

By: Hall

S.B. No. 25

A BILL TO BE ENTITLED

AN ACT

relating to the repeal of the additional ad valorem taxes imposed as a result of a sale or change of use of certain land.

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

ARTICLE 1. REPEAL OF ADDITIONAL TAX PROVISIONS IN SUBCHAPTERS C, D, E, F, G, AND H, CHAPTER 23, TAX CODE

SECTION 1.01. Section 1.07(d), Tax Code, is amended to read as follows:

(d) A notice required by Section 11.43(q), 11.45(d), 23.44(d), [~~23.46(c) or (f)~~], 23.54(e), 23.541(c), [~~23.55(e)~~], 23.551(a), 23.57(d), [~~23.76(e)~~], 23.79(d), or 23.85(d) must be sent by certified mail.

SECTION 1.02. Section 23.52(e), Tax Code, is amended to read as follows:

(e) The [~~For the purposes of Section 23.55 of this code, the~~] chief appraiser [~~also~~] shall determine the market value of qualified open-space land and shall record both the market value and the appraised value in the appraisal records.

SECTION 1.03. Section 23.524(e), Tax Code, is amended to read as follows:

(e) Notwithstanding Subsection (b) or (c), the eligibility of [~~For the purposes of this subchapter, a change of use of the~~] land subject to this section for appraisal under this subchapter is considered to have ended [~~occurred~~] on the day the period

1 prescribed by Subsection (c) begins if the owner has not fully
2 complied with the terms of the agreement described by Subsection
3 (b) on the date the agreement ends.

4 SECTION 1.04. Sections 23.551(a) and (d), Tax Code, are
5 amended to read as follows:

6 (a) If land appraised as provided by this subchapter is
7 owned by an individual 65 years of age or older, before making a
8 determination that ~~[a change in use of]~~ the land is no longer
9 eligible for appraisal under this subchapter ~~[has occurred]~~, the
10 chief appraiser shall deliver a written notice to the owner stating
11 that the chief appraiser believes ~~[a change in use of]~~ the land may
12 no longer be eligible for appraisal under this subchapter ~~[have~~
13 ~~occurred]~~.

14 (d) If the chief appraiser does not receive a response on or
15 before the 60th day after the date the notice is mailed, the chief
16 appraiser must make a reasonable effort to locate the owner and
17 determine whether the land remains eligible to be appraised as
18 provided by this subchapter before determining that ~~[a change in~~
19 ~~use of]~~ the land is no longer eligible for appraisal under this
20 subchapter ~~[has occurred]~~.

21 SECTION 1.05. Section 23.73(c), Tax Code, is amended to
22 read as follows:

23 (c) The ~~[For the purposes of Section 23.76 of this code,~~
24 ~~the]~~ chief appraiser ~~[also]~~ shall determine the market value of
25 qualified timber land and shall record both the market value and the
26 appraised value in the appraisal records.

27 SECTION 1.06. Section 31.01(c), Tax Code, is amended to

1 read as follows:

2 (c) The tax bill or a separate statement accompanying the
3 tax bill shall:

4 (1) identify the property subject to the tax;

5 (2) state the appraised value, assessed value, and
6 taxable value of the property;

7 (3) if the property is land appraised as provided by
8 Subchapter C, D, E, or H, Chapter 23, state the market value of the
9 land [~~and the taxable value for purposes of deferred or additional~~
10 ~~taxation as provided by Section 23.46, 23.55, 23.76, or 23.9807, as~~
11 ~~applicable~~];

12 (4) state the assessment ratio for the taxing unit;

13 (5) state the type and amount of any partial exemption
14 applicable to the property, indicating whether it applies to
15 appraised or assessed value;

16 (6) state the total tax rate for the taxing unit;

17 (7) state the amount of tax due, the due date, and the
18 delinquency date;

19 (8) explain the payment option and discounts provided
20 by Sections 31.03 and 31.05, if available to the taxing unit's
21 taxpayers, and state the date on which each of the discount periods
22 provided by Section 31.05 concludes, if the discounts are
23 available;

