



AUSTIN NEWSLETTER

Texas Farm Bureau's Weekly Newsletter for the 88th Legislature

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Every Friday, this newsletter will keep you up to speed on some of the legislation important to Texas Farm Bureau members that Austin staff are following.

Please do not hesitate to contact the appropriate staff with any questions.

Water

[HB 5052](#): Relating to the criteria considered by groundwater conservation districts before granting or denying a permit.

[Gerdes, Stan \(R\)](#)

Summary:

This bill proposes adding a new criterion to groundwater conservation districts' (GCDs) considerations of the effects on other users of water before granting or denying a new well permit. In addition to the existing considerations, this bill would require GCDs to consider whether the proposed use of the water would unreasonably affect wells exempt from permitting.

Permit exemptions are granted to only those wells used for domestic or mining purposes. Exempt wells are those "used solely for domestic use or for providing water for livestock or poultry if the well is located on a tract of land larger than 10 acres; and is incapable of producing more than 25,000 gallons of groundwater a day..." or "a water well used solely to supply water ...for an oil or gas well permitted by the Railroad Commission of Texas" or "a water well authorized under a permit issued by the Railroad Commission of Texas...for production from the well to the extent the withdrawals are required for mining activities." TX Water Code, Chapter 36. GCDs, Sec. 36.117. Exemptions.

Basing the denial of a permit on how domestic and livestock wells are affected can create a takings issue. Each landowner has a right to produce the groundwater from under their land. Restricting a landowner's right to produce based upon the effect on shallow wells in the area may be overly restrictive. It is also not a restriction for a

legitimate conservation purpose. It is a restriction on the right of one landowner to benefit other private landowners, which is may also be unconstitutional.

TFB **opposes** HB 5052. (TFB 2023 Policy: Groundwater 153, Page 70, Lines 53-56)

[SB 2291](#): Relating to the plugging of abandoned or deteriorated water wells.

[Zaffirini, Judith \(D\)](#)

Summary:

SB 2291 allows the Texas Department of Licensing and Regulation to charge a fee for each new water well drilled, to create and fund the Water Well Plugging Account. This account would be established “only for the purpose of plugging abandoned or deteriorated wells.”

The account consists of five “subaccounts” that correspond to different geographic areas of Texas. The fee of each well drilled in a region will go to the corresponding subaccount. That money will be used to pay: “the administrative costs of the department; the costs of plugging...wells across the state; and the costs of plugging wells” in each geographic region.”

TFB **opposes** SB 2291 because it assesses a fee on the drilling of new wells. These wells should be plugged by the landowner, or the funding for a state program to plug wells should come from general revenue. (TFB 2023 Policy: Groundwater 153, pg. 73, l. 222-226; Water Quality 156, pg. 82, l. 23-25)

[SB 156](#): Relating to the regulation of groundwater conservation districts.

[Perry, Charles \(R\)](#)

SB 156 was summarized in [a previous edition of the Austin Newsletter](#).

Update:

This week, SB 156 was favorably voted out of the committee on Senate Water, Agriculture, and Rural Affairs and passed the Senate on the Local and Uncontested Calendar. The bill will now be sent to the Texas House for consideration.

TFB **supports** SB 156. (TFB 2023 Policy: Real Property Rights 150, Page 58, Lines 2-5; Groundwater 153, Page 69, Lines 33-36; Page 70 45-48; 57-59.)

Right to Farm

[HB 1750](#): Relating to applicability of certain city requirements to agricultural operations.

[Burns, Dewayne \(R\)](#)

SB 156 was summarized in [a previous edition of the Austin Newsletter](#).

Update:

This week, HB 1750 received a hearing in the House Agriculture and Livestock Committee.

Texas Farm Bureau District 4 State Director John Paul Dineen, III testified in favor of the bill. Dineen is a farmer and rancher in Ellis County who has personally suffered—to the tune of tens of thousands of dollars—from city regulatory overreach impacting his agricultural operations. Other farmers and ranchers also testified about their experiences.

You can watch the hearing by clicking [here](#) and forwarding the video to 19:15 mark.

The bill was well received and voted out of committee unanimously with support from both rural and urban legislators.

Now the bill goes to the Calendars Committee to be set for a vote on the House floor.

TFB **supports** HB 1750. (TFB 2023 Policy: Real Property Rights Section 150, Page 58, Lines 2-5; Real Property Rights Section 150, Page 59, Lines 27-31; Real Property Rights Section 150, Page 61, Lines 153-154)

Border Security

[SB 1133](#) and [HB 4670](#): Relating to a grant program to compensate certain property tax owners for damages caused by criminal activities.

[Blanco, Cesar \(D\)](#) and [King, Tracy \(D\)](#)

Summary:

SB 1133 and HB 4670 would require the Office of Attorney General to “establish and administer a grant program to compensate landowners who suffer property damage on agricultural land by a trespasser.”

The bill would allow property owners to recoup some of the costs they incur when their fence or property is damaged due to criminal activity resulting from border security issues.

