemption under Section 11.35, or  
19 the determination of an appropriate damage assessment rating for an  
20 item of qualified property under that section, not later than the  
21 30th day after the date the property owner receives the notice  
22 required under Section 11.45(e).

23 (c) A property owner who files notice of a protest  
24 authorized by Section 41.411 is entitled to a hearing and  
25 determination of the protest if the property owner files the notice  
26 prior to the date the taxes on the property to which the notice  
27 applies become delinquent. ~~[An owner of land who files a notice of~~

1 ~~protest under Subsection (a)(3) is entitled to a hearing and~~  
2 ~~determination of the protest without regard to whether the~~  
3 ~~appraisal records are approved.]~~

4 SECTION 1.09. Section 60.022, Agriculture Code, is amended  
5 to read as follows:

6 Sec. 60.022. CONTENTS OF PETITION. A petition filed under  
7 Section 60.021 must:

8 (1) describe the boundaries of the proposed district  
9 by metes and bounds or by lot and block number, if there is a  
10 recorded map or plat and survey of the area;

11 (2) include a name for the proposed district, which  
12 must include the term "Agricultural Development District";

13 (3) be signed by the landowners of any land to be  
14 included within the proposed district and provide an acknowledgment  
15 consistent with Section 121.001, Civil Practice and Remedies Code,  
16 that the landowners desire the land to be included in the district;

17 (4) include the names of at least five persons who are  
18 willing and qualified to serve as temporary directors of the  
19 district;

20 (5) name each county in which any agricultural  
21 facilities to be owned by the district are to be located;

22 (6) name each municipality in which any part of the  
23 district is to be located;

24 (7) state the general nature of the proposed  
25 development and the cost of the development as then estimated by the  
26 petitioners;

27 (8) state the necessity and feasibility of the

1 proposed district and whether the district will serve the public  
2 purpose of furthering agricultural interests;

3 (9) include a pledge that the district will make  
4 payments in lieu of taxes to any school district and county in which  
5 any real property to be owned by the district is located, in ~~as~~  
6 ~~follows:~~

7 [~~(A)~~] annual payments to each entity that are  
8 equal to the amount of taxes imposed on the real property by the  
9 entity in the year of the district's creation; and

10 [~~(B)~~ ~~a payment to each entity equal to the amount~~  
11 ~~that would be due under Section 23.55, Tax Code, on the district's~~  
12 ~~date of creation, and]~~

13 (10) include a pledge that, if the district employs  
14 more than 50 persons, the district will make payments in lieu of  
15 taxes to any school district, in addition to those made under  
16 Subdivision (9), in an amount negotiated between the district and  
17 the school district.

18 SECTION 1.10. Section 21.0421(e), Property Code, is amended  
19 to read as follows:

20 (e) This section does not~~+~~

21 [~~(1)~~] authorize groundwater rights appraised  
22 separately from the real property under this section to be  
23 appraised separately from real property for property tax appraisal  
24 purposes~~, or~~

25 [~~(2)~~ ~~subject real property condemned for the purpose~~  
26 ~~described by Subsection (a) to an additional tax as provided by~~  
27 ~~Section 23.46 or 23.55, Tax Code].~~



1 SECTION 1.11. Subsection (a), Section 23.46, Tax Code, is  
2 transferred to Section 23.41, Tax Code, and redesignated as  
3 Subsection (c), Section 23.41, Tax Code, to read as follows:

4 (c) [~~(a)~~] When appraising land designated for agricultural  
5 use, the chief appraiser also shall appraise the land at its market  
6 value and shall record both the market value and the value based on  
7 its capacity to produce agricultural products in the appraisal  
8 records.

9 SECTION 1.12. The following provisions of the Tax Code are  
10 repealed:

- 11 (1) Section 23.20(g);
- 12 (2) the heading to Section 23.46;
- 13 (3) Sections 23.46(b), (c), (d), (e), (e-1), (f), and  
14 (g);
- 15 (4) Sections 23.47(c) and (d);
- 16 (5) Section 23.55;
- 17 (6) Sections 23.58(c) and (d);
- 18 (7) Section 23.76;
- 19 (8) Section 23.86;
- 20 (9) Section 23.96; and
- 21 (10) Section 23.9807.

