

By: Wentworth

S.B. No. 1576

A BILL TO BE ENTITLED

AN ACT

relating to the appraisal for ad valorem tax purposes of certain recreational land.

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

SECTION 1. The heading to Subchapter F, Chapter 23, Tax Code, is amended to read as follows:

SUBCHAPTER F. APPRAISAL OF LAND RESTRICTED TO RECREATIONAL, PARK, AND SCENIC USE [~~LAND~~]

SECTION 2. Chapter 23, Tax Code, is amended by adding Subchapter I to read as follows:

SUBCHAPTER I. APPRAISAL OF RECREATIONAL LAND

Sec. 23.9851. DEFINITION. In this subchapter, "qualified recreational land" means land that qualifies for appraisal as provided by this subchapter. The term includes all appurtenances to the land. For purposes of this section, "appurtenances to the land" means private roads, dams, reservoirs, water wells, canals, ditches, terraces, and other reshapings of the soil, fences, and riparian water rights.

Sec. 23.9852. QUALIFICATION FOR APPRAISAL AS RECREATIONAL LAND. Land qualifies for appraisal as provided by this subchapter if the land:

(1) consists of a contiguous tract of at least 10 acres;

(2) does not have any structures located on it other

1 than a single-family residence or structures that are designed to  
2 be used in connection with farming or ranching;

3 (3) is not the subject of a subdivision plat; and

4 (4) is used for recreational purposes by the owner of  
5 the land.

6 Sec. 23.9853. APPRAISAL OF QUALIFIED RECREATIONAL LAND.

7 (a) The appraised value of qualified recreational land is equal to  
8 20 percent of the market value of the land.

9 (b) The chief appraiser shall determine the market value of  
10 qualified recreational land and shall record both the market value  
11 and the appraised value in the appraisal records.

12 Sec. 23.9854. APPLICATION. (a) A person claiming that the  
13 person's land qualifies for appraisal as provided by this  
14 subchapter must file a valid application with the chief appraiser.

15 (b) To be valid, an application for appraisal under this  
16 subchapter must:

17 (1) be on a form provided by the appraisal office and  
18 prescribed by the comptroller; and

19 (2) contain the information necessary to determine the  
20 validity of the claim.

21 (c) The comptroller shall include on the form a notice of  
22 the penalties prescribed by Section 37.10, Penal Code, for making  
23 or filing an application containing a false statement. The  
24 comptroller, in prescribing the contents of the application form,  
25 shall require that the form permit a claimant who has previously  
26 been allowed appraisal under this subchapter to indicate that the  
27 previously reported information has not changed and to supply only

1 the eligibility information not previously reported.

2 (d) The form must be filed before May 1. However, for good  
3 cause shown, the chief appraiser may extend the filing deadline for  
4 not more than 15 days.

5 (e) If a person fails to timely file a valid application,  
6 the land is ineligible for appraisal under this subchapter for that  
7 year. Once an application is filed and appraisal under this  
8 subchapter is allowed, the land continues to qualify for appraisal  
9 under this subchapter in subsequent years without a new application  
10 unless the ownership of the land changes or the land's eligibility  
11 for appraisal under this subchapter ends. However, if the chief  
12 appraiser has good cause to believe the land's eligibility for  
13 appraisal under this subchapter has ended, the chief appraiser may  
14 require a person allowed appraisal under this subchapter in a  
15 previous year to file a new application to confirm that the land  
16 qualifies for appraisal under this subchapter by delivering a  
17 written notice that a new application is required, accompanied by  
18 the application form, to the person who filed the application that  
19 was previously allowed.

20 (f) The appraisal office shall make a sufficient number of  
21 printed application forms readily available at no charge.

22 (g) Each year the chief appraiser for each appraisal  
23 district shall publicize, in a manner reasonably designed to notify  
24 all residents of the district, the requirements of this section and  
25 the availability of application forms.

26 (h) A person whose land qualifies for appraisal under this  
27 subchapter shall notify the appraisal office in writing before May

1 1 after the land ceases to qualify under this subchapter. If a  
2 person fails to notify the appraisal office as required by this  
3 subsection, a penalty is imposed on the property equal to 10 percent  
4 of the difference between the taxes imposed on the property in each  
5 year it is erroneously allowed appraisal under this subchapter and  
6 the taxes that would otherwise have been imposed.