24 (9) state the rates of penalty and interest imposed
25 for delinquent payment of the tax;

26 (10) include the name and telephone number of the
27 assessor for the taxing unit and, if different, of the collector for

1 the taxing unit;

2 (11) for real property, state for the current tax year
3 and each of the preceding five tax years:

4 (A) the appraised value and taxable value of the
5 property;

6 (B) the total tax rate for the taxing unit;

7 (C) the amount of taxes imposed on the property
8 by the taxing unit; and

9 (D) the difference, expressed as a percent
10 increase or decrease, as applicable, in the amount of taxes imposed
11 on the property by the taxing unit compared to the amount imposed
12 for the preceding tax year; and

13 (12) for real property, state the differences,
14 expressed as a percent increase or decrease, as applicable, in the
15 following for the current tax year as compared to the fifth tax year
16 before that tax year:

17 (A) the appraised value and taxable value of the
18 property;

19 (B) the total tax rate for the taxing unit; and

20 (C) the amount of taxes imposed on the property
21 by the taxing unit.

22 SECTION 1.07. Section 41.41(a), Tax Code, is amended to
23 read as follows:

24 (a) A property owner is entitled to protest before the
25 appraisal review board the following actions:

26 (1) determination of the appraised value of the
27 owner's property or, in the case of land appraised as provided by

1 Subchapter C, D, E, or H, Chapter 23, determination of its appraised
2 or market value;

3 (2) unequal appraisal of the owner's property;

4 (3) inclusion of the owner's property on the appraisal
5 records;

6 (4) denial to the property owner in whole or in part of
7 a partial exemption;

8 (5) determination that the owner's land does not
9 qualify for appraisal as provided by Subchapter C, D, E, or H,
10 Chapter 23;

11 (6) identification of the taxing units in which the
12 owner's property is taxable in the case of the appraisal district's
13 appraisal roll;

14 (7) determination that the property owner is the owner
15 of property; or

16 (8) ~~[a determination that a change in use of land~~
17 ~~appraised under Subchapter C, D, E, or H, Chapter 23, has occurred;~~

18 ~~or~~

19 ~~(9)~~ any other action of the chief appraiser,
20 appraisal district, or appraisal review board that applies to and
21 adversely affects the property owner.

22 SECTION 1.08. Sections 41.44(a) and (c), Tax Code, are
23 amended to read as follows:

24 (a) Except as provided by Subsections (b), (c), (c-1), and
25 (c-2), to be entitled to a hearing and determination of a protest,
26 the property owner initiating the protest must file a written
27 notice of the protest with the appraisal review board having

1 authority to hear the matter protested:

2 (1) not later than May 15 or the 30th day after the
3 date that notice to the property owner was delivered to the property
4 owner as provided by Section 25.19, whichever is later;

5 (2) in the case of a protest of a change in the
6 appraisal records ordered as provided by Subchapter A of this
7 chapter or by Chapter 25, not later than the 30th day after the date
8 notice of the change is delivered to the property owner;

9 ~~(3) [in the case of a determination that a change in
10 the use of land appraised under Subchapter C, D, E, or H, Chapter
11 23, has occurred, not later than the 30th day after the date the
12 notice of the determination is delivered to the property owner;~~

13 ~~[(4)]~~ in the case of a determination of eligibility
14 for a refund under Section 23.1243, not later than the 30th day
15 after the date the notice of the determination is delivered to the
16 property owner; or

17 (4) ~~[(5)]~~ in the case of a protest of the modification
18 or denial of an application for an exemption under Section 11.35, or
19 the determination of an appropriate damage assessment rating for an
20 item of qualified property under that section, not later than the
21 30th day after the date the property owner receives the notice
22 required under Section 11.45(e).

