

1-1 By: Hilderbran (Senate Sponsor - Armbrister) H.B. No. 3607
1-2 (In the Senate - Received from the House May 12, 2003;
1-3 May 13, 2003, read first time and referred to Committee on Finance;
1-4 May 26, 2003, reported favorably by the following vote: Yeas 11,
1-5 Nays 0; May 26, 2003, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to the calculation of net to land in the ad valorem tax
1-9 appraisal of open-space land used for wildlife management.

1-10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-11 SECTION 1. Section 23.51(4), Tax Code, is amended to read as
1-12 follows:

1-13 (4) "Net to land" means the average annual net income
1-14 derived from the use of open-space land that would have been earned
1-15 from the land during the five-year period preceding the year before
1-16 the appraisal by an owner using ordinary prudence in the management
1-17 of the land and the farm crops or livestock produced or supported on
1-18 the land and, in addition, any income received from hunting or
1-19 recreational leases. The chief appraiser shall calculate net to
1-20 land by considering the income that would be due to the owner of the
1-21 land under cash lease, share lease, or whatever lease arrangement
1-22 is typical in that area for that category of land, and all expenses
1-23 directly attributable to the agricultural use of the land by the
1-24 owner shall be subtracted from this owner income and the results
1-25 shall be used in income capitalization. In calculating net to land,
1-26 a reasonable deduction shall be made for any depletion that occurs
1-27 of underground water used in the agricultural operation. For land
1-28 that qualifies under Subdivision (7) for appraisal under this
1-29 subchapter, the chief appraiser may not consider in the calculation
1-30 of net to land the income that would be due to the owner under a
1-31 hunting or recreational lease of the land.

1-32 SECTION 2. This Act takes effect January 1, 2004, and
1-33 applies only to the appraisal of land for ad valorem tax purposes
1-34 for a tax year beginning on or after that date.

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