

BILL ANALYSIS

H.B. 376
By: Simmons
Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

According to interested parties, there is currently a loophole in the Tax Code that allows a company to avoid paying additional property taxes owed on land converted from certain agricultural, or open-space, use. Under the loophole, as it is described by these parties, if an entity that owns land designated for open-space use sells the land to a political subdivision of the state, and the political subdivision in turn changes the use of the land and then sells the land back to the entity, no back taxes are owed because the change in use occurred while the land was in possession of the nontaxable political subdivision. H.B. 376 seeks to close this loophole.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 376 amends the Tax Code to subject a property owner to sanctions provided by statutory provisions relating to the change of use of land appraised for property tax purposes as open-space land if the property owner, a subsidiary of the property owner, or an affiliate of the property owner, or another person acting in concert with the property owner, subsidiary, or affiliate, or any combination of those persons acting in concert with one another, conveys land that has been appraised as open-space land to a person, the state, or a political subdivision of the state who changes the use of the land but is not subject to the sanctions for that action and if, on or before the fifth anniversary of that conveyance, the person or combination of persons who conveyed the land regains possession of the land and uses the land in a way that would have subjected the land to the sanctions if the change had occurred before the conveyance. The bill establishes that, for purposes of determining the amount of the sanction, the date of a change in the use of land that results in imposition of the sanction is the date of the conveyance described by the bill.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2015.