

BILL ANALYSIS

Senate Research Center

H.B. 1900
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Finance
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Current law defines agricultural use broadly, yet many county assessors have applied it in a restrictive, narrow manner that prevents organic and other uncommon production methods or systems from qualifying for the exemption. While conventional farms appear to easily qualify for a lower property tax valuation for agricultural operations, sustainable, local producers struggle for, and are often denied, the same valuation—even when the primary purpose of the property is raising food for the community. H.B. 1900 seeks to bring fairness to property tax policy for farmers by directing the comptroller of public accounts of the State of Texas, in consultation with Texas A&M AgriLife Extension Service, the Texas Department of Agriculture, representatives of urban and rural appraisal districts, and representatives of non-traditional farming operations, to develop guidelines for determining whether tracts of land that are used for non-traditional agricultural uses qualify for agricultural appraisal.

H.B. 1900 amends current law relating to the eligibility of land for appraisal for ad valorem tax purposes as qualified open-space land.

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 Sections 23.51(1) and (2), Tax Code, to redefine "qualified open-space land" and "agricultural use."

SECTION 2. Amends Subchapter D, Chapter 23, Tax Code, by adding Section 23.5215, as follows:

Sec. 23.5215. GUIDELINES FOR UNCOMMON AGRICULTURAL USES. (a) Requires the comptroller of public accounts of the State of Texas (comptroller), in consultation with the Texas A&M AgriLife Extension Service, individuals selected by the comptroller who represent appraisal districts, and individuals selected by the comptroller who represent affected producers, to develop guidelines for determining under what conditions the cumulative effect of multiple agricultural uses of a tract of land meets the degree of intensity generally accepted in the area.

(b) Requires the comptroller, in consultation with the Texas A&M AgriLife Extension Service, individuals selected by the comptroller who represent appraisal districts, and individuals selected by the comptroller who represent small-scale producers, to develop guidelines for determining under what conditions land under 10 acres in size used for the production of fruits, vegetables, poultry, hogs, sheep, or goats qualifies for appraisal under this subchapter. Requires that the guidelines provide that land under 10 acres in size that qualifies for appraisal under this subchapter solely on the basis of the guidelines developed under this section may not subsequently qualify under Section 23.51(7) (defining "wildlife management") for appraisal under this subchapter if the owner changes the use of the land to wildlife management.

(c) Provides that the guidelines developed under this section may include recordkeeping requirements consistent with normal practices of agricultural operations.

(d) Authorizes the comptroller in developing guidelines under this section to consider the following factors:

(1) the financial investment of a producer in an agricultural use of a tract of land;

(2) the degree of active management of a producer in the agricultural use of a tract of land;

(3) the percentage of a tract of land used by a producer for agricultural uses; and

(4) any other factor the comptroller considers appropriate.

(e) Requires the comptroller, in cooperation with appraisal districts, to provide educational resources to chief appraisers to assist with the appraisal of land using the guidelines developed under this section and of land using an uncommon production method, such as organic production, sustainable production, and pastured poultry.

SECTION 3. Requires the comptroller to distribute the guidelines required by Section 23.5215, Tax Code, as added by this Act, to each appraisal district not later than September 1, 2016.

SECTION 4. Provides that this Act applies only to the appraisal of land for ad valorem tax purposes for a tax year that begins on or after January 1, 2017.

SECTION 5. Effective date: September 1, 2015.