22 SECTION 1.13. The repeal of Sections 23.46, 23.55, 23.76,  
23 23.86, 23.96, and 23.9807, Tax Code, by this Act does not affect an  
24 additional tax imposed as a result of a sale or change of use of land  
25 appraised under Subchapter C, D, E, F, G, or H, Chapter 23, Tax  
26 Code, that occurred before the effective date of this Act, and the  
27 former law is continued in effect for purposes of that tax.

1 ARTICLE 2. REPEAL OF ADDITIONAL TAX PROVISIONS IN SUBCHAPTERS D, E,  
2 F, G, AND H, CHAPTER 23, TAX CODE

3 SECTION 2.01. Section 1.07(d), Tax Code, is amended to read  
4 as follows:

5 (d) A notice required by Section 11.43(q), 11.45(d),  
6 23.44(d), 23.46(c) or (f), 23.54(e), 23.541(c), [~~23.55(e)~~],  
7 23.551(a), 23.57(d), [~~23.76(e)~~], 23.79(d), or 23.85(d) must be sent  
8 by certified mail.

9 SECTION 2.02. Section 23.20(g), Tax Code, is amended to  
10 read as follows:

11 (g) A waiver of a special appraisal of property under  
12 Subchapter C [~~, D, E, F, or G of this chapter~~] does not constitute a  
13 change of use of the property or diversion of the property to  
14 another use for purposes of the imposition of additional taxes  
15 under that subchapter [~~any of those subchapters~~].

16 SECTION 2.03. Section 23.52(e), Tax Code, is amended to  
17 read as follows:

18 (e) The [~~For the purposes of Section 23.55 of this code,~~  
19 ~~the~~] chief appraiser [~~also~~] shall determine the market value of  
20 qualified open-space land and shall record both the market value  
21 and the appraised value in the appraisal records.

22 SECTION 2.04. Section 23.524(e), Tax Code, is amended to  
23 read as follows:

24 (e) Notwithstanding Subsection (b) or (c), the eligibility  
25 of [~~For the purposes of this subchapter, a change of use of the~~]  
26 land subject to this section for appraisal under this subchapter is  
27 considered to have ended [~~occurred~~] on the day the period

1 prescribed by Subsection (c) begins if the owner has not fully  
2 complied with the terms of the agreement described by Subsection  
3 (b) on the date the agreement ends.

4 SECTION 2.05. Sections 23.551(a) and (d), Tax Code, are  
5 amended to read as follows:

6 (a) If land appraised as provided by this subchapter is  
7 owned by an individual 65 years of age or older, before making a  
8 determination that ~~[a change in use of]~~ the land is no longer  
9 eligible for appraisal under this subchapter ~~[has occurred]~~, the  
10 chief appraiser shall deliver a written notice to the owner stating  
11 that the chief appraiser believes ~~[a change in use of]~~ the land may  
12 no longer be eligible for appraisal under this subchapter ~~[have~~  
13 ~~occurred]~~.

14 (d) If the chief appraiser does not receive a response on or  
15 before the 60th day after the date the notice is mailed, the chief  
16 appraiser must make a reasonable effort to locate the owner and  
17 determine whether the land remains eligible to be appraised as  
18 provided by this subchapter before determining that ~~[a change in~~  
19 ~~use of]~~ the land is no longer eligible for appraisal under this  
20 subchapter ~~[has occurred]~~.

21 SECTION 2.06. Section 23.73(c), Tax Code, is amended to  
22 read as follows:

23 (c) The ~~[For the purposes of Section 23.76 of this code,~~  
24 ~~the]~~ chief appraiser ~~[also]~~ shall determine the market value of  
25 qualified timber land and shall record both the market value and the  
26 appraised value in the appraisal records.

27 SECTION 2.07. Sections 31.01(c) and (c-1), Tax Code, are

1 amended to read as follows:

2 (c) The tax bill or a separate statement accompanying the  
3 tax bill shall:

4 (1) identify the property subject to the tax;

5 (2) state the appraised value, assessed value, and  
6 taxable value of the property;

7 (3) if the property is land appraised as provided by  
8 Subchapter C, [~~D, E, or H,~~] Chapter 23, state the market value and  
9 the taxable value for purposes of deferred or additional taxation  
10 as provided by Section 23.46 [~~, 23.55, 23.76, or 23.9807,~~ as  
11 ~~applicable~~];

12 (4) if the property is land appraised as provided by  
13 Subchapter D, E, or H, Chapter 23, state the market value of the  
14 land;

