

**SUBJECT:** Repealing prohibition on designating certain land for agricultural use

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

**VOTE:** 9 ayes — Burrows, Bohac, Cole, Martinez Fischer, Murphy, Noble, Sanford, Shaheen, Wray

0 nays

2 absent — Guillen, E. Rodriguez

**WITNESSES:** For — John Fleming, Texas Mortgage Bankers Association; Marvin Jolly, Texas Realtors; (*Registered, but did not testify:* David Glenn, Home Builders Association of Greater Austin; Stephen Scurlock, Independent Bankers Association of Texas; Jeremy Fuchs, Texas and Southwestern Cattle Raisers Association; Scott Norman, Texas Association of Builders; Ray Head, Texas Association of Property Tax Professionals; Celeste Embrey, Texas Bankers Association; Jeff Huffman, Texas Credit Union Association; Michael Pacheco, Texas Farm Bureau; Daniel Gonzalez, Julia Parenteau, and Burt Solomons, Texas Realtors)

Against — None

**BACKGROUND:** Tax Code sec. 23.42(a-1) prohibits an individual from having land designated for agricultural use if that land secures a home equity loan.

In 2017, Texas voters approved Proposition 2 (SJR 60 by Hancock) amending the Texas Constitution to revise home equity loan provisions, including authorizing home equity loans for homesteads designated for agricultural use.

**DIGEST:** HB 1254 would repeal the statutory prohibition on an individual having land designated for agricultural use if that land secured a home equity loan.

The bill would take effect January 1, 2020.

**SUPPORTERS  
SAY:**

HB 1254 would revise the Tax Code to conform with the Texas Constitution, which was amended in 2017 to allow home equity loans on homesteads designated for agricultural use. Currently, there is a conflicting statutory provision prohibiting a person from designating land for agricultural use if that land secures a home equity loan. This has created uncertainty in the home equity lending market for lenders and property owners. The bill simply would remove a provision that was overlooked in order to ensure the Tax Code harmonizes with the Constitution and to allow more property owners to access home equity loans.

**OPPONENTS  
SAY:**

No concerns identified.