23 (c) A property owner who files notice of a protest
24 authorized by Section 41.411 is entitled to a hearing and
25 determination of the protest if the property owner files the notice
26 prior to the date the taxes on the property to which the notice
27 applies become delinquent. ~~[An owner of land who files a notice of~~

1 ~~protest under Subsection (a)(3) is entitled to a hearing and~~
2 ~~determination of the protest without regard to whether the~~
3 ~~appraisal records are approved.]~~

4 SECTION 1.09. Section 60.022, Agriculture Code, is amended
5 to read as follows:

6 Sec. 60.022. CONTENTS OF PETITION. A petition filed under
7 Section 60.021 must:

8 (1) describe the boundaries of the proposed district
9 by metes and bounds or by lot and block number, if there is a
10 recorded map or plat and survey of the area;

11 (2) include a name for the proposed district, which
12 must include the term "Agricultural Development District";

13 (3) be signed by the landowners of any land to be
14 included within the proposed district and provide an acknowledgment
15 consistent with Section 121.001, Civil Practice and Remedies Code,
16 that the landowners desire the land to be included in the district;

17 (4) include the names of at least five persons who are
18 willing and qualified to serve as temporary directors of the
19 district;

20 (5) name each county in which any agricultural
21 facilities to be owned by the district are to be located;

22 (6) name each municipality in which any part of the
23 district is to be located;

24 (7) state the general nature of the proposed
25 development and the cost of the development as then estimated by the
26 petitioners;

27 (8) state the necessity and feasibility of the

1 proposed district and whether the district will serve the public
2 purpose of furthering agricultural interests;

3 (9) include a pledge that the district will make
4 payments in lieu of taxes to any school district and county in which
5 any real property to be owned by the district is located, in ~~as~~
6 ~~follows:~~

7 [~~(A)~~] annual payments to each entity that are
8 equal to the amount of taxes imposed on the real property by the
9 entity in the year of the district's creation; and

10 [~~(B)~~ a payment to each entity equal to the amount
11 that would be due under Section 23.55, Tax Code, on the district's
12 date of creation; and]

13 (10) include a pledge that, if the district employs
14 more than 50 persons, the district will make payments in lieu of
15 taxes to any school district, in addition to those made under
16 Subdivision (9), in an amount negotiated between the district and
17 the school district.

18 SECTION 1.10. Section 21.0421(e), Property Code, is amended
19 to read as follows:

20 (e) This section does not~~+~~

21 [~~(1)~~] authorize groundwater rights appraised
22 separately from the real property under this section to be
23 appraised separately from real property for property tax appraisal
24 purposes~~, or~~

25 [~~(2)~~ subject real property condemned for the purpose
26 described by Subsection (a) to an additional tax as provided by
27 Section 23.46 or 23.55, Tax Code].

1 SECTION 1.11. Subsection (a), Section 23.46, Tax Code, is
2 transferred to Section 23.41, Tax Code, and redesignated as
3 Subsection (c), Section 23.41, Tax Code.

4 SECTION 1.12. The following provisions of the Tax Code are
5 repealed:

- 6 (1) Section 23.20(g);
- 7 (2) the heading to Section 23.46;
- 8 (3) Sections 23.46(b), (c), (d), (e), and (f);
- 9 (4) Sections 23.46(e-1) and (g), as added by S.B.
10 No. 725, Acts of the 87th Legislature, Regular Session, 2021, and
11 effective September 1, 2021;
- 12 (5) Sections 23.47(c) and (d);
- 13 (6) Section 23.55;
- 14 (7) Sections 23.58(c) and (d);
- 15 (8) Section 23.76;
- 16 (9) Section 23.86;
- 17 (10) Section 23.96; and
- 18 (11) Section 23.9807.

19 SECTION 1.13. The repeal of Sections 23.46, 23.55, 23.76,
20 23.86, 23.96, and 23.9807, Tax Code, by this Act does not affect an
21 additional tax imposed as a result of a sale or change of use of land
22 appraised under Subchapter C, D, E, F, G, or H, Chapter 23, Tax
23 Code, that occurred before the effective date of this Act, and the
24 former law is continued in effect for purposes of that tax.

