

By: Phelan

H.B. No. 1662

A BILL TO BE ENTITLED

AN ACT

relating to the repeal of the additional ad valorem taxes imposed as a result of certain changes in the use of agricultural land, open-space land, and timber land.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

ARTICLE 1. REPEAL OF ADDITIONAL TAX PROVISIONS IN SUBCHAPTERS C, D, E, AND H, CHAPTER 23, TAX CODE

SECTION 1.01. Section 1.07(d), Tax Code, is amended to read as follows:

(d) A notice required by Section 11.43(q), 11.45(d), 23.44(d), [~~23.46(c) or (f)~~], 23.54(e), 23.541(c), [~~23.55(e)~~], 23.551(a), 23.57(d), [~~23.76(e)~~], 23.79(d), or 23.85(d) must be sent by certified mail.

SECTION 1.02. Section 23.20(g), Tax Code, is amended to read as follows:

(g) A waiver of a special appraisal of property under Subchapter [~~C, D, E~~] F[~~]~~ or G [~~of this chapter~~] does not constitute a change of use of the property or diversion of the property to another use for purposes of the imposition of additional taxes under either [~~any~~] of those subchapters.

SECTION 1.03. Section 23.52(e), Tax Code, is amended to read as follows:

(e) The [~~For the purposes of Section 23.55 of this code,~~ ~~the~~] chief appraiser [~~also~~] shall determine the market value of

1 qualified open-space land and shall record both the market value
2 and the appraised value in the appraisal records.

3 SECTION 1.04. Section 23.551(a), Tax Code, is amended to
4 read as follows:

5 (a) If land appraised as provided by this subchapter is
6 owned by an individual 65 years of age or older, before making a
7 determination that ~~[a change in use of]~~ the land is no longer
8 eligible for appraisal under this subchapter ~~[has occurred]~~, the
9 chief appraiser shall deliver a written notice to the owner stating
10 that the chief appraiser believes ~~[a change in use of]~~ the land may
11 no longer be eligible for appraisal under this subchapter ~~[have~~
12 ~~occurred]~~.

13 SECTION 1.05. Section 23.73(c), Tax Code, is amended to
14 read as follows:

15 (c) The ~~[For the purposes of Section 23.76 of this code,~~
16 ~~the]~~ chief appraiser ~~[also]~~ shall determine the market value of
17 qualified timber land and shall record both the market value and the
18 appraised value in the appraisal records.

19 SECTION 1.06. Section 31.01(c), Tax Code, is amended to
20 read as follows:

21 (c) The tax bill or a separate statement accompanying the
22 tax bill shall:

- 23 (1) identify the property subject to the tax;
- 24 (2) state the appraised value, assessed value, and
25 taxable value of the property;
- 26 (3) if the property is land appraised as provided by
27 Subchapter C, D, E, or H, Chapter 23, state the market value of the

1 land [~~and the taxable value for purposes of deferred or additional~~
2 ~~taxation as provided by Section 23.46, 23.55, 23.76, or 23.9807, as~~
3 ~~applicable~~];

4 (4) state the assessment ratio for the unit;

5 (5) state the type and amount of any partial exemption
6 applicable to the property, indicating whether it applies to
7 appraised or assessed value;

8 (6) state the total tax rate for the unit;

9 (7) state the amount of tax due, the due date, and the
10 delinquency date;

11 (8) explain the payment option and discounts provided
12 by Sections 31.03 and 31.05, if available to the unit's taxpayers,
13 and state the date on which each of the discount periods provided by
14 Section 31.05 concludes, if the discounts are available;

15 (9) state the rates of penalty and interest imposed
16 for delinquent payment of the tax;

17 (10) include the name and telephone number of the
18 assessor for the unit and, if different, of the collector for the
19 unit;

20 (11) for real property, state for the current tax year
21 and each of the preceding five tax years:

22 (A) the appraised value and taxable value of the
23 property;

24 (B) the total tax rate for the unit;

25 (C) the amount of taxes imposed on the property
26 by the unit; and

27 (D) the difference, expressed as a percent

1 increase or decrease, as applicable, in the amount of taxes imposed
2 on the property by the unit compared to the amount imposed for the
3 preceding tax year; and

4 (12) for real property, state the differences,
5 expressed as a percent increase or decrease, as applicable, in the
6 following for the current tax year as compared to the fifth tax year
7 before that tax year:

8 (A) the appraised value and taxable value of the
9 property;

10 (B) the total tax rate for the unit; and

11 (C) the amount of taxes imposed on the property
12 by the unit.

