

AN ACT

relating to the appraisal for ad valorem tax purposes of agricultural or open-space land.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter B, Chapter 23, Tax Code, is amended by adding Section 23.25 to read as follows:

Sec. 23.25. APPRAISAL OF LAND USED FOR SINGLE-FAMILY RESIDENTIAL PURPOSES THAT IS CONTIGUOUS TO AGRICULTURAL OR OPEN-SPACE LAND WITH COMMON OWNERSHIP. (a) This section applies only to the appraisal of a parcel of land that:

(1) is used for single-family residential purposes;

and

(2) is contiguous to a parcel of land that is:

(A) appraised under Subchapter C or D; and

(B) owned by:

(i) the same person;

(ii) the person's spouse;

(iii) an individual related within the first degree of consanguinity to the person; or

(iv) a legal entity that is affiliated with the person.

(b) In appraising the parcel of land, the chief appraiser shall:

(1) determine the price for which the parcel of land

1 being appraised and the contiguous parcel of land described by  
2 Subsection (a)(2) would sell if both parcels were sold as a single  
3 combined parcel of land; and

4 (2) attribute a portion of the amount determined under  
5 Subdivision (1) to the parcel of land being appraised based on the  
6 proportion that the size of the parcel of land being appraised bears  
7 to the size of the single combined parcel of land described by  
8 Subdivision (1).

9 (c) If the chief appraiser uses the market data comparison  
10 method of appraisal to appraise the parcel of land, the chief  
11 appraiser may not use comparable sales data pertaining to the sale  
12 of land located in the corporate limits of a municipality.

13 SECTION 2. Section 23.42, Tax Code, is amended by amending  
14 Subsection (a) and adding Subsection (a-1) to read as follows:

15 (a) Except as provided by Subsection (a-1), an [An]  
16 individual is entitled to have land he owns designated for  
17 agricultural use if, on January 1:

18 (1) the land has been devoted exclusively to or  
19 developed continuously for agriculture for the three years  
20 preceding the current year;

21 (2) the individual [he] is using and intends to use the  
22 land for agriculture as an occupation or a business venture for  
23 profit during the current year; and

24 (3) agriculture is the individual's [his] primary  
25 occupation and primary source of income.

26 (a-1) On or after January 1, 2008, an individual is not  
27 entitled to have land designated for agricultural use if the land

1 secures a home equity loan described by Section 50(a)(6), Article  
2 XVI, Texas Constitution.

3 SECTION 3. Section 23.51(2), Tax Code, is amended to read as  
4 follows:

5 (2) "Agricultural use" includes but is not limited to  
6 the following activities: cultivating the soil, producing crops for  
7 human food, animal feed, or planting seed or for the production of  
8 fibers; floriculture, viticulture, and horticulture; raising or  
9 keeping livestock; raising or keeping exotic animals for the  
10 production of human food or of fiber, leather, pelts, or other  
11 tangible products having a commercial value; [~~and~~] planting cover  
12 crops or leaving land idle for the purpose of participating in a  
13 [~~any~~] governmental program, provided the land is not used for  
14 residential purposes or a purpose inconsistent with agricultural  
15 use; and planting cover crops or leaving land idle in conjunction  
16 with [~~or~~] normal crop or livestock rotation procedure. The term  
17 also includes the use of land to produce or harvest logs and posts  
18 for the use in constructing or repairing fences, pens, barns, or  
19 other agricultural improvements on adjacent qualified open-space  
20 land having the same owner and devoted to a different agricultural  
21 use. The term also includes the use of land for wildlife management.

22 SECTION 4. Section 25.19, Tax Code, is amended by adding  
23 Subsection (b-2) and amending Subsection (d) to read as follows:

24 (b-2) This subsection applies only to a notice of appraised  
25 value for residential real property that has not qualified for a  
26 residence homestead exemption in the current tax year. If the  
27 records of the appraisal district indicate that the address of the

1 property is also the address of the owner of the property, in  
2 addition to containing the applicable information required by  
3 Subsections (b), (b-1), and (f), the notice must contain the  
4 following statement in boldfaced 12-point type: "According to the  
5 records of the appraisal district, the residential real property  
6 described in this notice of appraised value is not currently being  
7 allowed a residence homestead exemption from ad valorem taxation.  
8 If the property is your home and you occupy it as your principal  
9 place of residence, the property may qualify for one or more  
10 residence homestead exemptions, which will reduce the amount of  
11 taxes imposed on the property. The form needed to apply for a  
12 residence homestead exemption is enclosed. Although the form may  
13 state that the deadline for filing an application for a residence  
14 homestead exemption is April 30, a late application for a residence  
15 homestead exemption will be accepted if filed before February 1,  
16 (insert year application must be filed). There is no fee or charge  
17 for filing an application or a late application for a residence  
18 homestead exemption." The notice must be accompanied by an  
19 application form for a residence homestead exemption.

