BILL ANALYSIS

Senate Research Center
83R2675 DDT-F

H.B. 561
By: Workman et al. (Seliger)
Finance
5/7/2013
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Under the Tax Code, land that is appraised for agricultural use is exempt from property taxation. If a landowner changes the use of land from agricultural to another use, the landowner must pay the property taxes that would have been due on the land for each of the five years preceding the year in which the change in use occurs, plus seven percent interest. This change of use penalty applies even if the new use of the land is also exempt from property taxation under the Tax Code. Current law grants exemptions from this penalty for churches, religious organizations, and charitable organizations, all of which are exempt from property taxation. H.B. 561 seeks to also exempt schools, which are currently exempt from property taxation, from the agricultural change of use penalty.

H.B. 561 amends current law relating to an exemption for land owned by a school from the additional tax imposed on the change of use of land appraised for ad valorem tax purposes as qualified open-space land.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 23.55, Tax Code, by adding Subsection (q), to provide that the sanctions provided by Subsection (a) (relating to requiring the imposition of a certain additional tax should the use of land change) do not apply to land owned by an organization that qualifies as a school under Section 11.21(d) (relating to the qualifications for a school for a tax exemption) if the organization converts the land to a use for which the land is eligible for an exemption under Section 11.21 (Schools) within five years.

SECTION 2. Makes application of Section 23.55(q), as added by this Act, prospective.

SECTION 3. Effective date: upon passage or September 1, 2013.