

Amend CSHB 3454 (Senate committee printing) as follows:

(1) Add the following appropriately numbered SECTION to the bill and renumber subsequent SECTIONS accordingly:

SECTION \_\_\_\_\_. (a) Sections 23.46(c) and (d), Tax Code, are amended to read as follows:

(c) If land that has been designated for agricultural use in any year is sold or diverted to a nonagricultural use, the total amount of additional taxes for the three years preceding the year in which the land is sold or diverted [~~plus interest at the rate provided for delinquent taxes~~] becomes due. A determination that the land has been diverted to a nonagricultural use is made by the chief appraiser. For purposes of this subsection, the chief appraiser may not consider any period during which land is owned by the state in determining whether the land has been diverted to a nonagricultural use. The chief appraiser shall deliver a notice of the determination to the owner of the land as soon as possible after making the determination and shall include in the notice an explanation of the owner's right to protest the determination. If the owner does not file a timely protest or if the final determination of the protest is that the additional taxes are due, the assessor for each taxing unit shall prepare and deliver a bill for the additional taxes [~~plus interest~~] as soon as practicable after the change of use occurs. If the additional taxes are due because of a sale of the land, the assessor for each taxing unit shall prepare and deliver the bill as soon as practicable after the sale occurs. The taxes [~~and interest~~] are due and become delinquent and incur penalties and interest as provided by law for other delinquent ad valorem taxes imposed by the taxing unit if not paid before the next February 1 that is at least 20 days after the date the bill is delivered to the owner of the land.

(d) A tax lien attaches to the land on the date the sale or change of use occurs to secure payment of the additional tax [~~and interest~~] imposed by Subsection (c) [~~of this section~~] and any penalties and interest incurred if the tax becomes delinquent. The lien exists in favor of all taxing units for which the additional tax is imposed.

(b) Sections 23.55(a), (b), (e), (f), (m), and (n), Tax

Code, are amended to read as follows:

(a) If the use of land that has been appraised as provided by this subchapter changes, an additional tax is imposed on the land 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 that the land was appraised as provided by this subchapter 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~~]. For purposes of this subsection, the chief appraiser may not consider any period during which land is owned by the state in determining whether a change in the use of the land has occurred.

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

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

(f) The sanctions provided by Subsection (a) [~~of this section~~] do not apply if the change of use occurs as a result of:

- (1) a sale for right-of-way;
- (2) a condemnation;
- (3) a transfer of the property to the state or a

political subdivision of the state to be used for a public purpose;  
or

(4) a transfer of the property from the state, a political subdivision of the state, or a nonprofit corporation created by a municipality with a population of more than one million under the Development Corporation Act (Subtitle C1, Title 12, Local Government Code) to an individual or a business entity for purposes of economic development if the comptroller determines that the economic development is likely to generate for deposit in the general revenue fund during the next two fiscal bienniums an amount of taxes and other revenues that equals or exceeds 20 times the amount of additional taxes [~~and interest~~] that would have been imposed under Subsection (a) had the sanctions provided by that subsection applied to the transfer.

(m) For purposes of determining whether a transfer of land qualifies for the exemption from additional taxes provided by Subsection (f)(4), on an application of the entity transferring or proposing to transfer the land or of the individual or entity to which the land is transferred or proposed to be transferred, the comptroller shall determine the amount of taxes and other revenues likely to be generated as a result of the economic development for deposit in the general revenue fund during the next two fiscal bienniums. If the comptroller determines that the amount of those revenues is likely to equal or exceed 20 times the amount of additional taxes [~~and interest~~] that would be imposed under Subsection (a) if the sanctions provided by that subsection applied to the transfer, the comptroller shall issue a letter to the applicant stating the comptroller's determination and shall send a copy of the letter by regular mail to the chief appraiser.

(n) Within one year of the conclusion of the two fiscal bienniums for which the comptroller issued a letter as provided under Subsection (m), the board of directors of the appraisal district, by official board action, may direct the chief appraiser to request the comptroller to determine if the amount of revenues was equal to or exceeded 20 times the amount of taxes [~~and interest~~] that would have been imposed under Subsection (a). The comptroller shall issue a finding as to whether the amount of revenue met the

projected increases. The chief appraiser shall review the results of the comptroller's finding and shall make a determination as to whether sanctions under Subsection (a) should be imposed. If the chief appraiser determines that the sanctions provided by Subsection (a) shall be imposed, the sanctions shall be based on the date of the transfer of the property under Subsection (f)(4).

(c) Sections 23.58(c) and (d), Tax Code, are amended to read as follows:

(c) A provision in an instrument pertaining to a loan secured by a lien in favor of the lender on land appraised according to this subchapter that requires the borrower to make a payment to protect the lender from loss because of the imposition of additional taxes [~~and interest~~] under Section 23.55 is void unless the provision:

(1) requires the borrower to pay into an escrow account established by the lender an amount equal to the additional taxes [~~and interest~~] that would be due under Section 23.55 if a change of use occurred on January 1 of the year in which the loan is granted or amended;

(2) requires the escrow account to bear interest to be credited to the account monthly;

(3) permits the lender to apply money in the escrow account to the payment of a bill for additional taxes [~~and interest~~] under Section 23.55 before the loan is paid and requires the lender to refund the balance remaining in the escrow account after the bill is paid to the borrower; and

(4) requires the lender to refund the money in the escrow account to the borrower on the payment of the loan.

(d) On the request of the borrower or the borrower's representative, the assessor for each taxing unit shall compute the additional taxes [~~and interest~~] that would be due that taxing unit under Section 23.55 if a change of use occurred on January 1 of the year in which the loan is granted or amended. The assessor may charge a reasonable fee not to exceed the actual cost of making the computation.

(d) Sections 23.46(c) and (d), Tax Code, as amended by this section, apply only to a sale or diversion to a nonagricultural use

of land appraised under Subchapter C, Chapter 23, Tax Code, that occurs on or after the effective date of this section.

(e) Sections 23.55(a), (b), (e), (f), (m), and (n), Tax Code, as amended by this section, apply only to a change of use of land appraised under Subchapter D, Chapter 23, Tax Code, that occurs on or after the effective date of this section.

(f) Sections 23.58(c) and (d), Tax Code, as amended by this section, apply only to a loan secured by a lien on open-space land that is contracted for on or after the effective date of this section.

(g) This section takes effect September 1, 2009.

(2) In SECTION 18 of the bill (page 5, line 32) strike "This" and substitute "Except as otherwise provided by this Act, this".

(3) In SECTION 19 of the bill, the effective date provision (page 5, line 35), strike "This" and substitute "Except as otherwise provided by this Act, this".