SB 1133 was heard in the Senate Border Security Committee on Thursday, March 16. Texas Farm Bureau District 6 State Director Warren Cude testified on the border crisis faced by farmers and ranchers, and the need to provide assistance to those affected by property destruction.

TFB **supports** SB 1133 and HB 4670. (TFB 2023 Policy: Real Property Rights 150, Page 60, Lines 65-67; Punishment Section 186, Page 122, Lines 22-26)

Property Taxes

This week, both the Senate and House of Representatives rolled out their respective property tax relief packages. The House's plan consists of one bill, HB 2. The Senate has a trio of bills: SB 3, SB 4, and SB 5. Each of these bills were heard in their respective committees.

Current Law:

Currently, the state-wide average school Maintenance and Operations (M&O) tax rate is \$0.91 per \$100 of valuation on real property within school districts. As of now, this rate would reduce to \$0.81 by the year 2025.

The school homestead exemption is set at \$40,000. Therefore, a homestead appraised at \$300,000 in 2022 would pay roughly \$2,300 in school M&O taxes.

Regarding appraisal caps, a homestead cannot increase a homestead's taxable value by more than 10% from the previous year's valuation.

House Plan

HB 2: Relating to providing property tax relief through the public-school finance system and property tax appraisal and administration.

[Meyer Morgan \(R\)](#)

Summary:

The Texas House of Representatives tax reform bill is HB 2. Rep. Morgan Meyer said he has a two-prong goal for tax reform: "protect both homeowners and businesses from...rising property values and provide stability, as well as predictability for property owners."

Tax Rate Cuts

HB 2 aims to allocate \$12 billion of the budget surplus to cut school districts' M&O rates by \$0.15 cents, resulting in a M&O rate of \$0.66 by the year 2025. Rep. Meyer states that these changes "will result in a total tax rate reduction of just over 25 cents by fiscal year 2025, a 28% reduction in school property tax."

Because citizens would be paying less money in M&O taxes, the state would then be responsible for over 50% of public education funding. This would be covered using the allocated \$12 billion.

Appraisal Caps

HB 2 would set the current appraisal cap on all real property to 5%. Unlike current law, this cap would also apply to commercial properties.

TFB **supports** HB 2. (TFB 2023 Policy: Property Taxes Section 144, page 39, line 21.)

Senate Plan

SB 3: Relating to an increase in the amount of the exemption of residence homesteads from ad valorem taxation by a school district, an adjustment in the amount of the limitation on school district ad valorem taxes imposed on the residence homestead of the elderly or disable to reflect increases in the exemption amount, and the protection of school district against the resulting loss in local revenue.

[Bettencourt, Paul \(R\)](#)

Summary:

SB 3 proposes to increase the school district homestead exemption to \$70,000 from \$40,000 for the 2023 tax year. Its increase adjustment would also apply to those that are over 65 or disabled.

This in turn will guarantee additional state aid to offset the funding deficit for school districts. Specifically, if the district is not compensated through state aid or excess local revenue, the school district is entitled to additional state aid for ad valorem tax revenue lost.

TFB **supports** SB 3. (TFB 2023 Policy Book: Property Taxes Section 144, page 39, line 21)

SB 4: Relating to the maximum compressed tax rate of a school district.

[Bettencourt, Paul \(R\)](#), [Huffman, Joan \(R\)](#), and [Parker, Tan \(R\)](#).

Background:

In the 86th legislative session, HB 3 was passed to create modernized school funding formulas and the maximized compressed rate (MCR). This house bill also led to a limitation of a school district's MCR also known as the 10% equity band. For example, if district A's MCR would be less than 90% of school district B's MCR. School district A's is set at 90% of school district B's MCR.

Summary:

SB 4 plans to initiate funding of \$5.38 billion for an additional 7.03 pennies of MCR compression. The ultimate goal is to create assistance to reduce recapture, which is the reason behind providing more school district M&O compression. For instance, with SB 4 the max compressed rate is less than 80% of a neighboring school district's MCR, meaning that school district A can only be 80% of the neighboring district creating a cap.

TFB **supports** SB 4. (TFB 2023 Policy Book: Property Taxes Section 144, page 39, line 21)

SB 5: Relating to an exemption from ad valorem taxation of a portion of the appraised value of tangible personal property a person owns that is held or used for the production of income and a franchise tax credit for the payment of certain related ad valorem taxes.

[Parker, Tan \(R\)](#)

Summary:

SB 5 is specifically geared towards businesses. This senate bill proposes an increase to the business personal property exemption from \$2,500 to \$25,000. This would cause a reduction in the ad valorem tax paid overall for tangible personal property.

In addition, it will also provide a franchise tax credit up to 20% based upon the taxable value of the inventory owned by the entity. To further clarify, the amount of franchise tax due after applicable credits have been applied is capped at 20%. This bill accentuates that the amount of credits that could potentially be awarded in a state fiscal year must not exceed \$400 million.

TFB **supports** SB 5. (TFB 2023 Policy Book: Property Taxes Section 144, page 45, lines 383)

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