

BILL ANALYSIS

H.B. 1821

By: Kuempel

Local Government Ways and Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Under current law, Texas requires a buyer of agricultural land, which has lost its qualification as open-space land for tax purposes, to re-apply for and create a new 5-year history before its value as open-space land or agricultural land can be considered. If land loses its qualification as open-space land, under the Tax Code, it is subject to a rollback tax penalty because of the change in usage of the land. This legislation would allow new owners of previously qualified land that had lost its qualification as open-space land in the last 10 years the opportunity to register with the county tax appraiser their intent to convert the land back to agricultural use as open-space land. The owner would receive an immediate tax rate valuation change to open-space land. The owner would then have three years, to re-establish the land to be in total compliance with the current Tax Code degree of intensity standards. If, at the end of three years, the landowner has not met the minimum intensity requirements, the owner would be responsible for paying rollback taxes along with interest for the three years that he had received the lower open-space land valuation for tax purposes.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

House Bill 1821 adds Section 23.515, Tax Code, to allow the buyer of open-space land, upon purchasing the land, to register with the county tax appraiser their intent to convert the land back to agricultural use and immediately receive a tax rate valuation change to agricultural use, subject to certain limitations.

The owner must file a notice with the chief appraiser before May 1st that states the owner intends to devote the land to agricultural use. The land must not have been appraised as open-space land or agricultural land at the time the owner acquired the land, the land must have been appraised as open-space or agricultural land by a previous owner in any of the ten years preceding the year the owner submits notice to the chief appraiser, and the land is not ineligible for appraisal as open space land.

HB 1821 also specifies the form of notice to the appraiser and the responsibilities of the appraiser prior to and after the land being devoted principally to agricultural use. The bill also places a limitation on the time frame for which land must be devoted to agricultural use after notice is filed before a rollback tax is imposed.

Section 23.515, Tax Code, applies only to the appraisal of land for ad valorem tax purposes for a tax year beginning on or after the effective date of this Act.

EFFECTIVE DATE

The Act takes effect January 1, 2004, if the constitutional amendment is approved by the voters. Otherwise, the Act has no effect.