13 SECTION 1.07. Section 41.41(a), Tax Code, is amended to
14 read as follows:

15 (a) A property owner is entitled to protest before the
16 appraisal review board the following actions:

17 (1) determination of the appraised value of the
18 owner's property or, in the case of land appraised as provided by
19 Subchapter C, D, E, or H, Chapter 23, determination of its appraised
20 or market value;

21 (2) unequal appraisal of the owner's property;

22 (3) inclusion of the owner's property on the appraisal
23 records;

24 (4) denial to the property owner in whole or in part of
25 a partial exemption;

26 (5) determination that the owner's land does not
27 qualify for appraisal as provided by Subchapter C, D, E, or H,

1 Chapter 23;

2 (6) identification of the taxing units in which the
3 owner's property is taxable in the case of the appraisal district's
4 appraisal roll;

5 (7) determination that the property owner is the owner
6 of property; or

7 ~~(8) [a determination that a change in use of land~~
8 ~~appraised under Subchapter C, D, E, or H, Chapter 23, has occurred;~~
9 ~~or~~

10 ~~(9)~~ any other action of the chief appraiser,
11 appraisal district, or appraisal review board that applies to and
12 adversely affects the property owner.

13 SECTION 1.08. Section 41.44(a), Tax Code, is amended to
14 read as follows:

15 (a) Except as provided by Subsections (b), (b-1), (c),
16 (c-1), and (c-2), to be entitled to a hearing and determination of a
17 protest, the property owner initiating the protest must file a
18 written notice of the protest with the appraisal review board
19 having authority to hear the matter protested:

20 (1) before May 1 or not later than the 30th day after
21 the date that notice to the property owner was delivered to the
22 property owner as provided by Section 25.19, if the property is a
23 single-family residence that qualifies for an exemption under
24 Section 11.13, whichever is later;

25 (2) before June 1 or not later than the 30th day after
26 the date that notice was delivered to the property owner as provided
27 by Section 25.19 in connection with any other property, whichever

1 is later;

2 (3) in the case of a protest of a change in the
3 appraisal records ordered as provided by Subchapter A of this
4 chapter or by Chapter 25, not later than the 30th day after the date
5 notice of the change is delivered to the property owner; or

6 ~~(4) [in the case of a determination that a change in
7 the use of land appraised under Subchapter C, D, E, or H, Chapter
8 23, has occurred, not later than the 30th day after the date the
9 notice of the determination is delivered to the property owner; or~~

10 ~~[(5)]~~ in the case of a determination of eligibility
11 for a refund under Section 23.1243, not later than the 30th day
12 after the date the notice of the determination is delivered to the
13 property owner.

14 SECTION 1.09. Section 60.022, Agriculture Code, is amended
15 to read as follows:

16 Sec. 60.022. CONTENTS OF PETITION. A petition filed under
17 Section 60.021 must:

18 (1) describe the boundaries of the proposed district
19 by metes and bounds or by lot and block number, if there is a
20 recorded map or plat and survey of the area;

21 (2) include a name for the proposed district, which
22 must include the term "Agricultural Development District";

23 (3) be signed by the landowners of any land to be
24 included within the proposed district and provide an acknowledgment
25 consistent with Section 121.001, Civil Practice and Remedies Code,
26 that the landowners desire the land to be included in the district;

27 (4) include the names of at least five persons who are

1 willing and qualified to serve as temporary directors of the
2 district;

3 (5) name each county in which any agricultural
4 facilities to be owned by the district are to be located;

5 (6) name each municipality in which any part of the
6 district is to be located;

7 (7) state the general nature of the proposed
8 development and the cost of the development as then estimated by the
9 petitioners;

10 (8) state the necessity and feasibility of the
11 proposed district and whether the district will serve the public
12 purpose of furthering agricultural interests;

13 (9) include a pledge that the district will make
14 payments in lieu of taxes to any school district and county in which
15 any real property to be owned by the district is located, in ~~as~~
16 ~~follows:~~

17 [~~(A)~~] annual payments to each entity that are
18 equal to the amount of taxes imposed on the real property by the
19 entity in the year of the district's creation; and

20 [~~(B)~~ ~~a payment to each entity equal to the amount~~
21 ~~that would be due under Section 23.55, Tax Code, on the district's~~
22 ~~date of creation, and]~~

23 (10) include a pledge that, if the district employs
24 more than 50 persons, the district will make payments in lieu of
25 taxes to any school district, in addition to those made under
26 Subdivision (9), in an amount negotiated between the district and
27 the school district.