15 (5) state the assessment ratio for the taxing unit;

16 (6) [~~(5)~~] state the type and amount of any partial  
17 exemption applicable to the property, indicating whether it applies  
18 to appraised or assessed value;

19 (7) [~~(6)~~] state the total tax rate for the taxing  
20 unit;

21 (8) [~~(7)~~] state the amount of tax due, the due date,  
22 and the delinquency date;

23 (9) [~~(8)~~] explain the payment option and discounts  
24 provided by Sections 31.03 and 31.05, if available to the taxing  
25 unit's taxpayers, and state the date on which each of the discount  
26 periods provided by Section 31.05 concludes, if the discounts are  
27 available;

1           (10) [~~(9)~~] state the rates of penalty and interest  
2 imposed for delinquent payment of the tax;

3           (11) [~~(10)~~] include the name and telephone number of  
4 the assessor for the taxing unit and, if different, of the collector  
5 for the taxing unit;

6           (12) [~~(11)~~] for real property, state for the current  
7 tax year and each of the preceding five tax years:

8                   (A) the appraised value and taxable value of the  
9 property;

10                   (B) the total tax rate for the taxing unit;

11                   (C) the amount of taxes imposed on the property  
12 by the taxing unit; and

13                   (D) the difference, expressed as a percent  
14 increase or decrease, as applicable, in the amount of taxes imposed  
15 on the property by the taxing unit compared to the amount imposed  
16 for the preceding tax year; and

17           (13) [~~(12)~~] for real property, state the differences,  
18 expressed as a percent increase or decrease, as applicable, in the  
19 following for the current tax year as compared to the fifth tax year  
20 before that tax year:

21                   (A) the appraised value and taxable value of the  
22 property;

23                   (B) the total tax rate for the taxing unit; and

24                   (C) the amount of taxes imposed on the property  
25 by the taxing unit.

26           (c-1) If for any of the preceding six tax years any  
27 information required by Subsection (c)(12) [~~(c)(11)~~] or (13) [~~(12)~~]

1 to be included in a tax bill or separate statement is unavailable,  
2 the tax bill or statement must state that the information is not  
3 available for that year.

4 SECTION 2.08. Section 41.41(a), Tax Code, is amended to  
5 read as follows:

6 (a) A property owner is entitled to protest before the  
7 appraisal review board the following actions:

8 (1) determination of the appraised value of the  
9 owner's property or, in the case of land appraised as provided by  
10 Subchapter C, D, E, or H, Chapter 23, determination of its appraised  
11 or market value;

12 (2) unequal appraisal of the owner's property;

13 (3) inclusion of the owner's property on the appraisal  
14 records;

15 (4) denial to the property owner in whole or in part of  
16 a partial exemption;

17 (5) determination that the owner's land does not  
18 qualify for appraisal as provided by Subchapter C, D, E, or H,  
19 Chapter 23;

20 (6) identification of the taxing units in which the  
21 owner's property is taxable in the case of the appraisal district's  
22 appraisal roll;

23 (7) determination that the property owner is the owner  
24 of property;

25 (8) a determination that a change in use of land  
26 appraised under Subchapter C, [~~D, E, or H,~~] Chapter 23, has  
27 occurred; or

1           (9) any other action of the chief appraiser, appraisal  
2 district, or appraisal review board that applies to and adversely  
3 affects the property owner.

4           SECTION 2.09. Section 41.44(a), Tax Code, is amended to  
5 read as follows:

6           (a) Except as provided by Subsections (b), (c), (c-1), and  
7 (c-2), to be entitled to a hearing and determination of a protest,  
8 the property owner initiating the protest must file a written  
9 notice of the protest with the appraisal review board having  
10 authority to hear the matter protested:

11           (1) not later than May 15 or the 30th day after the  
12 date that notice to the property owner was delivered to the property  
13 owner as provided by Section 25.19, whichever is later;

14           (2) in the case of a protest of a change in the  
15 appraisal records ordered as provided by Subchapter A of this  
16 chapter or by Chapter 25, not later than the 30th day after the date  
17 notice of the change is delivered to the property owner;

18           (3) in the case of a determination that a change in the  
19 use of land appraised under Subchapter C, [~~D, E, or H~~] Chapter 23,  
20 has occurred, not later than the 30th day after the date the notice  
21 of the determination is delivered to the property owner;

22           (4) in the case of a determination of eligibility for a  
23 refund under Section 23.1243, not later than the 30th day after the  
24 date the notice of the determination is delivered to the property  
25 owner; or

26           (5) in the case of a protest of the modification or  
27 denial of an application for an exemption under Section 11.35, or

1 the determination of an appropriate damage assessment rating for an  
2 item of qualified property under that section, not later than the  
3 30th day after the date the property owner receives the notice  
4 required under Section 11.45(e).