25 ARTICLE 2. REPEAL OF ADDITIONAL TAX PROVISIONS IN SUBCHAPTERS D, E,
26 F, G, AND H, CHAPTER 23, TAX CODE

27 SECTION 2.01. Section 1.07(d), Tax Code, is amended to read

1 as follows:

2 (d) A notice required by Section 11.43(q), 11.45(d),
3 23.44(d), 23.46(c) or (f), 23.54(e), 23.541(c), [~~23.55(e)~~],
4 23.551(a), 23.57(d), [~~23.76(e)~~], 23.79(d), or 23.85(d) must be sent
5 by certified mail.

6 SECTION 2.02. Section 23.20(g), Tax Code, is amended to
7 read as follows:

8 (g) A waiver of a special appraisal of property under
9 Subchapter C[~~, D, E, F, or G of this chapter~~] does not constitute a
10 change of use of the property or diversion of the property to
11 another use for purposes of the imposition of additional taxes
12 under that subchapter [~~any of those subchapters~~].

13 SECTION 2.03. Section 23.52(e), Tax Code, is amended to
14 read as follows:

15 (e) The [~~For the purposes of Section 23.55 of this code,~~
16 ~~the~~] chief appraiser [~~also~~] shall determine the market value of
17 qualified open-space land and shall record both the market value
18 and the appraised value in the appraisal records.

19 SECTION 2.04. Section 23.524(e), Tax Code, is amended to
20 read as follows:

21 (e) Notwithstanding Subsection (b) or (c), the eligibility
22 of [~~For the purposes of this subchapter, a change of use of the~~]
23 land subject to this section for appraisal under this subchapter is
24 considered to have ended [~~occurred~~] on the day the period
25 prescribed by Subsection (c) begins if the owner has not fully
26 complied with the terms of the agreement described by Subsection
27 (b) on the date the agreement ends.

1 SECTION 2.05. Sections 23.551(a) and (d), Tax Code, are
2 amended to read as follows:

3 (a) If land appraised as provided by this subchapter is
4 owned by an individual 65 years of age or older, before making a
5 determination that ~~[a change in use of]~~ the land is no longer
6 eligible for appraisal under this subchapter ~~[has occurred]~~, the
7 chief appraiser shall deliver a written notice to the owner stating
8 that the chief appraiser believes ~~[a change in use of]~~ the land may
9 no longer be eligible for appraisal under this subchapter ~~[have~~
10 ~~occurred]~~.

11 (d) If the chief appraiser does not receive a response on or
12 before the 60th day after the date the notice is mailed, the chief
13 appraiser must make a reasonable effort to locate the owner and
14 determine whether the land remains eligible to be appraised as
15 provided by this subchapter before determining that ~~[a change in~~
16 ~~use of]~~ the land is no longer eligible for appraisal under this
17 subchapter ~~[has occurred]~~.

18 SECTION 2.06. Section 23.73(c), Tax Code, is amended to
19 read as follows:

20 (c) The ~~[For the purposes of Section 23.76 of this code,~~
21 ~~the]~~ chief appraiser ~~[also]~~ shall determine the market value of
22 qualified timber land and shall record both the market value and the
23 appraised value in the appraisal records.

24 SECTION 2.07. Sections 31.01(c) and (c-1), Tax Code, are
25 amended to read as follows:

26 (c) The tax bill or a separate statement accompanying the
27 tax bill shall:

- 1 (1) identify the property subject to the tax;
- 2 (2) state the appraised value, assessed value, and
3 taxable value of the property;
- 4 (3) if the property is land appraised as provided by
5 Subchapter C, [~~D, E, or H~~] Chapter 23, state the market value and
6 the taxable value for purposes of deferred or additional taxation
7 as provided by Section 23.46 [~~, 23.55, 23.76, or 23.9807, as~~
8 ~~applicable~~];
- 9 (4) if the property is land appraised as provided by
10 Subchapter D, E, or H, Chapter 23, state the market value of the
11 land;
- 12 (5) state the assessment ratio for the taxing unit;
- 13 (6) [~~(5)~~] state the type and amount of any partial
14 exemption applicable to the property, indicating whether it applies
15 to appraised or assessed value;
- 16 (7) [~~(6)~~] state the total tax rate for the taxing
17 unit;
- 18 (8) [~~(7)~~] state the amount of tax due, the due date,
19 and the delinquency date;
- 20 (9) [~~(8)~~] explain the payment option and discounts
21 provided by Sections 31.03 and 31.05, if available to the taxing
22 unit's taxpayers, and state the date on which each of the discount
23 periods provided by Section 31.05 concludes, if the discounts are
24 available;
- 25 (10) [~~(9)~~] state the rates of penalty and interest
26 imposed for delinquent payment of the tax;
- 27 (11) [~~(10)~~] include the name and telephone number of