1 SECTION 1.10. Section 21.0421(e), Property Code, is amended
2 to read as follows:

3 (e) This section does not~~+~~
4 [~~(1)~~] authorize groundwater rights appraised
5 separately from the real property under this section to be
6 appraised separately from real property for property tax appraisal
7 purposes~~[, or~~
8 [~~(2)~~ subject real property condemned for the purpose
9 described by Subsection (a) to an additional tax as provided by
10 Section 23.46 or 23.55, Tax Code].

11 SECTION 1.11. The following provisions of the Tax Code are
12 repealed:

- 13 (1) Section 23.46;
- 14 (2) Sections 23.47(c) and (d);
- 15 (3) Section 23.55;
- 16 (4) Sections 23.58(c) and (d);
- 17 (5) Section 23.76; and
- 18 (6) Section 23.9807.

19 SECTION 1.12. The repeal of Sections 23.46, 23.55, 23.76,
20 and 23.9807, Tax Code, by this Act does not affect an additional tax
21 imposed as a result of a change of use of land appraised under
22 Subchapter C, D, E, or H, Chapter 23, Tax Code, that occurred before
23 the effective date of this Act, and the former law is continued in
24 effect for purposes of that tax.

25 ARTICLE 2. REPEAL OF ADDITIONAL TAX PROVISIONS IN SUBCHAPTERS D, E,
26 AND H, CHAPTER 23, TAX CODE

27 SECTION 2.01. Section 1.07(d), Tax Code, is amended to read

1 as follows:

2 (d) A notice required by Section 11.43(q), 11.45(d),
3 23.44(d), 23.46(c) or (f), 23.54(e), 23.541(c), [~~23.55(e),~~]
4 23.551(a), 23.57(d), [~~23.76(e),~~] 23.79(d), or 23.85(d) must be sent
5 by certified mail.

6 SECTION 2.02. Section 23.20(g), Tax Code, is amended to
7 read as follows:

8 (g) A waiver of a special appraisal of property under
9 Subchapter C, [~~D, E,~~] F, or G [~~of this chapter~~] does not constitute
10 a change of use of the property or diversion of the property to
11 another use for purposes of the imposition of additional taxes
12 under any of those subchapters.

13 SECTION 2.03. Section 23.52(e), Tax Code, is amended to
14 read as follows:

15 (e) The [~~For the purposes of Section 23.55 of this code,~~
16 ~~the~~] chief appraiser [~~also~~] shall determine the market value of
17 qualified open-space land and shall record both the market value
18 and the appraised value in the appraisal records.

19 SECTION 2.04. Section 23.551(a), Tax Code, is amended to
20 read as follows:

21 (a) If land appraised as provided by this subchapter is
22 owned by an individual 65 years of age or older, before making a
23 determination that [~~a change in use of~~] the land is no longer
24 eligible for appraisal under this subchapter [~~has occurred~~], the
25 chief appraiser shall deliver a written notice to the owner stating
26 that the chief appraiser believes [~~a change in use of~~] the land may
27 no longer be eligible for appraisal under this subchapter [~~have~~

1 occurred].

2 SECTION 2.05. Section 23.73(c), Tax Code, is amended to
3 read as follows:

4 (c) The [~~For the purposes of Section 23.76 of this code,~~
5 ~~the~~] chief appraiser [~~also~~] shall determine the market value of
6 qualified timber land and shall record both the market value and the
7 appraised value in the appraisal records.