7 (i) The chief appraiser shall make an entry in the appraisal  
8 records for the property against which the penalty is imposed  
9 indicating liability for the penalty and shall deliver a written  
10 notice of imposition of the penalty to the person who owns the  
11 property. The notice shall include a brief explanation of the  
12 procedures for protesting the imposition of the penalty. The  
13 assessor for each taxing unit that imposed taxes on the property on  
14 the basis of appraisal under this subchapter shall add the amount of  
15 the penalty to the unit's tax bill for taxes on the property against  
16 which the penalty is imposed. The penalty shall be collected at the  
17 same time and in the same manner as the taxes on the property  
18 against which the penalty is imposed. The amount of the penalty  
19 constitutes a lien on the property against which the penalty is  
20 imposed and on delinquency accrues penalty and interest in the same  
21 manner as a delinquent tax.

22 (j) If the chief appraiser discovers that appraisal under  
23 this subchapter has been erroneously allowed in any of the five  
24 preceding years because of failure of the person whose land was  
25 appraised under this subchapter to give notice that the land ceased  
26 to qualify, the chief appraiser shall add the difference between  
27 the appraised value of the land under this subchapter and the market

1 value of the land for any year in which the land was ineligible for  
2 appraisal under this subchapter to the appraisal records as  
3 provided by Section 25.21 for other property that escapes taxation.

4 Sec. 23.9855. LATE APPLICATION FOR APPRAISAL AS  
5 RECREATIONAL LAND. (a) The chief appraiser shall accept and  
6 approve or deny an application for appraisal under this subchapter  
7 after the deadline for filing it has passed if it is filed before  
8 approval of the appraisal records by the appraisal review board.

9 (b) If appraisal under this subchapter is approved when the  
10 application is filed late, the owner is liable for a penalty of 10  
11 percent of the difference between the amount of taxes imposed on the  
12 property and the amount that would be imposed if the property were  
13 taxed at market value.

14 (c) The chief appraiser shall make an entry on the appraisal  
15 records indicating the person's liability for the penalty and shall  
16 deliver written notice of imposition of the penalty, explaining the  
17 reason for its imposition, to the person.

18 (d) The tax assessor for a taxing unit that taxes land based  
19 on an appraisal under this subchapter after a late application  
20 shall add the amount of the penalty to the owner's tax bill, and the  
21 tax collector for the unit shall collect the penalty at the time and  
22 in the manner the collector collects the taxes imposed on the  
23 property by the taxing unit. The amount of the penalty constitutes  
24 a lien against the property against which the penalty is imposed, as  
25 if it were a tax, and accrues penalty and interest in the same  
26 manner as a delinquent tax.

27 Sec. 23.9856. ACTION ON APPLICATION. (a) The chief

1 appraiser shall determine separately each applicant's right to have  
2 the applicant's land appraised under this subchapter. After  
3 considering the application and all relevant information, the chief  
4 appraiser shall, based on the law and facts:

5 (1) approve the application and allow appraisal under  
6 this subchapter;

7 (2) disapprove the application and request additional  
8 information from the applicant in support of the claim; or

9 (3) deny the application.

10 (b) If the chief appraiser requests additional information  
11 from an applicant, the applicant must furnish the information to  
12 the chief appraiser not later than the 30th day after the date of  
13 the request or the chief appraiser shall deny the application.  
14 However, for good cause shown, the chief appraiser may extend the  
15 deadline for furnishing the information by written order for a  
16 single period not to exceed 15 days.

17 (c) The chief appraiser shall determine the validity of each  
18 application for appraisal under this subchapter filed with the  
19 chief appraiser before the chief appraiser submits the appraisal  
20 records for review and determination of protests as provided by  
21 Chapter 41.

22 (d) If the chief appraiser denies an application, the chief  
23 appraiser shall deliver a written notice of the denial to the  
24 applicant not later than the fifth day after the date the chief  
25 appraiser makes the determination. The chief appraiser shall  
26 include with the notice a brief explanation of the procedures for  
27 protesting the denial.