20 (d) Failure to receive a [~~the~~] notice required by this  
21 section does not affect the validity of the appraisal of the  
22 property, the imposition of any tax on the basis of the appraisal,  
23 the existence of any tax lien, the deadline for filing an  
24 application for a residence homestead exemption, or any proceeding  
25 instituted to collect the tax.

26 SECTION 5. (a) Section 26.06(b), Tax Code, as amended by  
27 Chapter 807, Acts of the 79th Legislature, Regular Session, 2005,

1 is amended to read as follows:

2 (b) The notice of a public hearing may not be smaller than  
3 one-quarter page of a standard-size or a tabloid-size newspaper,  
4 and the headline on the notice must be in 24-point or larger type.  
5 The notice must ~~[+]~~

6 ~~[(1)]~~ contain a statement in the following form:

7 "NOTICE OF PUBLIC HEARING ON TAX INCREASE

8 "The (name of the taxing unit) will hold two ~~[a]~~ public  
9 hearings ~~[hearing]~~ on a proposal to increase total tax revenues  
10 from properties on the tax roll in the preceding tax year by  
11 (percentage by which proposed tax rate exceeds lower of rollback  
12 tax rate or effective tax rate calculated under this chapter)  
13 percent. Your individual taxes may increase at a greater or lesser  
14 rate, or even decrease, depending on the change in the taxable value  
15 of your property in relation to the change in taxable value of all  
16 other property and the tax rate that is adopted.

17 "The first public hearing will be held on (date and time) at  
18 (meeting place).

19 "The second public hearing will be held on (date and time) at  
20 (meeting place).

21 "(Names of all members of the governing body, showing how  
22 each voted on the proposal to consider the tax increase or, if one  
23 or more were absent, indicating the absences.)

24 "The average taxable value of a residence homestead in (name  
25 of taxing unit) last year was \$\_\_\_\_\_ (average taxable value of a  
26 residence homestead in the taxing unit for the preceding tax year,  
27 disregarding residence homestead exemptions available only to

1 disabled persons or persons 65 years of age or older). Based on  
2 last year's tax rate of \$ (preceding year's adopted tax rate) per  
3 \$100 of taxable value, the amount of taxes imposed last year on the  
4 average home was \$ (tax on average taxable value of a residence  
5 homestead in the taxing unit for the preceding tax year,  
6 disregarding residence homestead exemptions available only to  
7 disabled persons or persons 65 years of age or older).

8 "The average taxable value of a residence homestead in (name  
9 of taxing unit) this year is \$ (average taxable value of a  
10 residence homestead in the taxing unit for the current tax year,  
11 disregarding residence homestead exemptions available only to  
12 disabled persons or persons 65 years of age or older). If the  
13 governing body adopts the effective tax rate for this year of  
14 \$ (effective tax rate) per \$100 of taxable value, the amount of  
15 taxes imposed this year on the average home would be \$ (tax on  
16 average taxable value of a residence homestead in the taxing unit  
17 for the current tax year, disregarding residence homestead  
18 exemptions available only to disabled persons or persons 65 years  
19 of age or older).

20 "If the governing body adopts the proposed tax rate of  
21 \$ (proposed tax rate) per \$100 of taxable value, the amount of  
22 taxes imposed this year on the average home would be \$ (tax on  
23 the average taxable value of a residence in the taxing unit for the  
24 current year disregarding residence homestead exemptions available  
25 only to disabled persons or persons 65 years of age or older).

26 "Members of the public are encouraged to attend the hearings  
27 and express their views." [~~and~~

1           ~~[(2) contain the following information:~~

2                   ~~[(A) a section entitled "Comparison of Proposed~~  
3 ~~Budget with Last Year's Budget," which must show the difference,~~  
4 ~~expressed as a percent increase or decrease, as applicable, in the~~  
5 ~~amount budgeted in the preceding fiscal year and the amount~~  
6 ~~budgeted for the fiscal year that begins in the current tax year for~~  
7 ~~each of the following:~~

8                           ~~[(i) maintenance and operations,~~

9                           ~~[(ii) debt service; and~~

10                           ~~[(iii) total expenditures,~~

11                   ~~[(B) a section entitled "Total Appraised Value~~  
12 ~~and Total Taxable Value," which must show the total appraised value~~  
13 ~~and the total taxable value of all property and the total appraised~~  
14 ~~value and the total taxable value of new property taxable by the~~  
15 ~~unit in the preceding tax year and the current tax year as~~  
16 ~~calculated under Section 26.04,~~

17                   ~~[(C) the total amount of the outstanding and~~  
18 ~~unpaid bonded indebtedness of the taxing unit,~~

19                   ~~[(D) the unit's adopted tax rate for the~~  
20 ~~preceding tax year and the proposed tax rate, expressed as an amount~~  
21 ~~per \$100,~~

22                   ~~[(E) the difference, expressed as an amount per~~  
23 ~~\$100 and as a percent increase or decrease, as applicable, in the~~  
24 ~~proposed tax rate compared to the adopted tax rate for the preceding~~  
25 ~~tax year,~~