8 SECTION 2.06. Sections 31.01(c) and (c-1), Tax Code, are
9 amended to read as follows:

10 (c) The tax bill or a separate statement accompanying the
11 tax bill shall:

12 (1) identify the property subject to the tax;

13 (2) state the appraised value, assessed value, and
14 taxable value of the property;

15 (3) if the property is land appraised as provided by
16 Subchapter C, [~~D, E, or H,~~] Chapter 23, state the market value and
17 the taxable value for purposes of deferred or additional taxation
18 as provided by Section 23.46 [~~, 23.55, 23.76, or 23.9807,~~ as
19 applicable];

20 (4) if the property is land appraised as provided by
21 Subchapter D, E, or H, Chapter 23, state the market value of the
22 land;

23 (5) state the assessment ratio for the unit;

24 (6) [~~(5)~~] state the type and amount of any partial
25 exemption applicable to the property, indicating whether it applies
26 to appraised or assessed value;

27 (7) [~~(6)~~] state the total tax rate for the unit;

1 (8) [~~(7)~~] state the amount of tax due, the due date,
2 and the delinquency date;

3 (9) [~~(8)~~] explain the payment option and discounts
4 provided by Sections 31.03 and 31.05, if available to the unit's
5 taxpayers, and state the date on which each of the discount periods
6 provided by Section 31.05 concludes, if the discounts are
7 available;

8 (10) [~~(9)~~] state the rates of penalty and interest
9 imposed for delinquent payment of the tax;

10 (11) [~~(10)~~] include the name and telephone number of
11 the assessor for the unit and, if different, of the collector for
12 the unit;

13 (12) [~~(11)~~] for real property, state for the current
14 tax year and each of the preceding five tax years:

15 (A) the appraised value and taxable value of the
16 property;

17 (B) the total tax rate for the unit;

18 (C) the amount of taxes imposed on the property
19 by the unit; and

20 (D) the difference, expressed as a percent
21 increase or decrease, as applicable, in the amount of taxes imposed
22 on the property by the unit compared to the amount imposed for the
23 preceding tax year; and

24 (13) [~~(12)~~] for real property, state the differences,
25 expressed as a percent increase or decrease, as applicable, in the
26 following for the current tax year as compared to the fifth tax year
27 before that tax year:

1 (A) the appraised value and taxable value of the
2 property;

3 (B) the total tax rate for the unit; and

4 (C) the amount of taxes imposed on the property
5 by the unit.

6 (c-1) If for any of the preceding six tax years any
7 information required by Subsection (c)(12) [~~(c)(11)~~] or (13) [~~(12)~~]
8 to be included in a tax bill or separate statement is unavailable,
9 the tax bill or statement must state that the information is not
10 available for that year.

11 SECTION 2.07. Section 41.41(a), Tax Code, is amended to
12 read as follows:

13 (a) A property owner is entitled to protest before the
14 appraisal review board the following actions:

15 (1) determination of the appraised value of the
16 owner's property or, in the case of land appraised as provided by
17 Subchapter C, D, E, or H, Chapter 23, determination of its appraised
18 or market value;

19 (2) unequal appraisal of the owner's property;

20 (3) inclusion of the owner's property on the appraisal
21 records;

22 (4) denial to the property owner in whole or in part of
23 a partial exemption;

24 (5) determination that the owner's land does not
25 qualify for appraisal as provided by Subchapter C, D, E, or H,
26 Chapter 23;

27 (6) identification of the taxing units in which the

1 owner's property is taxable in the case of the appraisal district's
2 appraisal roll;

3 (7) determination that the property owner is the owner
4 of property;

5 (8) a determination that a change in use of land
6 appraised under Subchapter C, [~~D, E, or H~~] Chapter 23, has
7 occurred; or

8 (9) any other action of the chief appraiser, appraisal
9 district, or appraisal review board that applies to and adversely
10 affects the property owner.

11 SECTION 2.08. Section 41.44(a), Tax Code, is amended to
12 read as follows:

13 (a) Except as provided by Subsections (b), (b-1), (c),
14 (c-1), and (c-2), to be entitled to a hearing and determination of a
15 protest, the property owner initiating the protest must file a
16 written notice of the protest with the appraisal review board
17 having authority to hear the matter protested:

18 (1) before May 1 or not later than the 30th day after
19 the date that notice to the property owner was delivered to the
20 property owner as provided by Section 25.19, if the property is a
21 single-family residence that qualifies for an exemption under
22 Section 11.13, whichever is later;

23 (2) before June 1 or not later than the 30th day after
24 the date that notice was delivered to the property owner as provided
25 by Section 25.19 in connection with any other property, whichever
26 is later;