1       Sec. 23.9857. CHANGE OF USE OF LAND. (a) If the use of land  
2 that has been appraised as provided by this subchapter changes, an  
3 additional tax is imposed on the land equal to the sum of:

4           (1) the difference between:

5                   (A) the taxes imposed on the land for each of the  
6 five years preceding the year in which the change of use occurs that  
7 the land was appraised as provided by this subchapter; and

8                   (B) the taxes that would have been imposed had  
9 the land been appraised on the basis of market value in each of  
10 those years; and

11           (2) interest at an annual rate of seven percent  
12 calculated from the dates on which the differences would have  
13 become due.

14       (b) A tax lien attaches to the land on the date the change of  
15 use occurs to secure payment of the additional tax and interest  
16 imposed by this section and any penalties incurred. The lien exists  
17 in favor of all taxing units for which the additional tax is  
18 imposed.

19       (c) The additional tax imposed by this section does not  
20 apply to a year for which the tax has already been imposed.

21       (d) Except as otherwise provided by this subsection, if the  
22 change of use applies to only part of a parcel that has been  
23 appraised as provided by this subchapter, the additional tax  
24 applies only to that part of the parcel. If the change in use  
25 reduces the size of the parcel used for recreational purposes to  
26 less than 10 contiguous acres, the additional tax applies to the  
27 entire parcel.

1       (e) A determination that a change in use of the land has  
2 occurred is made by the chief appraiser. The chief appraiser shall  
3 deliver a notice of the determination to the owner of the land as  
4 soon as possible after making the determination and shall include  
5 in the notice an explanation of the owner's right to protest the  
6 determination. If the owner does not file a timely protest or if  
7 the final determination of the protest is that the additional tax is  
8 due, the assessor for each taxing unit shall prepare and deliver a  
9 bill for the additional tax and interest as soon as practicable  
10 after the change of use occurs. The tax and interest are due and  
11 become delinquent and incur penalties and interest as provided by  
12 law for ad valorem taxes imposed by the taxing unit if not paid  
13 before the next February 1 that is at least 20 days after the date  
14 the bill is delivered to the owner of the land.

15       (f) The sanction provided by Subsection (a) does not apply  
16 if the change of use occurs as a result of:

17               (1) a sale for right-of-way;

18               (2) a condemnation;

19               (3) a transfer of the property to this state or a  
20 political subdivision of this state to be used for a public purpose;  
21 or

22               (4) a transfer of the property from this state, a  
23 political subdivision of this state, or a nonprofit corporation  
24 created by a municipality with a population of more than one million  
25 under the Development Corporation Act of 1979 (Article 5190.6,  
26 Vernon's Texas Civil Statutes) to an individual or a business  
27 entity for purposes of economic development if the comptroller



1 determines that the economic development is likely to generate for  
2 deposit in the general revenue fund during the next two state fiscal  
3 bienniums an amount of taxes and other revenues that equals or  
4 exceeds 20 times the amount of additional taxes and interest that  
5 would have been imposed under Subsection (a) had the sanction  
6 provided by that subsection applied to the transfer.

7 (g) The sanction provided by Subsection (a) does not apply  
8 if the use of the land changes to a use that qualifies for appraisal  
9 under Subchapter E.

10 (h) The sanction provided by Subsection (a) does not apply  
11 to land owned by an organization that qualifies as a religious  
12 organization under Section 11.20(c) if the organization converts  
13 the land to a use for which the land is eligible for an exemption  
14 under Section 11.20 within five years.

15 (i) For purposes of determining whether a transfer of land  
16 qualifies for the exemption from the additional tax provided by  
17 Subsection (f)(4), on an application of the entity transferring or  
18 proposing to transfer the land or of the individual or entity to  
19 which the land is transferred or proposed to be transferred, the  
20 comptroller shall determine the amount of taxes and other revenues  
21 likely to be generated as a result of the economic development for  
22 deposit in the general revenue fund during the next two state fiscal  
23 bienniums. If the comptroller determines that the amount of those  
24 revenues is likely to equal or exceed 20 times the amount of  
25 additional tax and interest that would be imposed under Subsection  
26 (a) if the sanction provided by that subsection applied to the  
27 transfer, the comptroller shall issue a letter to the applicant

1 stating the comptroller's determination and shall send a copy of  
2 the letter by regular mail to the chief appraiser.

