

**SUBJECT:** Extending agricultural land valuations for deployed military members

**COMMITTEE:** Ways and Means — favorable, without amendment

**VOTE:** 11 ayes — D. Bonnen, Y. Davis, Bohac, Darby, E. Johnson, Murphy, Murr, Raymond, Shine, Springer, Stephenson

0 nays

**WITNESSES:** For — Roy Osborn; (*Registered, but did not testify*: Miranda Goodsheller, Texas Association of Business; Jim Baxa)

Against — None

**BACKGROUND:** Tax Code, sec. 23.52 provides that land used for agriculture may be appraised on the basis of its ability to create income from agricultural activities. This appraisal value may not exceed the market value of the land.

**DIGEST:** HB 777 would extend an agricultural valuation of land to land that no longer qualified for the valuation, provided that the landowner:

- was a military member deployed or stationed outside of Texas; and
- intended to use the land in a way that would qualify for the exemption within 180 days of the out-of-state deployment ending.

The landowner would be required to notify the appraisal district in writing of both of the above facts within 30 days of being deployed. A landowner who currently was deployed or stationed on military duty outside Texas could qualify for the extension by submitting notice to the appraisal district within 90 days of the effective date of the bill.

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.

SUPPORTERS  
SAY:

HB 777 would help ensure that deployed military members who were unable to continue using land for agricultural purposes were not unexpectedly hit with a large tax bill. Under current law, some members of the armed forces can lose the agricultural valuation of their land when they are deployed if they cannot keep it in production or file the necessary paperwork with the appraisal district. This change of use triggers a rollback tax, which in some cases can force the owner to sell the land to cover the tax penalty. The bill would help such landowners avoid this outcome by extending the agricultural valuation until the owner was able again to manage the land.

The bill would apply to only a limited number of properties, so any increase in the administrative burden on appraisal districts would be minimal. Moreover, a small increase in administrative burden would be worthwhile to ensure that deployed members of the military did not unfairly lose their land's agricultural valuation. Members of the armed services who were stationed elsewhere for an extended period of time would be likely to sell the land when they moved, so it is unlikely that extensions under the bill would continue indefinitely.

OPPONENTS  
SAY:

While addressing an important issue, HB 777 could have a negative effect on tax rolls by effectively creating an indefinitely long reduction in appraised value. The bill would not impose limits on how long the extension could last, so landowners could move out of state permanently and receive the agricultural valuation as long as they stayed in the armed services and were stationed outside of Texas.

It could be difficult for appraisal districts to verify that a landowner still qualified for the extension. Either qualification would go unchecked or the appraisal district would have to contact the owner directly to obtain proof that the owner was still a member of the armed services and deployed or stationed outside the state. A verification like this could impose an administrative burden on the appraisal district.

NOTES:

According to the Legislative Budget Board's fiscal note, the bill could reduce revenue to the Foundation School Fund to the extent that more

property qualified for the agricultural valuation.

The companion bill, SB 175 by Nichols, was referred to the Senate Finance Committee on January 25.