5 SECTION 2.10. Section 60.022, Agriculture Code, is amended  
6 to read as follows:

7 Sec. 60.022. CONTENTS OF PETITION. A petition filed under  
8 Section 60.021 must:

9 (1) describe the boundaries of the proposed district  
10 by metes and bounds or by lot and block number, if there is a  
11 recorded map or plat and survey of the area;

12 (2) include a name for the proposed district, which  
13 must include the term "Agricultural Development District";

14 (3) be signed by the landowners of any land to be  
15 included within the proposed district and provide an acknowledgment  
16 consistent with Section 121.001, Civil Practice and Remedies Code,  
17 that the landowners desire the land to be included in the district;

18 (4) include the names of at least five persons who are  
19 willing and qualified to serve as temporary directors of the  
20 district;

21 (5) name each county in which any agricultural  
22 facilities to be owned by the district are to be located;

23 (6) name each municipality in which any part of the  
24 district is to be located;

25 (7) state the general nature of the proposed  
26 development and the cost of the development as then estimated by the  
27 petitioners;



1           (8) state the necessity and feasibility of the  
2 proposed district and whether the district will serve the public  
3 purpose of furthering agricultural interests;

4           (9) include a pledge that the district will make  
5 payments in lieu of taxes to any school district and county in which  
6 any real property to be owned by the district is located, in ~~as~~  
7 ~~follows:~~

8                   ~~[(A)]~~ annual payments to each entity that are  
9 equal to the amount of taxes imposed on the real property by the  
10 entity in the year of the district's creation; and

11                   ~~[(B) a payment to each entity equal to the amount~~  
12 ~~that would be due under Section 23.55, Tax Code, on the district's~~  
13 ~~date of creation; and]~~

14           (10) include a pledge that, if the district employs  
15 more than 50 persons, the district will make payments in lieu of  
16 taxes to any school district, in addition to those made under  
17 Subdivision (9), in an amount negotiated between the district and  
18 the school district.

19           SECTION 2.11. Section 21.0421(e), Property Code, is amended  
20 to read as follows:

21           (e) This section does not:

22                   (1) authorize groundwater rights appraised separately  
23 from the real property under this section to be appraised  
24 separately from real property for property tax appraisal purposes;  
25 or

26                   (2) subject real property condemned for the purpose  
27 described by Subsection (a) to an additional tax as provided by

1 Section 23.46 [~~or 23.55~~], Tax Code.

2 SECTION 2.12. The following provisions of the Tax Code are  
3 repealed:

- 4 (1) Section 23.55;
- 5 (2) Sections 23.58(c) and (d);
- 6 (3) Section 23.76;
- 7 (4) Section 23.86;
- 8 (5) Section 23.96; and
- 9 (6) Section 23.9807.

10 SECTION 2.13. The repeal of Sections 23.55, 23.76, 23.86,  
11 23.96, and 23.9807, Tax Code, by this Act does not affect an  
12 additional tax imposed as a result of a change of use of land  
13 appraised under Subchapter D, E, F, G, or H, Chapter 23, Tax Code,  
14 that occurred before the effective date of this Act, and the former  
15 law is continued in effect for purposes of that tax.

16 ARTICLE 3. EFFECTIVE DATE

17 SECTION 3.01. (a) Except as otherwise provided by this  
18 section, this Act takes effect January 1, 2024.

19 (b) Article 1 of this Act takes effect only if the  
20 constitutional amendment proposed by the 88th Legislature, Regular  
21 Session, 2023, repealing the provision that subjects land  
22 designated for agricultural use to an additional tax when the land  
23 is diverted to a purpose other than agricultural use or sold is  
24 approved by the voters. If that amendment is not approved by the  
25 voters, Article 1 of this Act has no effect.

26 (c) Article 2 of this Act takes effect only if Article 1 of  
27 this Act does not take effect. If Article 1 of this Act takes

1 effect, Article 2 of this Act has no effect.