

By: Turner

H.B. No. 2517

A BILL TO BE ENTITLED

AN ACT

relating to the ad valorem taxation of farm products and open-space land.

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

SECTION 1. Section 11.16(c), Tax Code, is amended by adding Subdivision (3) to read as follows:

(3) "Producer" means a person who in any of the five preceding tax years derived at least 10 percent of the person's gross income from farm products that the person produced and owned in that year.

SECTION 2. Section 23.56, Tax Code, is amended to read as follows:

Sec. 23.56. LAND INELIGIBLE FOR APPRAISAL AS OPEN-SPACE LAND. Land is not eligible for appraisal as provided by this subchapter if:

(1) the land is located inside the corporate limits of an incorporated city or town, unless:

(A) the city or town is not providing the land with governmental and proprietary services substantially equivalent in standard and scope to those services it provides in other parts of the city or town with similar topography, land utilization, and population density; or

(B) the land has been devoted principally to agricultural use continuously for the preceding five years;

1           (2) the land is owned by an individual who is a  
2 nonresident alien or by a foreign government if that individual or  
3 government is required by federal law or by rule adopted pursuant to  
4 federal law to register his ownership or acquisition of that  
5 property; [~~or~~]

6           (3) the land is owned by a corporation, partnership,  
7 trust, or other legal entity if the entity is required by federal  
8 law or by rule adopted pursuant to federal law to register its  
9 ownership or acquisition of that land and a nonresident alien or a  
10 foreign government or any combination of nonresident aliens and  
11 foreign governments own a majority interest in the entity; or

12           (4) the land is owned by a person that in each of the  
13 five preceding years derived less than 10 percent of the person's  
14 income from farming or ranching or using land for wildlife  
15 management purposes.

16           SECTION 3. This Act takes effect January 1, 2004, and  
17 applies only to the ad valorem taxation of farm products or the  
18 appraisal of open-space land for ad valorem tax purposes for a tax  
19 year that begins on or after that date.