27 (3) in the case of a protest of a change in the

1 appraisal records ordered as provided by Subchapter A of this
2 chapter or by Chapter 25, not later than the 30th day after the date
3 notice of the change is delivered to the property owner;

4 (4) in the case of a determination that a change in the
5 use of land appraised under Subchapter C, [~~D, E, or H,~~] Chapter 23,
6 has occurred, not later than the 30th day after the date the notice
7 of the determination is delivered to the property owner; or

8 (5) in the case of a determination of eligibility for a
9 refund under Section 23.1243, not later than the 30th day after the
10 date the notice of the determination is delivered to the property
11 owner.

12 SECTION 2.09. Section 60.022, Agriculture Code, is amended
13 to read as follows:

14 Sec. 60.022. CONTENTS OF PETITION. A petition filed under
15 Section 60.021 must:

16 (1) describe the boundaries of the proposed district
17 by metes and bounds or by lot and block number, if there is a
18 recorded map or plat and survey of the area;

19 (2) include a name for the proposed district, which
20 must include the term "Agricultural Development District";

21 (3) be signed by the landowners of any land to be
22 included within the proposed district and provide an acknowledgment
23 consistent with Section 121.001, Civil Practice and Remedies Code,
24 that the landowners desire the land to be included in the district;

25 (4) include the names of at least five persons who are
26 willing and qualified to serve as temporary directors of the
27 district;

1 (5) name each county in which any agricultural
2 facilities to be owned by the district are to be located;

3 (6) name each municipality in which any part of the
4 district is to be located;

5 (7) state the general nature of the proposed
6 development and the cost of the development as then estimated by the
7 petitioners;

8 (8) state the necessity and feasibility of the
9 proposed district and whether the district will serve the public
10 purpose of furthering agricultural interests;

11 (9) include a pledge that the district will make
12 payments in lieu of taxes to any school district and county in which
13 any real property to be owned by the district is located, in ~~as~~
14 ~~follows:~~

15 [~~(A)~~] annual payments to each entity that are
16 equal to the amount of taxes imposed on the real property by the
17 entity in the year of the district's creation; and

18 [~~(B)~~ a payment to each entity equal to the amount
19 that would be due under Section 23.55, Tax Code, on the district's
20 date of creation; and]

21 (10) include a pledge that, if the district employs
22 more than 50 persons, the district will make payments in lieu of
23 taxes to any school district, in addition to those made under
24 Subdivision (9), in an amount negotiated between the district and
25 the school district.

26 SECTION 2.10. Section 21.0421(e), Property Code, is amended
27 to read as follows:

1 (e) This section does not:

2 (1) authorize groundwater rights appraised separately
3 from the real property under this section to be appraised
4 separately from real property for property tax appraisal purposes;
5 or

6 (2) subject real property condemned for the purpose
7 described by Subsection (a) to an additional tax as provided by
8 Section 23.46 [~~or 23.55~~], Tax Code.

9 SECTION 2.11. The following provisions of the Tax Code are
10 repealed:

- 11 (1) Section 23.55;
12 (2) Sections 23.58(c) and (d);
13 (3) Section 23.76; and
14 (4) Section 23.9807.

15 SECTION 2.12. The repeal of Sections 23.55, 23.76, and
16 23.9807, Tax Code, by this Act does not affect an additional tax
17 imposed as a result of a change of use of land appraised under
18 Subchapter D, E, or H, Chapter 23, Tax Code, that occurred before
19 the effective date of this Act, and the former law is continued in
20 effect for purposes of that tax.

21 ARTICLE 3. EFFECTIVE DATE

22 SECTION 3.01. (a) Except as otherwise provided by this
23 section, this Act takes effect January 1, 2018.

24 (b) Article 1 of this Act takes effect only if the
25 constitutional amendment proposed by the 85th Legislature, Regular
26 Session, 2017, repealing the provision which subjects land
27 designated for agricultural use to an additional tax when the land

1 is diverted to a purpose other than agricultural use or sold is
2 approved by the voters. If that amendment is not approved by the
3 voters, Article 1 of this Act has no effect.

4 (c) Article 2 of this Act takes effect only if Article 1 of
5 this Act does not take effect. If Article 1 of this Act takes
6 effect, Article 2 of this Act has no effect.