

SUBJECT: Allowing agricultural land valuation for land in the pest management zone

COMMITTEE: Agriculture and Livestock — favorable, without amendment

VOTE: 6 ayes — T. King, González, C. Anderson, Burrows, Rinaldi, Stucky

0 nays

1 absent — Cyrier

WITNESSES: For — Dale Murden, Texas Citrus Mutual; (*Registered, but did not testify*: Todd Kercheval, Texas Conservation Association for Water and Soil; Jim Reaves, Texas Farm Bureau; Patrick Wade, Texas Grain Sorghum Association; Jeff Stokes, Texas Nursery and Landscape Association; Lauren Wied, Wonderful Citrus)

Against — None

On — (*Registered, but did not testify*: Phillip Wright, Texas Department of Agriculture)

BACKGROUND: Tax Code, sec. 23.51 defines qualified open-space land as land that is currently devoted principally to agricultural use to the degree of intensity generally accepted in the area and that has been devoted to such use for five of the preceding seven years. Qualified open-space land receives an agricultural use valuation, defined in Tax Code, sec. 23.52, which results in tax exemptions.

Agriculture Code, ch. 80 recognizes the Texas Citrus Pest and Disease Management Corporation, Inc., a Texas nonprofit corporation, as the entity responsible for pest control programs. A pest management zone is defined in ch. 80 as a geographic area designated by the Commissioner of Agriculture in which citrus producers approve their participation in a citrus pest control program. Currently, the pest management zone includes Hidalgo, Willacy, and Cameron counties.

**DIGEST:** HB 3013 would provide an exception allowing certain land not qualifying as open-space land to receive the agricultural use valuation if:

- the landowner executed an agreement with the Texas Citrus Pest and Disease Management Corporation, the commissioner of agriculture, or the U.S. Department of Agriculture to destroy, remove, or treat all citrus trees on the land that were or could become infested with pests;
- the land was in a pest management zone and was appraised as agricultural land primarily on the basis of citrus production in the tax year in which the agreement was executed;
- the owner provided a copy of the pest management agreement to the chief appraiser for each appraisal district where the land was located along with notification of the intent to destroy, remove, or treat the citrus trees on the land under the terms of the agreement; and
- the cessation of the agricultural use was caused by the destruction, removal, or treatment of the citrus trees located on the land under the terms of the agreement.

The bill would apply only to land eligible for appraisal during the period that begins on the date of execution of the agreement and ends five years later. If the owner did not fully comply with the terms of the agreement, a change of use of the land would be considered to have occurred on the date of the agreement.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2017, and would apply only to land owned by a person executing one of these agreements on or after that date.

**SUPPORTERS  
SAY:**

HB 3013 would provide incentives for landowners with abandoned or unmanaged citrus groves to treat or remove infested citrus trees. This is important because these groves frequently harbor diseases and pests that spread to nearby groves, which can cause serious issues. The incentives

are necessary to protect the millions of dollars invested using industry, state, and federal funds to slow the spread of incurable plant diseases in the area.

The bill would protect the citrus industry by providing appraisers with specific rules to use when determining whether land should receive the agricultural use exemption. Some individuals currently receive the exemption even though they do not properly manage, treat, and care for their groves. Allowing them to keep the exemption for up to five years while their groves were properly treated or removed would help ensure the groves were properly managed and reduce the risk of spreading pests and diseases.

While some argue that it would be inappropriate to provide this incentive to landowners, it is important to note that the bill is specifically tailored to protect Texas' citrus industry in the Rio Grande Valley, which is valued at \$200 million annually and employs up to 3,000 workers in a normal producing year. The citrus industry is a valuable part of the Texas economy, and providing this incentive would protect it.

**OPPONENTS  
SAY:**

HB 3013 would allow certain landowners to receive the agricultural use valuation even though they were not using their lands for agricultural uses, which would be inappropriate for the purposes of the valuation. Only landowners currently using their lands for an agricultural use should receive the benefit of the agricultural use valuation.

**NOTES:**

The Legislative Budget Board's fiscal note says that the bill could result either in costs or savings to the Foundation School Fund depending on whether it resulted, respectively, in a reduction in taxable property values or the prevention of losses in the taxable value of citrus land.

A companion bill, SB 1459 by Hinojosa, was approved by the Senate on April 19.