86R3207 LHC-F

By:  Nichols S.B. No. 701

A BILL TO BE ENTITLED

AN ACT

relating to the qualification of land for appraisal for ad valorem tax purposes as timber land or restricted-use timber land.

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

SECTION 1.  Section 23.72, Tax Code, is amended to read as follows:

Sec. 23.72.  QUALIFICATION FOR PRODUCTIVITY APPRAISAL. (a) Land qualifies for appraisal as provided by this subchapter if it is currently and actively devoted principally to production of timber or forest products to the degree of intensity generally accepted in the area with intent to produce income and has been devoted principally to production of timber or forest products or to agricultural use that would qualify the land for appraisal under Subchapter C or D [~~of this chapter~~] for five of the preceding seven years.

(b)  In determining whether land is currently and actively devoted principally to the production of timber or forest products to the degree of intensity generally accepted in an area, a chief appraiser may not consider the purpose for which a portion of a parcel of land is used if the portion is:

(1)  used for a purpose associated with the production of timber or forest products, including use as a road, right-of-way, buffer area, or firebreak; or

(2)  subject to a right-of-way that was taken through the exercise of the power of eminent domain.

(c)  For the purpose of the appraisal of land under this subchapter, a portion of a parcel of land described by Subsection (b) is considered land that qualifies for appraisal under this subchapter if the remainder of the parcel of land qualifies for appraisal under this subchapter.

SECTION 2.  Subchapter E, Chapter 23, Tax Code, is amended by adding Section 23.765 to read as follows:

Sec. 23.765.  OIL AND GAS OPERATIONS ON LAND. The eligibility of land for appraisal under this subchapter does not end because a lessee under an oil and gas lease begins conducting oil and gas operations over which the Railroad Commission of Texas has jurisdiction on the land if the portion of the land on which oil and gas operations are not being conducted otherwise continues to qualify for appraisal under this subchapter.

SECTION 3.  Section 23.9802, Tax Code, is amended by adding Subsections (d) and (e) to read as follows:

(d)  In determining whether land qualifies for appraisal as provided by this subchapter, a chief appraiser may not consider the purpose for which a portion of a parcel of land is used if the portion is:

(1)  used for a purpose associated with the production of timber or forest products, including use as a road, right-of-way, buffer area, or firebreak; or

(2)  subject to a right-of-way that was taken through the exercise of the power of eminent domain.

(e)  For the purpose of the appraisal of land under this subchapter, a portion of a parcel of land described by Subsection (d) is considered land that qualifies for appraisal under this subchapter if the remainder of the parcel of land qualifies for appraisal under this subchapter.

SECTION 4.  Subchapter H, Chapter 23, Tax Code, is amended by adding Section 23.9808 to read as follows:

Sec. 23.9808.  OIL AND GAS OPERATIONS ON LAND. The eligibility of land for appraisal under this subchapter does not end because a lessee under an oil and gas lease begins conducting oil and gas operations over which the Railroad Commission of Texas has jurisdiction on the land if the portion of the land on which oil and gas operations are not being conducted otherwise continues to qualify for appraisal under this subchapter.

SECTION 5.  (a) Sections 23.72 and 23.9802, Tax Code, as amended by this Act, apply only to the appraisal of land for ad valorem tax purposes for a tax year that begins on or after the effective date of this Act.

(b)  Sections 23.765 and 23.9808, Tax Code, as added by this Act, do not affect an additional tax imposed as a result of a change of use of land appraised under Subchapter E or H, Chapter 23, Tax Code, that occurred before the effective date of this Act.

SECTION 6.  This Act takes effect September 1, 2019.