3 (j) Within one year of the conclusion of the two state  
4 fiscal bienniums for which the comptroller issued a letter as  
5 provided under Subsection (i), the board of directors of the  
6 appraisal district, by official board action, may direct the chief  
7 appraiser to request the comptroller to determine if the amount of  
8 revenues was equal to or exceeded 20 times the amount of tax and  
9 interest that would have been imposed under Subsection (a). The  
10 comptroller shall issue a finding as to whether the amount of  
11 revenue met the projected increases. The chief appraiser shall  
12 review the results of the comptroller's finding and shall make a  
13 determination as to whether the sanction provided by Subsection (a)  
14 should be imposed. If the chief appraiser determines that the  
15 sanction provided by Subsection (a) is to be imposed, the sanction  
16 shall be based on the date of the transfer of the property under  
17 Subsection (f)(4).

18 (k) The sanction provided by Subsection (a) does not apply  
19 to land owned by an organization that qualifies as a charitable  
20 organization under Section 11.18(c), is organized exclusively to  
21 perform religious or charitable purposes, and engages in performing  
22 the charitable functions described by Section 11.18(d)(19), if the  
23 organization converts the land to a use for which the land is  
24 eligible for an exemption under Section 11.18(d)(19) within five  
25 years.

26 SECTION 3. Section 25.02(a), Tax Code, is amended to read as  
27 follows:

1           (a) The appraisal records shall be in the form prescribed by  
2 the comptroller and shall include:

3                 (1) the name and address of the owner or, if the name  
4 or address is unknown, a statement that it is unknown;

5                 (2) real property;

6                 (3) separately taxable estates or interests in real  
7 property, including taxable possessory interests in exempt real  
8 property;

9                 (4) personal property;

10                (5) the appraised value of land and, if the land is  
11 appraised as provided by Subchapter C, D, E, ~~[ex]~~ H, or I, Chapter  
12 23, the market value of the land;

13                (6) the appraised value of improvements to land;

14                (7) the appraised value of a separately taxable estate  
15 or interest in land;

16                (8) the appraised value of personal property;

17                (9) the kind of any partial exemption the owner is  
18 entitled to receive, whether the exemption applies to appraised or  
19 assessed value, and, in the case of an exemption authorized by  
20 Section 11.23, the amount of the exemption;

21                (10) the tax year to which the appraisal applies; and

22                (11) an identification of each taxing unit in which  
23 the property is taxable.

24           SECTION 4. Section 31.01(c), Tax Code, is amended to read as  
25 follows:

26               (c) The tax bill or a separate statement accompanying the  
27 tax bill shall:

- 1 (1) identify the property subject to the tax;
- 2 (2) state the appraised value, assessed value, and  
3 taxable value of the property;
- 4 (3) if the property is land appraised as provided by  
5 Subchapter C, D, E, ~~[or]~~ H, or I, Chapter 23, state the market value  
6 and the taxable value for purposes of deferred or additional  
7 taxation as provided by Section 23.46, 23.55, 23.76, ~~[or]~~ 23.9807,  
8 or 23.9857, as applicable;
- 9 (4) state the assessment ratio for the unit;
- 10 (5) state the type and amount of any partial exemption  
11 applicable to the property, indicating whether it applies to  
12 appraised or assessed value;
- 13 (6) state the total tax rate for the unit;
- 14 (7) state the amount of tax due, the due date, and the  
15 delinquency date;
- 16 (8) explain the payment option and discounts provided  
17 by Sections 31.03 and 31.05, if available to the unit's taxpayers,  
18 and state the date on which each of the discount periods provided by  
19 Section 31.05 concludes, if the discounts are available;
- 20 (9) state the rates of penalty and interest imposed  
21 for delinquent payment of the tax;
- 22 (10) include the name and telephone number of the  
23 assessor for the unit and, if different, of the collector for the  
24 unit;
- 25 (11) for real property, state for the current tax year  
26 and each of the preceding five tax years:
  - 27 (A) the appraised value and taxable value of the

