

BILL ANALYSIS

Senate Research Center
85R12824 LHC-D

S.B. 1979
By: Schwertner
Finance
4/18/2017
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, if land is being used for a qualifying agricultural purpose, it may receive a reduced valuation for property tax purposes. When such land is no longer being used for that purpose, additional taxes and interest are charged to the landowner based on the difference of the market value and the agricultural valuation.

These taxes are due even if the land is changing use as a result of a condemnation through eminent domain.

S.B. 1979 simply clarifies that, should land be diverted to a nonagricultural use as a result of eminent domain, the additional taxes and interest imposed by that change are the obligation of the condemning entity, not the previous landowner. A landowner should not be required to pay penalty taxes when they did not have control over the change of the land's use.

As proposed, S.B. 1979 amends current law relating to liability for the additional tax imposed on land appraised for ad valorem tax purposes as agricultural land if the use of the land changes as a result of a condemnation.

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 23.46, Tax Code, by adding Subsection (g) to provide that if the additional taxes are due because the land has been diverted to a nonagricultural use as a result of a condemnation, the additional taxes and interest imposed by this section are the personal obligation of the condemning entity and not the property owner from whom the property was taken.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2017.