

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 480
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Finance
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Committee Report (Substituted)

DIGEST AND PURPOSE

Currently, if the use of land that has been appraised changes, an additional tax is imposed on the land equal to the difference between the taxes imposed on the land for each of the five years preceding the year in which the change of use occurs that the land was appraised and the tax that would have been imposed had the land been taxed on the basis of market value in each of those years, plus interest at an annual rate of seven percent calculated from the dates on which the differences would have become due. However, an exemption exists which states this tax does not apply if there is a transfer of property to the state or a political subdivision of the state to be used for a public purpose. C.S.S.B. 480 would exempt certain land from the additional tax imposed on the change of use on land appraised for ad valorem tax purposes as open-space land if the property is the subject of transfer from the state or a political subdivision of the state to an individual or a business entity for purposes of economic development.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 23.55, Tax Code, by amending Subsection (f) and adding Subsections (m) and (n), as follows:

- (f) Provides that the sanctions provided by Subsection (a) of this section do not apply if the change of use occurs as a result of certain actions. Makes a nonsubstantive change.
- (m) Requires the comptroller of public accounts (comptroller), for purposes of determining whether a transfer of land qualifies for the exemption from additional taxes provided by Subsection (f)(4), on the application of the entity transferring or proposing to transfer the land or of the individual or entity to which the land is transferred or proposed to be transferred, to determine the amount of taxes and other revenues likely to be generated as a result of the economic development for deposit in the general revenue fund in the next fiscal biennium. Requires the comptroller, if the comptroller determines that the amount of those revenues is likely to equal or exceed 20 times the amount of additional taxes and interest that would be imposed under Subsection (a) if the sanctions provided by that subsection applied to the transfer, to issue a letter to the applicant stating the comptroller's determination and send a copy of the letter by regular mail to the chief appraiser.
- (n) Authorizes the board of directors of the appraisal district (board), by official board action, to direct the chief appraiser to request the comptroller to determine if the amount of revenues was equal to or exceeded 20 times the amount of taxes and interest that would have been imposed under Subsection (a), within one year of the conclusion of the fiscal biennium for which the comptroller issued a letter as provided under Subsection (m). Requires the comptroller to issue a finding as to whether sanctions under Subsection (a) should be imposed. Requires the sanctions to be based on the date of transfer of the property, pursuant to Subsection (f)(4), if the chief appraiser determines that the sanctions provided by Subsection (a) shall be imposed.

SECTION 2. (a) Effective date: upon passage or September 1, 2003.

(b) Makes application of this Act prospective.