

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATURE 1st CALLED SESSION - 2017

August 2, 2017

TO: Honorable Tracy O. King, Chair, House Committee on Agriculture & Livestock

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB162** by Springer (Relating to liability for the additional tax imposed on land appraised for ad valorem tax purposes as agricultural land if the use of the land changes as a result of a condemnation.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend Subchapter C (land designated for agricultural use) of Chapter 23 of the Tax Code, regarding appraisal methods and procedures, to provide that if additional taxes are due on land qualified for agricultural-use appraisal because the land has been diverted to a non-agricultural use as a result of a condemnation, the additional taxes and interest imposed by this section are the personal obligation of the condemning entity and not the property owner from whom the property was taken.

The section of the Tax Code to be amended (Section 23.46) is under Subchapter C of the Tax Code, which is very rarely used by taxpayers to qualify land for special agricultural use appraisal. Landowners prefer to qualify land under the more recently adopted Subchapter D of this chapter for special open space appraisal because it is much easier to qualify. Subchapter C requires that income from agriculture be the landowner's primary source of income and Subchapter D does not, among other differences.

Because the bill's imposition of the additional taxes and interest due on qualified agricultural land on the condemning entity and not on the property owner is under Subchapter C, and very little land is qualified under that subchapter, the bill's effect on the distribution of tax liabilities would not be significant.

The bill would take effect December 1, 2017.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, SZ, SD, SJS