26                   ~~[(F) the average appraised value of a residence~~  
27 ~~homestead in the taxing unit in the preceding tax year and in the~~

1 ~~current tax year, the unit's homestead exemption, other than an~~  
2 ~~exemption available only to disabled persons or persons 65 years of~~  
3 ~~age or older, applicable to that appraised value in each of those~~  
4 ~~years, and the average taxable value of a residence homestead in the~~  
5 ~~unit in each of those years, disregarding any homestead exemption~~  
6 ~~available only to disabled persons or persons 65 years of age or~~  
7 ~~older,~~

8 ~~[(G) the amount of tax that would have been~~  
9 ~~imposed by the unit in the preceding tax year on a residence~~  
10 ~~homestead appraised at the average appraised value of a residence~~  
11 ~~homestead in that year, disregarding any homestead exemption~~  
12 ~~available only to disabled persons or persons 65 years of age or~~  
13 ~~older,~~

14 ~~[(H) the amount of tax that would be imposed by~~  
15 ~~the unit in the current tax year on a residence homestead appraised~~  
16 ~~at the average appraised value of a residence homestead in the~~  
17 ~~current tax year, disregarding any homestead exemption available~~  
18 ~~only to disabled persons or persons 65 years of age or older, if the~~  
19 ~~proposed tax rate is adopted, and~~

20 ~~[(I) the difference between the amounts of tax~~  
21 ~~calculated under Paragraphs (G) and (H), expressed in dollars and~~  
22 ~~cents and described as the annual increase or decrease, as~~  
23 ~~applicable, in the tax to be imposed by the unit on the average~~  
24 ~~residence homestead in the unit in the current tax year if the~~  
25 ~~proposed tax rate is adopted.]~~

26 (b) Section 26.06(d), Tax Code, is amended to read as  
27 follows:

1 (d) At the public hearings the governing body shall announce  
2 the date, time, and place of the meeting at which it will vote on the  
3 proposed tax rate. After each hearing the governing body shall give  
4 notice of the meeting at which it will vote on the proposed tax rate  
5 and the notice shall be in the same form as prescribed by  
6 Subsections (b) and (c), except that it must state the following:

7 "NOTICE OF [~~VOTE ON~~] TAX REVENUE INCREASE [~~RATE~~]

8 "The (name of the taxing unit) conducted public hearings on  
9 (date of first hearing) and (date of second hearing) on a proposal  
10 to increase the total tax revenues of the (name of the taxing unit)  
11 from properties on the tax roll in the preceding year by (percentage  
12 by which proposed tax rate exceeds lower of rollback tax rate or  
13 effective tax rate calculated under this chapter) percent [~~on~~  
14 ~~(dates and times public hearings were conducted)~~].

15 "The total tax revenue proposed to be raised last year at last  
16 year's tax rate of (insert tax rate for the preceding year) for each  
17 \$100 of taxable value was (insert total amount of taxes imposed in  
18 the preceding year).

19 "The total tax revenue proposed to be raised this year at the  
20 proposed tax rate of (insert proposed tax rate) for each \$100 of  
21 taxable value, excluding tax revenue to be raised from new property  
22 added to the tax roll this year, is (insert amount computed by  
23 multiplying proposed tax rate by the difference between current  
24 total value and new property value).

25 "The total tax revenue proposed to be raised this year at the  
26 proposed tax rate of (insert proposed tax rate) for each \$100 of  
27 taxable value, including tax revenue to be raised from new property

1 added to the tax roll this year, is (insert amount computed by  
2 multiplying proposed tax rate by current total value).

3 "The (governing body of the taxing unit) is scheduled to vote  
4 on the tax rate that will result in that tax increase at a public  
5 meeting to be held on (date of meeting) at (location of meeting,  
6 including mailing address) at (time of meeting [~~and time~~] at  
7 [~~meeting place~~])."

8 (c) Section 26.06(b), Tax Code, as amended by Chapter 1368,  
9 Acts of the 79th Legislature, Regular Session, 2005, is repealed.

10 SECTION 6. This Act applies only to the appraisal of a  
11 parcel of land for ad valorem tax purposes for a tax year that  
12 begins on or after the effective date of this Act.

13 SECTION 7. This Act takes effect January 1, 2008.

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President of the Senate

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Speaker of the House

I certify that H.B. No. 3630 was passed by the House on May 2, 2007, by the following vote: Yeas 146, Nays 1, 2 present, not voting; and that the House concurred in Senate amendments to H.B. No. 3630 on May 25, 2007, by the following vote: Yeas 139, Nays 0, 2 present, not voting.

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Chief Clerk of the House

I certify that H.B. No. 3630 was passed by the Senate, with amendments, on May 23, 2007, by the following vote: Yeas 30, Nays 1.

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Secretary of the Senate

APPROVED: \_\_\_\_\_

Date

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Governor