

- SUBJECT:** Modifying land appraisal methods used for nonstandard agriculture
- COMMITTEE:** Agriculture and Livestock — favorable, without amendment
- VOTE:** 6 ayes — T. King, C. Anderson, Cyrier, González, Rinaldi, Simpson
1 nay — Springer
- WITNESSES:** For — Judith McGeary, Farm and Ranch Freedom Alliance; Jay Crossley, Houston Food Policy Workgroup; Lorig Hawkins, Texas Young Farmers Coalition; Skip Connett; Ed Moers; Teresa Strube; (*Registered, but did not testify*: Wendy Wilson, Braun and Gresham; Glynnh Schanen, Farm and Ranch Freedom Alliance; Annie Spilman, National Federation of Independent Business-Texas; Ronda Rutledge, Sustainable Food Center; Evan Driscoll, Texas Organic Farmers and Gardeners Association; Kelley Masters; Ellen Moers; Lara Raich; Ashley Schlosser)

Against — (*Registered, but did not testify*: Donna Warndof, Harris County)

On — Travis Miller, AgriLife Extension Service; Brent South, Texas Association of Appraisal Districts; (*Registered, but did not testify*: Marya Crigler, Travis Central Appraisal District)
- DIGEST:** HB 1900 would require a chief appraiser, in the appraisal of agricultural land, to distinguish between the degree of intensity required for various agricultural production methods, including organic, sustainable, pastured poultry, rotational grazing, and other uncommon production methods or systems.

This bill also would include the production of fruits and vegetables and nonprofit community gardens, as defined in the bill, in the definition of “agricultural use” for the purposes of determining if a property receives an agricultural exemption.

The bill would require the comptroller, in consultation with the Texas A&M AgriLife Extension Service and individuals representing appraisal districts and affected producers, to develop and distribute to appraisal districts three sets of guidelines by September 1, 2016. These guidelines would provide circumstances in which agricultural exemptions could be granted for land used for:

- multiple agricultural purposes;
- small-scale production on land smaller than 10 acres used for the production of fruits, vegetables, poultry, hogs, sheep, or goats; and
- nonprofit community gardens.

These guidelines could include recordkeeping requirements consistent with normal practices of agricultural operations and nonprofit community gardens.

The comptroller also would be required to provide educational resources to chief appraisers to assist with the appraisal of land using the guidelines this bill would require the comptroller to develop. These educational resources would be required to cover organic and sustainable production and pastured poultry.

This bill would apply to the appraisal of land for a tax year beginning on or after January 1, 2017.

This bill would take effect September 1, 2015.

**SUPPORTERS
SAY:**

HB 1900 would clarify current law so that sustainable farms and community gardens (among other uncommon agricultural operations) could receive the agricultural valuation to which their property should be entitled.

Current law does not include fruit and vegetable production in the definition of agricultural use. Because of this omission, some appraisal districts have elected to apply intensity standards based on row crops to determine whether a property should receive an agricultural valuation.

However, growing row crops is different from fruit and vegetable production, which means that some farmers of fruits and vegetables are being denied the agricultural exemption despite the clear agricultural use of their land.

For this same reason, many operations using sustainable farming practices such as rotational grazing or diversified farming are denied agricultural valuations because the assessor is either unfamiliar with the practice or does not have suitable guidelines to evaluate the intensity of the operation.

The bill would allow community gardens to apply for agricultural valuations as well. Community gardens often are located in food deserts, where residents have no consistent access to fresh fruits and vegetables, which are common in urban environments. Despite their clearly agricultural purpose and benefit to society, community gardens currently do not receive agricultural valuations. This can shutter inner-city nonprofit community gardens where market value property valuations are high.

This bill would not significantly decrease local taxing district revenue. It would not repeal the statutory requirement that a property have been used for agricultural purposes for the previous five years, nor would it repeal the rollback tax. Essentially, a taxing district would only lose revenue if a property had been used for agricultural purposes for more than 10 years, reducing the possibility for fraudulent use of the provisions in this bill.

**OPPONENTS
SAY:**

HB 1900 could result in a decrease in revenue for local taxing districts and a potential increase in fraud. There is a possibility that backyard gardens or other auxiliary uses could qualify a property for the agricultural exemption if the definition of “agricultural use” were expanded.

NOTES:

The Legislative Budget Board’s fiscal note indicates that the bill would not have an impact in the 2016-17 biennium but that the bill would have a negative impact on general revenue related funds of about \$43 million in the 2018-19 biennium.