1 property;

2 (B) the total tax rate for the unit;

3 (C) the amount of taxes imposed on the property  
4 by the unit; and

5 (D) the difference, expressed as a percent  
6 increase or decrease, as applicable, in the amount of taxes imposed  
7 on the property by the unit compared to the amount imposed for the  
8 preceding tax year; and

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

13 (A) the appraised value and taxable value of the  
14 property;

15 (B) the total tax rate for the unit; and

16 (C) the amount of taxes imposed on the property  
17 by the unit.

18 SECTION 5. Section 41.01(a), Tax Code, is amended to read as  
19 follows:

20 (a) The appraisal review board shall:

21 (1) determine protests initiated by property owners;

22 (2) determine challenges initiated by taxing units;

23 (3) correct clerical errors in the appraisal records  
24 and the appraisal rolls;

25 (4) act on motions to correct appraisal rolls under  
26 Section 25.25;

27 (5) determine whether an exemption or a partial

1 exemption is improperly granted and whether land is improperly  
2 granted appraisal as provided by Subchapter C, D, E, [~~or~~] H, or I,  
3 Chapter 23; and

4 (6) take any other action or make any other  
5 determination that this title specifically authorizes or requires.

6 SECTION 6. Section 41.03(a), Tax Code, is amended to read as  
7 follows:

8 (a) A taxing unit is entitled to challenge before the  
9 appraisal review board:

10 (1) the level of appraisals of any category of  
11 property in the district or in any territory in the district, but  
12 not the appraised value of a single taxpayer's property;

13 (2) an exclusion of property from the appraisal  
14 records;

15 (3) a grant in whole or in part of a partial exemption;

16 (4) a determination that land qualifies for appraisal  
17 as provided by Subchapter C, D, E, [~~or~~] H, or I, Chapter 23; or

18 (5) failure to identify the taxing unit as one in which  
19 a particular property is taxable.

20 SECTION 7. Section 41.41(a), Tax Code, is amended to read as  
21 follows:

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

24 (1) determination of the appraised value of the  
25 owner's property or, in the case of land appraised as provided by  
26 Subchapter C, D, E, [~~or~~] H, or I, Chapter 23, determination of its  
27 appraised or market value;

- 1           (2) unequal appraisal of the owner's property;
- 2           (3) inclusion of the owner's property on the appraisal  
3 records;
- 4           (4) denial to the property owner in whole or in part of  
5 a partial exemption;
- 6           (5) determination that the owner's land does not  
7 qualify for appraisal as provided by Subchapter C, D, E, [~~or~~] H, or  
8 I, Chapter 23;
- 9           (6) identification of the taxing units in which the  
10 owner's property is taxable in the case of the appraisal district's  
11 appraisal roll;
- 12           (7) determination that the property owner is the owner  
13 of property;
- 14           (8) a determination that a change in use of land  
15 appraised under Subchapter C, D, E, [~~or~~] H, or I, Chapter 23, has  
16 occurred; or
- 17           (9) any other action of the chief appraiser, appraisal  
18 district, or appraisal review board that applies to and adversely  
19 affects the property owner.

20           SECTION 8. Section 41.44(a), Tax Code, is amended to read as  
21 follows:

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

- 27           (1) before June 1 or not later than the 30th day after

1 the date that notice was delivered to the property owner as provided  
2 by Section 25.19, whichever is later;

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

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

11 SECTION 9. This Act applies only to the appraisal of  
12 property for ad valorem tax purposes for a tax year beginning on or  
13 after the effective date of this Act.

14 SECTION 10. This Act takes effect January 1, 2008, but only  
15 if the constitutional amendment authorizing the legislature to  
16 provide for the ad valorem taxation of land used for recreational  
17 purposes on the basis of a percentage of the market value of the  
18 land is approved by the voters. If that amendment is not approved  
19 by the voters, this Act has no effect.