1 the assessor for the taxing unit and, if different, of the collector
2 for the taxing unit;

3 (12) [~~(11)~~] for real property, state for the current
4 tax year and each of the preceding five tax years:

5 (A) the appraised value and taxable value of the
6 property;

7 (B) the total tax rate for the taxing unit;

8 (C) the amount of taxes imposed on the property
9 by the taxing unit; and

10 (D) the difference, expressed as a percent
11 increase or decrease, as applicable, in the amount of taxes imposed
12 on the property by the taxing unit compared to the amount imposed
13 for the preceding tax year; and

14 (13) [~~(12)~~] for real property, state the differences,
15 expressed as a percent increase or decrease, as applicable, in the
16 following for the current tax year as compared to the fifth tax year
17 before that tax year:

18 (A) the appraised value and taxable value of the
19 property;

20 (B) the total tax rate for the taxing unit; and

21 (C) the amount of taxes imposed on the property
22 by the taxing unit.

23 (c-1) If for any of the preceding six tax years any
24 information required by Subsection (c)(12) [~~(c)(11)~~] or (13) [~~(12)~~]
25 to be included in a tax bill or separate statement is unavailable,
26 the tax bill or statement must state that the information is not
27 available for that year.

1 SECTION 2.08. Section 41.41(a), Tax Code, is amended to
2 read as follows:

3 (a) A property owner is entitled to protest before the
4 appraisal review board the following actions:

5 (1) determination of the appraised value of the
6 owner's property or, in the case of land appraised as provided by
7 Subchapter C, D, E, or H, Chapter 23, determination of its appraised
8 or market value;

9 (2) unequal appraisal of the owner's property;

10 (3) inclusion of the owner's property on the appraisal
11 records;

12 (4) denial to the property owner in whole or in part of
13 a partial exemption;

14 (5) determination that the owner's land does not
15 qualify for appraisal as provided by Subchapter C, D, E, or H,
16 Chapter 23;

17 (6) identification of the taxing units in which the
18 owner's property is taxable in the case of the appraisal district's
19 appraisal roll;

20 (7) determination that the property owner is the owner
21 of property;

22 (8) a determination that a change in use of land
23 appraised under Subchapter C, [~~D, E, or H,~~] Chapter 23, has
24 occurred; or

25 (9) any other action of the chief appraiser, appraisal
26 district, or appraisal review board that applies to and adversely
27 affects the property owner.

1 SECTION 2.09. Section 41.44(a), Tax Code, is amended to
2 read as follows:

3 (a) Except as provided by Subsections (b), (c), (c-1), and
4 (c-2), to be entitled to a hearing and determination of a protest,
5 the property owner initiating the protest must file a written
6 notice of the protest with the appraisal review board having
7 authority to hear the matter protested:

8 (1) not later than May 15 or the 30th day after the
9 date that notice to the property owner was delivered to the property
10 owner as provided by Section 25.19, whichever is later;

11 (2) in the case of a protest of a change in the
12 appraisal records ordered as provided by Subchapter A of this
13 chapter or by Chapter 25, not later than the 30th day after the date
14 notice of the change is delivered to the property owner;

15 (3) in the case of a determination that a change in the
16 use of land appraised under Subchapter C, [~~D, E, or H~~] Chapter 23,
17 has occurred, not later than the 30th day after the date the notice
18 of the determination is delivered to the property owner;

19 (4) in the case of a determination of eligibility for a
20 refund under Section 23.1243, not later than the 30th day after the
21 date the notice of the determination is delivered to the property
22 owner; or

23 (5) in the case of a protest of the modification or
24 denial of an application for an exemption under Section 11.35, or
25 the determination of an appropriate damage assessment rating for an
26 item of qualified property under that section, not later than the
27 30th day after the date the property owner receives the notice

1 required under Section 11.45(e).

