

BILL ANALYSIS

S.B. 725
By: Schwertner
Land & Resource Management
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Currently, the State of Texas provides specific property tax exemptions for property in agricultural use, so a 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, current code requires the property owner to pay the difference in taxes between the devalued property and the market value of the property for the previous three years. In addition to those rollback taxes, property owners are required to pay compounded interest on those taxes. These rollback taxes and interest are due even if the land was taken out of an agricultural use through eminent domain. S.B. 725 seeks to ensure that property owners are not forced to pay rollback taxes on condemned land they had no choice but to sell by amending current law relating to the qualification of land for appraisal for ad valorem tax purposes as agricultural land and the liability for the additional tax imposed on such land if the use of the land changes as a result of a condemnation.

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

S.B. 725 amends the Tax Code to provide that a portion of a parcel of land is not diverted to nonagricultural use 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 under provisions relating to land designated for agricultural use. The bill also provides that if additional property 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 are the personal obligation of the condemning entity and not the property owner from whom the property was taken.

EFFECTIVE DATE

September 1, 2021.