

BILL ANALYSIS

Senate Research Center
86R4613 SMT-D

H.B. 1743
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Property Tax
5/8/2019
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Concerns have been raised that the additional tax and interest imposed on open-space land or timber land when a change in use occurs is outdated and excessive. H.B. 1743 seeks to reduce this tax burden by lowering the rate of the additional tax imposed on such property.

H.B. 1743 amends the Tax Code to decrease from five to three the number of years preceding a change of use of land appraised for property tax purposes as open-space land or timber land on which the amount of additional tax imposed on the land for the change of use is based and to decrease from seven percent to five percent the annual interest rate added to that additional tax.

H.B. 1743 amends current law relating to the additional ad valorem tax and interest imposed as a result of a change of use of certain land.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 23.55(a), Tax Code, as follows:

(a) Provides that if the use of land that has been appraised as provided by this subchapter (Appraisal of Agricultural Land) changes, an additional tax is imposed on the land equal to the difference between the taxes imposed on the land for each of the three years, rather than five years, preceding the year in which the change of use occurs that the land was appraised as provided by this subchapter and the tax that would have been imposed had the land been taxed on the basis of market value in each of those years, plus interest at an annual rate of five percent, rather than seven percent, calculated from the dates on which the differences would have become due.

SECTION 2. Amends Section 23.76(a), Tax Code, as follows:

(a) Provides that if the use of land that has been appraised as provided by this subchapter (Appraisal of Timber Land) changes, an additional tax is imposed on the land equal to the difference between the taxes imposed on the land for each of the three years, rather than five years, preceding the year in which the change of use occurs that the land was appraised as provided by this subchapter and the tax that would have been imposed had the land been taxed on the basis of market value in each of those years, plus interest at an annual rate of five percent, rather than seven percent, calculated from the dates on which the differences would have become due.

SECTION 3. Makes application of Subchapter D or E, Chapter 23, Tax Code, as amended by this Act, prospective.

SECTION 4. Effective date: September 1, 2019.