

SUBJECT: Ad valorem tax appraisal of open-space land used for wildlife management

COMMITTEE: Local Government Ways and Means — favorable, without amendment

VOTE: 4 ayes — Hill, Hegar, Mowery, Quintanilla

0 nays

3 absent — Laubenberg, McReynolds, Puente

WITNESSES: None

BACKGROUND: Land used for agricultural activities is appraised for tax purposes on its productive value, rather than on the typically higher market value. In 1991, the 72nd Legislature amended the Tax Code to add wildlife management land to the definition of agricultural use. In 1995, voters amended Art. 8, sec. 1-d-1 of the Texas Constitution to clarify that land used for wildlife management is taxable based on productive value. To qualify as wildlife management land, under Tax Code, sec. 23.51, landowners must have actively used the land to propagate a sustained breeding, migrating, or wintering population of indigenous wild animals for human use, including food, medicine, or recreation, by engaging in at least three out of seven uses on the land: habitat, erosion, or predator control; providing shelters or supplemental food or water; and census counts of indigenous animals.

Appraisers calculating the value of wildlife management land calculate “net to land,” defined in sec. 23.51(4) as the average annual net income derived from the use of open-space land that would have been earned from the land during the five years before the appraisal date by an owner using ordinary prudence in the management of the land, including any income received from hunting or recreational leases. Some appraisal districts have used the income from hunting leases to increase the appraised taxable value of wildlife management land.

DIGEST: HB 3607 would amend the definition of “net to land” in sec. 23.51 to state that, for land covered by a written management plan developed in accordance with standards for wildlife management use, the chief appraiser could not

consider in the calculation of net to land the income that would be due to the owner of the land under a lease entered into for the purpose of qualifying the land under the definition of “wildlife management.”

The bill would take effect January 1, 2004, and would apply only to land appraised for the tax year beginning on or after that date.

NOTES:

The author intends to offer a floor amendment that would narrow the definition of “net to land” further by specifying that the lease referred to be a hunting lease.

The Local Government Ways and Means Committee heard testimony on an identical bill, HB 3136 by Wilson, on April 24.