

BILL ANALYSIS

H.B. 1980
By: Puente
Local Government Ways and Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Currently, if the use of appraised land changes in value, an additional tax is imposed. The tax is equal to the difference between the taxes imposed on the land for each of the five years preceding the year in which the change of use occurs on the appraised land and the tax that would have been imposed had the land been taxed on the basis of market value in each of those years, plus interest at an annual rate of seven percent calculated from the dates on which the differences would have become due.

Exemptions exist, however, for transfers of property pursuant to a sale for a right-of-way, a condemnation, or a transfer to the state or a political subdivision to be used for a public purpose.

H.B. 1980 would exempt certain land from the additional tax imposed on a change of use on land appraised for ad valorem tax purposes as open-space land, if the property is the subject of transfer from a municipality, if more than 1,500 new jobs would be created, and the municipality has a population of more than one million.

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

H.B. 1980 amends Section 23.55(f) of the Tax Code to provide that sanctions provided by Subsection (a) of this section, relating to imposing additional taxes on the change of use of land appraised for ad valorem tax purposes as open-space land, do not apply if the change of use occurs as a result of a transfer of the property from a municipality to an individual or a business entity for the purpose of economic development. This applies to municipalities with a population of more than one million and where the change of use creates more than 1,500 jobs.

EFFECTIVE DATE

On passage if the Act receives a two-thirds vote of the members of each House, or if the Act does not receive the necessary votes, the Act takes effect September 1, 2003.