

**SUBJECT:** Qualifying condemned land as agricultural land for property tax purposes

**COMMITTEE:** Land and Resource Management — favorable, without amendment

**VOTE:** 9 ayes — Deshotel, Leman, Biedermann, Burrows, Craddick, Romero, Rosenthal, Spiller, Thierry

0 nays

**WITNESSES:** For — Charles Maley, South Texans Property Rights Association; (*Registered, but did not testify:* Judith McGeary, Farm and Ranch Freedom Alliance; Jeremy Fuchs, Texas and Southwestern Cattle Raisers Association; Joy Davis, Texas Farm Bureau; Jessica Karlsruher, Texas Real Estate Advocacy and Defense Coalition)

Against — None

**BACKGROUND:** Tax Code ch. 23, subch. C allows land designated for agricultural use to be appraised at its value based on the land's capacity to produce agricultural products rather than its market value. Under sec. 23.46, if land that has been designated for agricultural use is sold or diverted to a nonagricultural use, the total amount of additional taxes for the three preceding years plus interest becomes due. Some have suggested that agricultural land taken through condemnation should not be subject to rollback taxes on the land.

**DIGEST:** HB 2043 would provide that a portion of land was not diverted to nonagricultural use because it was subject to a right-of-way that was less than 200 feet wide and that was taken by condemnation if the remainder of the land qualified for appraisal as agricultural land.

If the additional taxes were due because the land was diverted to a nonagricultural use as a result of a condemnation, the additional taxes and interest would be the personal obligation of the condemning entity, not the property owner.

The bill would take effect September 1, 2021, and would apply only to an appraisal or change of land use that occurred on or after that date.

**NOTES:**

According to the bill's fiscal note, HB 2043 could reduce taxable property values, and related costs to the Foundation School Fund could be increased through the operation of school finance formulas. Because the number of acres that would qualify for reduced appraisal and the amount of reduction are unknown, the cost of the bill cannot be estimated.