

By: Lozano

H.B. No. 3163

A BILL TO BE ENTITLED

AN ACT

relating to the calculation of net to land in the appraisal of open-space land for ad valorem tax purposes.

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

SECTION 1. Section 23.51(4), Tax Code, is amended to read as follows:

(4) "Net to land" means the average annual net income derived from the use of open-space land that would have been earned from the land during the five-year period preceding the year before the appraisal by an owner using ordinary prudence in the management of the land and the farm crops or livestock produced or supported on the land and, in addition, any income received from hunting or recreational leases. The chief appraiser shall calculate net to land by considering the income that would be due to the owner of the land under a cash lease~~[, share lease, or whatever lease]~~ arrangement ~~[is]~~ typical in that area for that category of land, and all expenses directly attributable to the agricultural use of the land by the owner shall be subtracted from this owner income and the results shall be used in income capitalization. In calculating net to land, a reasonable deduction shall be made for any depletion that occurs of underground water used in the agricultural operation. For land that qualifies under Subdivision (7) for appraisal under this subchapter, the chief appraiser may not consider in the calculation of net to land the income that would be due to the owner

1 under a hunting or recreational lease of the land.

2 SECTION 2. The change in law made by this Act applies only
3 to the appraisal of open-space land for a tax year that begins on or
4 after the effective date of this Act.

5 SECTION 3. This Act takes effect January 1, 2024.