

BILL ANALYSIS

Senate Research Center
86R2458 SMT-D

S.B. 135
By: Nichols
Property Tax
2/22/2019
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 135 amends Section 23.51(1) of the Tax Code to require that land utilized as an ecological laboratory meet the same-year use requirements as other land use (agricultural, timber) to be qualified as open-space land.

In 1978, Texans voted to amend the Texas Constitution to authorize property tax relief for certain categories, particularly farmers and ranchers. The Texas Legislature defined "open-space land" in Section 23.51(1), Tax Code, as a category of property eligible for special appraisal. While the majority of Section 23.51 pertains to widely recognized open-space land categories, including agricultural, timber production, and wildlife management, the legislature also inserted within this section a little-known category of open-space land, known colloquially as "eco labs." Specifically, Section 23.51(1) provides that "land used principally as an ecological laboratory by a public or private university" is considered as qualified open-space land under the Tax Code.

Based on where the ecological laboratory phrase was inserted into Section 23.51(1), courts have subsequently interpreted eco labs as not being subject to the same-year use requirement that agricultural use and timber production must meet. To qualify as open space based on agricultural or timber production, land must have been principally used for this purpose for five of the preceding seven years, but land utilized as an ecological laboratory is qualified as open-space in year one.

This lack of parity between eco lab and agricultural use threatens the integrity of the open space provisions. S.B. 135 seeks to correct this disparity and ensure that ecological laboratories are not used as a de facto loophole within the Tax Code for a small group of property owners who do not otherwise qualify as open-space land.

As proposed, S.B. 135 amends current law relating to the eligibility of land used as an ecological laboratory for appraisal for ad valorem tax purposes as qualified open-space land.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 23.51(1), Tax Code, to include land that is used principally as an ecological laboratory by a public or private college or university and that has been used principally in that manner by the college or university for five of the preceding seven years in the definition of "qualified open-space land."

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: January 1, 2020.