

## **BILL ANALYSIS**

H.B. 1188  
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Ways & Means  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Concerns have been raised over the impact of the recent rise of property values in Texas. Furthermore, it has been suggested that property appraised as open-space land may be vulnerable to these rising values when the ownership of the land is transferred within a family. H.B. 1188 seeks to ease the burden of families who wish to transfer open-space land between family members and prevent these property owners from having to file a new application for open-space land appraisal of the property.

### **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. 1188 amends the Tax Code to establish that land remains eligible for appraisal as open-space land after a change in ownership if the change results from a transfer of the land from the former owner to a person who is related to that owner within the second degree by affinity or third degree by consanguinity. The bill requires the new owner to notify the appraisal office of the transfer in writing within 180 days of the transfer date. The bill authorizes the appraisal review board of an appraisal district, on the chief appraiser's or property owner's motion, to direct by written order changes in the appraisal roll by ordering the appraised value of the owner's land in either of the two preceding tax years to be changed to the value at which the land would have been appraised as open-space land if:

- the chief appraiser or the property owner demonstrates by clear and convincing evidence that the land was appraised as open-space land for three of the five preceding tax years;
- the land was determined to be ineligible for appraisal as open-space land for the applicable tax year or years for which the change in appraised value is sought because the property owner failed to file a new application for such appraisal after a change in ownership of the land occurred;
- the ownership change was the result of a land transfer from a person to whom the property owner is related within the second degree by affinity or third degree by consanguinity; and
- the land continued to be used in a manner that otherwise qualified the land for appraisal as open-space land during the applicable tax year.

H.B. 1188 requires a property owner, if an appraisal roll is changed in such a manner, to pay to each affected taxing unit a penalty equal to 10 percent of the difference between the amount of tax imposed on the land and the amount of tax that would have been imposed had the land been taxed at market value. Payment of the penalty is secured by the lien that attaches to the land to secure the payment of all applicable taxes, penalties, and interest and is subject to enforced collection if delinquent. The bill prohibits an appraisal roll from being changed in such a manner if the land's appraised value was established as a result of a written agreement between the property owner or the owner's agent and the appraisal district or if the land was the subject of a taxpayer protest for which the property owner offered evidence or argument in a hearing and for which the appraisal review board made a determination on the merits. The bill requires a party bringing a motion to order changes in the appraisal roll in such a manner to state the grounds for the change in appraised value sought and requires a hearing on such a motion to be conducted in the manner provided by statutory provisions relating to a taxpayer protest before an appraisal review board.

**EFFECTIVE DATE**

January 1, 2020.