

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

March 19, 2019

TO: Honorable Paul Bettencourt, Chair, Senate Committee on Property Tax

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: SB555 by Schwertner (Relating to liability for the additional tax imposed on land appraised for ad valorem tax purposes as agricultural land if the use of the land changes as a result of a condemnation.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would amend Section 23.46 of the Tax Code, regarding additional taxation of land that is sold or diverted to a non-agricultural use, to provide that if the additional taxes are due because the land has been diverted to a non-agricultural use as a result of a condemnation, the additional taxes and interest are the personal obligation of the condemning entity and not the property owner from whom the property was taken.

The bill's provision that would shift the liability for the additional taxes and interest due when land is diverted to a non-agricultural use as a result of a condemnation from the landowner to the condemning entity would have no cost to local taxing units or to the state because the taxing units would continue to receive the additional taxes and interest.

Note: The bill amends Section 23.46 of the Tax Code, which is in Subchapter C. Very little land is currently qualified for special appraisal under Subchapter C of the Tax Code because the eligibility requirements are much more stringent than under Subchapter D of the Tax Code, regarding appraisal of agricultural land. Under current law additional taxes and interest triggered by the change of use of land qualified under Subchapter D do not apply if the change of use is a result of a condemnation.

The bill would take effect on September 1, 2019 and would apply only to a change of use that occurs on or after the effective date.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: WP, KK, SD, SJS