

By: Hall

S.B. No. 1481

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the treatment for ad valorem tax purposes of land and
3 equipment used for hydroponic farming.

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

5 SECTION 1. Section 11.161, Tax Code, is amended by adding
6 Subsection (c) to read as follows:

7 (c) For purposes of Subsection (a), farm or ranch products
8 may be produced by hydroponic farming.

9 SECTION 2. Section 23.42(d)(1), Tax Code, is amended to
10 read as follows:

11 (1) "Agriculture" means the use of land to produce
12 plant or animal products, including fish or poultry products, under
13 natural conditions, including hydroponic farming, but does not
14 include the processing of plant or animal products after harvesting
15 or the production of timber or forest products.

16 SECTION 3. Section 23.51(2), Tax Code, is amended to read as
17 follows:

18 (2) "Agricultural use" includes but is not limited to
19 the following activities: cultivating the soil, producing crops
20 for human food, animal feed, or planting seed or for the production
21 of fibers; floriculture, viticulture, and horticulture; raising or
22 keeping livestock; raising or keeping exotic animals for the
23 production of human food or of fiber, leather, pelts, or other
24 tangible products having a commercial value; planting cover crops

1 or leaving land idle for the purpose of participating in a
2 governmental program, provided the land is not used for residential
3 purposes or a purpose inconsistent with agricultural use; and
4 planting cover crops or leaving land idle in conjunction with
5 normal crop or livestock rotation procedure. The term also
6 includes the use of land to produce or harvest logs and posts for
7 the use in constructing or repairing fences, pens, barns, or other
8 agricultural improvements on adjacent qualified open-space land
9 having the same owner and devoted to a different agricultural use.
10 The term also includes the use of land for wildlife management. The
11 term also includes the use of land to raise or keep bees for
12 pollination or for the production of human food or other tangible
13 products having a commercial value, provided that the land used is
14 not less than 5 or more than 20 acres. The term also includes the
15 use of land for hydroponic farming.

16 SECTION 4. This Act applies only to ad valorem taxes imposed
17 for an ad valorem tax year that begins on or after the effective
18 date of this Act.

19 SECTION 5. This Act takes effect January 1, 2026.