

BILL ANALYSIS

H.B. 4004
By: Rogers
Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Multiple counties across Texas have seen an increase in appraised values on agricultural land over the past few years. Concerns have been raised that the current methods employed by the comptroller of public accounts in appraising agricultural land for property tax purposes do not account for all expenses that are incurred in the production of agricultural commodities. There have been calls to account for all such expenses and income during the appraisal in order to have a better representation of the actual value of the land. H.B. 4004 seeks to address this issue by providing for a study of the appraisal of agricultural land for property tax purposes.

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. 4004 requires the president of Texas A&M University to designate a department or entity at the university to conduct a study of the methods and procedures for appraising agricultural land for property tax purposes. The bill requires that the study consider the feasibility and effect of the following:

- authorizing the comptroller of public accounts to accept actual agricultural production data, including data regarding expenses and income from production of crops and livestock, from an appraisal district in developing rules for the appraisal of agricultural land for property tax purposes;
- determining net to land value by averaging the annual net income that a class of land would likely generate over a 10-year period;
- requiring all of the production expenses incurred by a property owner and a tenant, regardless of whether the expenses are shared expenses between the property owner and the tenant, to be considered when appraising agricultural land;
- requiring a person appraising agricultural land for taxation to have knowledge and experience in agricultural land valuation; and
- requiring each appraisal review board to have equal membership from rural and non-rural areas.

The bill requires the university to submit a report on the results of the study to the lieutenant governor, the speaker of the house of representatives, and each standing committee of the legislature with jurisdiction over agricultural matters not later than January 1, 2023. The bill's provisions expire September 1, 2023.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2021.