

BILL ANALYSIS

H.B. 2043
By: Leman
Land & Resource Management
Committee Report (Unamended)

BACKGROUND AND PURPOSE

In Texas, certain property tax exemptions are available for property designated for agricultural use so that the property owner only pays taxes on the value of the land based on its current use, rather than its potential market value. When previously exempted land changes to a use that does not qualify for the exemption, the property owner must pay the difference in taxes between the devalued property and the market value of the property. In addition to those rollback taxes, property owners may be subject to interest and penalties on those taxes. While these taxes are not due if the land previously qualified as open-space land and was taken through condemnation, no comparable exemption exists for land designated for agricultural use. H.B. 2043 seeks to address this issue by ensuring that owners of this agricultural land are not forced to pay rollback taxes on condemned land.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 2043 amends the Tax Code to establish that a portion of a parcel of land designated for agricultural use is not diverted to nonagricultural use for purposes of the imposition of additional property taxes and interest because the portion is subject to a right-of-way that is less than 200 feet wide and that was taken by condemnation if the remainder of the parcel of land qualifies for appraisal for agricultural use. If the additional property taxes are due because the land has been diverted to a nonagricultural use as a result of a condemnation, the additional property taxes and interest are the personal obligation of the condemning entity and not the property owner from whom the property was taken.

EFFECTIVE DATE

September 1, 2021.