2 SECTION 2.10. Section 60.022, Agriculture Code, is amended
3 to read as follows:

4 Sec. 60.022. CONTENTS OF PETITION. A petition filed under
5 Section 60.021 must:

6 (1) describe the boundaries of the proposed district
7 by metes and bounds or by lot and block number, if there is a
8 recorded map or plat and survey of the area;

9 (2) include a name for the proposed district, which
10 must include the term "Agricultural Development District";

11 (3) be signed by the landowners of any land to be
12 included within the proposed district and provide an acknowledgment
13 consistent with Section 121.001, Civil Practice and Remedies Code,
14 that the landowners desire the land to be included in the district;

15 (4) include the names of at least five persons who are
16 willing and qualified to serve as temporary directors of the
17 district;

18 (5) name each county in which any agricultural
19 facilities to be owned by the district are to be located;

20 (6) name each municipality in which any part of the
21 district is to be located;

22 (7) state the general nature of the proposed
23 development and the cost of the development as then estimated by the
24 petitioners;

25 (8) state the necessity and feasibility of the
26 proposed district and whether the district will serve the public
27 purpose of furthering agricultural interests;

1 (9) include a pledge that the district will make
2 payments in lieu of taxes to any school district and county in which
3 any real property to be owned by the district is located, in ~~as~~
4 ~~follows:~~

5 ~~[(A)]~~ annual payments to each entity that are
6 equal to the amount of taxes imposed on the real property by the
7 entity in the year of the district's creation; and

8 ~~[(B) a payment to each entity equal to the amount~~
9 ~~that would be due under Section 23.55, Tax Code, on the district's~~
10 ~~date of creation; and]~~

11 (10) include a pledge that, if the district employs
12 more than 50 persons, the district will make payments in lieu of
13 taxes to any school district, in addition to those made under
14 Subdivision (9), in an amount negotiated between the district and
15 the school district.

16 SECTION 2.11. Section 21.0421(e), Property Code, is amended
17 to read as follows:

18 (e) This section does not:

19 (1) authorize groundwater rights appraised separately
20 from the real property under this section to be appraised
21 separately from real property for property tax appraisal purposes;
22 or

23 (2) subject real property condemned for the purpose
24 described by Subsection (a) to an additional tax as provided by
25 Section 23.46 ~~[or 23.55]~~, Tax Code.

26 SECTION 2.12. The following provisions of the Tax Code are
27 repealed:

- 1 (1) Section 23.55;
- 2 (2) Sections 23.58(c) and (d);
- 3 (3) Section 23.76;
- 4 (4) Section 23.86;
- 5 (5) Section 23.96; and
- 6 (6) Section 23.9807.

7 SECTION 2.13. The repeal of Sections 23.55, 23.76, 23.86,
8 23.96, and 23.9807, Tax Code, by this Act does not affect an
9 additional tax imposed as a result of a change of use of land
10 appraised under Subchapter D, E, F, G, or H, Chapter 23, Tax Code,
11 that occurred before the effective date of this Act, and the former
12 law is continued in effect for purposes of that tax.

13 ARTICLE 3. EFFECTIVE DATE

14 SECTION 3.01. (a) Except as otherwise provided by this
15 section, this Act takes effect January 1, 2022.

16 (b) Article 1 of this Act takes effect only if the
17 constitutional amendment proposed by the 87th Legislature, 1st
18 Called Session, 2021, repealing the provision that subjects land
19 designated for agricultural use to an additional tax when the land
20 is diverted to a purpose other than agricultural use or sold is
21 approved by the voters. If that amendment is not approved by the
22 voters, Article 1 of this Act has no effect.

23 (c) Article 2 of this Act takes effect only if Article 1 of
24 this Act does not take effect. If Article 1 of this Act takes
25 effect, Article 2 of this Act has no effect.