

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 4, 2009

TO: Honorable Rene Oliveira, Chair, House Committee on Ways & Means

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB2230 by Parker (Relating to liability for interest if land designated for agricultural use for ad valorem tax purposes is sold or diverted to a nonagricultural use.), **As Introduced**

<p>No significant fiscal implication to the State is anticipated.</p>
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The bill would amend Chapter 23 of the Tax Code, regarding property appraisal methods, to eliminate the requirement in current law that interest at the rate provided for delinquent property taxes be added to the additional tax due when agricultural land is sold or diverted to nonagricultural use. The change applies only to lands qualified under Section 1-d, Article VIII of the Texas Constitution.

It is difficult to qualify for special agricultural appraisal under Section 1-d, Article VIII of the Texas Constitution. Land must be owned by families or individuals, and agriculture must be the owner's primary occupation and source of income. An additional tax based on the difference in what taxes would have been based on market value compared to agricultural use value is imposed when the land is sold or changed to a nonagricultural use. Annual interest is added to the additional tax.

Because it is less difficult to qualify as "open-space land" under Section 1-d-1, Article VIII of the Texas Constitution, very few acres across the state qualify under Section 1-d provisions, and the changes would not have a significant fiscal impact to the state or units of local government.

The bill would be effective September 1, 2009, and would apply to a sale or diversion to nonagricultural use occurring on or after that date.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, MN, SD, SJS