

SUBJECT: Agricultural valuation for land converted to timber production

COMMITTEE: Ways and Means — favorable, without amendment

VOTE: 7 ayes — Craddick, Ramsay, Grusendorf, Heflin, Horn, Telford, Thompson
0 nays
4 absent — Holzheuser, Oliveira, Stiles, Williamson

WITNESSES: For — Tucker Durwood, Texas Farm Bureau; Ross Cahal, Texas Forestry Association
Against — None
On — James B. Hull, Texas Forest Service

DIGEST: HB 1723 would allow certain agricultural lands to be appraised at their agricultural production value for 15 years after they were converted to timber production use. The land would have to have been appraised on its agricultural production value for the past five years and be converted to timber production after September 1, 1997. The property owner could elect to have the land continue to be appraised at its agricultural production value, so long as the land qualified for appraisal as timber land. The land would have to be valued for its timber production beginning in the 16th year.

The agricultural valuation for timber land would apply to new applications and would remain in effect for 15 years or until a change in land use occurred.

HB 1723 would take effect September 1, 1997.

SUPPORTERS SAY: HB 1723 would allow farmers and ranchers who convert farm land to timber production a grace period to retain the lower agricultural valuation until such time as the timber could be harvested. It takes trees at least 15 years to reach harvest potential, and this bill would give small agricultural producers the opportunity to get into timber production without incurring sharply higher tax valuations while their trees are growing.

Persons owning land valued for agricultural production could plant trees and continue to receive the lower agricultural valuation for 15 years. Timber valuations are much higher than agricultural valuations; agricultural valuations could be \$20 to \$50 a year per acre, while the timber production valuation for the same piece of land would be \$200. This bill would give small farmers the opportunity to diversify their operations and provide their children with productive land.

HB 1723 would not provide any loopholes for large timber companies to receive agricultural valuation for timber land; the bill would clearly specify that it would cover only new applications and the land would have to have been valued as agricultural land for the past five years. Most land owned by timber companies already is in timber production and would not qualify under these provisions. Timber companies typically try to acquire huge tracts of land at one time; converting large agribusiness operations to timber land would be prohibitively expensive.

OPPONENTS
SAY:

Although HB 1723 is intended to benefit small agricultural producers, large timber companies would not be barred from taking full advantage of the lower agricultural valuations provided for in the bill.

NOTES:

The companion bill, SB 765 by Ratliff, was reported favorably from the Senate State Affairs Committee on April 22.