



19 APR 10 AM 8:56
HOUSE OF REPRESENTATIVES

FLOOR AMENDMENT NO. _____

BY: Phil King

1 Amend C.S.H.B. No. 2 (house committee printing) by adding the
2 following appropriately numbered SECTIONS to the bill and
3 renumbering subsequent SECTIONS of the bill accordingly:

4 SECTION _____. Sections 23.55(a), (b), (e), (f), (m), and
5 (n), Tax Code, are amended to read as follows:

6 (a) If the use of land that has been appraised as provided by
7 this subchapter changes, an additional tax is imposed on the land
8 equal to the difference between the taxes imposed on the land for
9 each of the two [~~five~~] years preceding the year in which the change
10 of use occurs that the land was appraised as provided by this
11 subchapter and the tax that would have been imposed had the land
12 been taxed on the basis of market value in each of those years [~~+~~
13 ~~plus interest at an annual rate of seven percent calculated from the~~
14 ~~dates on which the differences would have become due~~]. For purposes
15 of this subsection, the chief appraiser may not consider any period
16 during which land is owned by the state in determining whether a
17 change in the use of the land has occurred.

18 (b) A tax lien attaches to the land on the date the change of
19 use occurs to secure payment of the additional tax [~~and interest~~]
20 imposed by this section and any penalties and interest incurred if
21 the tax becomes delinquent. The lien exists in favor of all taxing
22 units for which the additional tax is imposed.

23 (e) Subject to Section 23.551, a determination that a change
24 in use of the land has occurred is made by the chief appraiser. The
25 chief appraiser shall deliver a notice of the determination to the
26 owner of the land as soon as possible after making the determination
27 and shall include in the notice an explanation of the owner's right
28 to protest the determination. If the owner does not file a timely
29 protest or if the final determination of the protest is that the

1 additional taxes are due, the assessor for each taxing unit shall
2 prepare and deliver a bill for the additional taxes [~~plus interest~~]
3 as soon as practicable. The taxes [~~and interest~~] are due and become
4 delinquent and incur penalties and interest as provided by law for
5 ad valorem taxes imposed by the taxing unit if not paid before the
6 next February 1 that is at least 20 days after the date the bill is
7 delivered to the owner of the land.

8 (f) The sanctions provided by Subsection (a) [~~of this~~
9 ~~section~~] do not apply if the change of use occurs as a result of:

10 (1) a sale for right-of-way;

11 (2) a condemnation;

12 (3) a transfer of the property to the state or a
13 political subdivision of the state to be used for a public purpose;
14 or

15 (4) a transfer of the property from the state, a
16 political subdivision of the state, or a nonprofit corporation
17 created by a municipality with a population of more than one million
18 under the Development Corporation Act (Subtitle C1, Title 12, Local
19 Government Code) to an individual or a business entity for purposes
20 of economic development if the comptroller determines that the
21 economic development is likely to generate for deposit in the
22 general revenue fund during the next two fiscal bienniums an amount
23 of taxes and other revenues that equals or exceeds 20 times the
24 amount of additional taxes [~~and interest~~] that would have been
25 imposed under Subsection (a) had the sanctions provided by that
26 subsection applied to the transfer.

27 (m) For purposes of determining whether a transfer of land
28 qualifies for the exemption from additional taxes provided by
29 Subsection (f)(4), on an application of the entity transferring or
30 proposing to transfer the land or of the individual or entity to
31 which the land is transferred or proposed to be transferred, the

1 comptroller shall determine the amount of taxes and other revenues
2 likely to be generated as a result of the economic development for
3 deposit in the general revenue fund during the next two fiscal
4 bienniums. If the comptroller determines that the amount of those
5 revenues is likely to equal or exceed 20 times the amount of
6 additional taxes [~~and interest~~] that would be imposed under
7 Subsection (a) if the sanctions provided by that subsection applied
8 to the transfer, the comptroller shall issue a letter to the
9 applicant stating the comptroller's determination and shall send a
10 copy of the letter by regular mail to the chief appraiser.

11 (n) Within one year of the conclusion of the two fiscal
12 bienniums for which the comptroller issued a letter as provided
13 under Subsection (m), the board of directors of the appraisal
14 district, by official board action, may direct the chief appraiser
15 to request the comptroller to determine if the amount of revenues
16 was equal to or exceeded 20 times the amount of taxes [~~and interest~~]
17 that would have been imposed under Subsection (a). The comptroller
18 shall issue a finding as to whether the amount of revenue met the
19 projected increases. The chief appraiser shall review the results
20 of the comptroller's finding and shall make a determination as to
21 whether sanctions under Subsection (a) should be imposed. If the
22 chief appraiser determines that the sanctions provided by
23 Subsection (a) shall be imposed, the sanctions shall be based on the
24 date of the transfer of the property under Subsection (f)(4).

25 SECTION _____. Sections 23.58(c) and (d), Tax Code, are
26 amended to read as follows:

27 (c) A provision in an instrument pertaining to a loan
28 secured by a lien in favor of the lender on land appraised according
29 to this subchapter that requires the borrower to make a payment to
30 protect the lender from loss because of the imposition of
31 additional taxes [~~and interest~~] under Section 23.55 is void unless

1 the provision:

2 (1) requires the borrower to pay into an escrow
3 account established by the lender an amount equal to the additional
4 taxes [~~and interest~~] that would be due under Section 23.55 if a
5 change of use occurred on January 1 of the year in which the loan is
6 granted or amended;

7 (2) requires the escrow account to bear interest to be
8 credited to the account monthly;

9 (3) permits the lender to apply money in the escrow
10 account to the payment of a bill for additional taxes [~~and interest~~]
11 under Section 23.55 before the loan is paid and requires the lender
12 to refund the balance remaining in the escrow account after the bill
13 is paid to the borrower; and

14 (4) requires the lender to refund the money in the
15 escrow account to the borrower on the payment of the loan.

16 (d) On the request of the borrower or the borrower's
17 representative, the assessor for each taxing unit shall compute the
18 additional taxes [~~and interest~~] that would be due that taxing unit
19 under Section 23.55 if a change of use occurred on January 1 of the
20 year in which the loan is granted or amended. The assessor may
21 charge a reasonable fee not to exceed the actual cost of making the
22 computation.

23 SECTION _____. Sections 23.55(a), (b), (e), (f), (m), and
24 (n), Tax Code, as amended by this Act, apply only to a change of use
25 of land appraised under Subchapter D, Chapter 23, Tax Code, that
26 occurs on or after January 1, 2020.

27 SECTION _____. Sections 23.58(c) and (d), Tax Code, as
28 amended by this Act, apply only to a loan secured by a lien on
29 open-space land that is contracted for on or after January 1, 2020.