

Williamson Central Appraisal District Agricultural Land Qualification Guidelines March 2010

Introduction

It is the opinion of the Williamson Central Appraisal District (WCAD) that the attached Agricultural Land Qualification Guidelines are valid for mass appraisal purposes and can be applied uniformly throughout the jurisdiction WCAD. The “Manual for the Appraisal of Agricultural Land”, Property Tax Division, Comptroller of Public Accounts, April 1990, supports these guidelines.

The Texas Constitution permits qualified open-space land to be taxed generally at a productivity value instead of market value. The legal basis for this type of special valuation called “Ag Use Open Space” or “1-d-1” is found in the Texas Constitution, Article VIII, Section 1-d-1. The Texas Tax Code (TPTC), Sections 23.51 – 23.57 provide the core provisions for implementation.

It should be noted that these guidelines are to be used as a general guide for qualifying agricultural land. Exceptions to this guide will be handled on a case-by-case basis. All contiguous parcels, under the same ownership, will be considered as one piece of property.

Qualification Standards

Improvements

- Agricultural value applies only to the land and not to improvements (structures) on the land, minerals, or agricultural products.
- The land beneath farm buildings and other agricultural improvements does qualify due to their use in connection with the agricultural process.

Products of agricultural operations

- Products in the hand of the producer are generally exempt from taxation. See Texas Property Tax Code, Section 11.16. Farm and ranch equipment designed and used primarily for agricultural/husbandry activities are also exempt. See Texas Property Tax Code, 11.161.

Appurtenances

- Appurtenances to the land (canals, water wells, roads, stock tanks, and other similar reshaping of the soil) are included in the value of the land and not appraised separately.

Qualifying Activities

- Cultivating the soil.
- Production of crops for human consumption, animal feed, or production of fibers
- Cultivation of ornamentals and flowering plants.
- Cultivation of grapes.
- Cultivation of fruits, vegetables, flowers, herbs, and other plants.
- Raising livestock such as meat or dairy cattle, horses, goats, swine, poultry, and sheep.
- Raising exotic game for commercial use.
- Participation in a government program and normal crop rotation. Land left idle to participate in a government program is used for agriculture. Land left idle for crop rotation qualifies until left idle for longer than the typical period.
- Wildlife Management

Non Qualifying Activities

- Harvesting of native plants or wildlife.
- Processing of plants and animals.
Processing constitutes any activities that take place after the crop or animal has been raised and harvested and any activity a non-producer carries out on agricultural products. Processing begins at the first level of trade beyond production. Processing begins when activities occur that enhance the value of primary agricultural products.
- Personal consumption of crops or livestock produced by owner.
- Land used to train, show, or race horses, or to ride horses for recreation, or to keep or use horses in some manner that is not strictly incidental to breeding or raising horses.
- Raising cattle, goats, or sheep for FFA and 4H projects.
- Token agricultural use which occurs in an effort to obtain tax relief

Primary and Current Devotion to Agricultural Use

Primary Use (Qualifying)

- The land must be devoted principally to an agricultural use. If more than one use occurs the most important or primary use must be agricultural.

Primary uses (Non-Qualifying)

Here are some examples of Non-Qualifying Primary uses:

- Pleasure and/or personal use gardening.
- Exotic game primarily used for hunting.
- Land used primarily to train, show, or race horses, or to ride horses for recreation, or to keep or use horses in some manner that is not strictly incidental to breeding or raising horses.

Current Devotion

- The land must be currently devoted to agricultural use and must qualify on January 1. The land must stay in a qualifying use throughout the year. The agriculture valuation can be

removed at any time due to non-compliance. This is a productivity value and therefore the property needs to be producing either livestock, livestock offspring or crops. Simply maintaining livestock will not qualify the property.

Degree of Intensity

-The degree of intensity test measures whether the land is being farmed or ranched to the extent that is typical for the area. This test is intended to exclude land on which token agriculture use occurs in an effort to obtain tax relief. Degrees of intensity are discussed in the proceeding paragraphs.

Areas

-Degrees of intensity may vary from one geographic area to another. Terrain, soil type, and water levels are just a few of the conditions that could affect what constitutes a minimum level of intensity. Certain tracts within a defined area may demonstrate unique geographic or topographic characters that may increase or decrease the minimum level of intensity for that parcel. In Williamson County the USDA soils book was used to define these areas.

Land Classifications

-There are three classifications of land.

-The first classification is cropland. In Williamson County there is no irrigated cropland, therefore everything is considered Dry Cropland. There are three Dry Cropland valuations:

- Dry Crop 1 (DC1)- This area is located along the eastern portion of Williamson County; east of a boundary that runs generally north-south along FM 685, Jonah and Schwertner. This area is typically the highest producing soil types.
- Dry Crop 2 (DC2) – This area is located east of IH-35 and west of the FM 685, Jonah and Schwertner line. This area is typically the medium grade soil types.
- Dry Crop 3 (DC3) – This area is located west of IH-35. This area has the poorest soil types.

-The second classification is pastureland – native and improved pasture. Once again soil types dictate the production levels of the pastureland. Native pasture is defined as those pastures that have native vegetation, with minimal improvements. Improved pasture is defined as those pastures, with native and improved vegetation, that have had improvements made to them including but not limited to fertilizer application, weed and brush control (mechanical or chemical) or over seeding with winter grass. There are four pastureland valuations in Williamson County:

- Native Pasture 1 (NP1) – This is native pasture located on the eastern side of the county with IH-35 being the western boundary.
- Improved Pasture 1 (IP1) – This is improved pasture located on the eastern side of the county with IH-35 being the western boundary.
- Native pasture 2 (NP2) – This is native pasture located on the western side of the county with IH-35 being the eastern boundary.

- Improved pasture 2 (IP2) – This is improved pasture located on the western side of the county with IH-35 being the eastern boundary.

The third classification is Wasteland (WL). This includes land that the typical operator would/could not use. The amount of wasteland allowed open space designation is normally restricted to less than 20% of the total tract of land. The land can consist of creeks, draws, or other areas that are not financially feasible to utilize. This can also apply to small tracts that have been split by roads, creeks, and rivers. This land must be an integral part of one or more of the other land classifications.

Livestock Intensity

-Levels of intensity for livestock are listed in animal units. These units are based on consumption levels of different classes of livestock. WCAD requires a minimum of 2-animal units to qualify for the agriculture valuation. The geographic area determines how many acres will be needed to meet the required minimum animal units. The following is a list of the number of each class of livestock that typically constitutes one animal unit.

Mature cow with calf/bull	1 head
Young cattle 1 to 2 yrs old	2 head
Calf under 1 yr old	4 head
Mature horse	1 head
Colt	2 head
Sheep	7 head
Goats	7 head

Acreage Requirements

-This section will serve as a guideline to the required number of acres to handle the required number of animal units.

Type of pasture	Typical acres per animal unit	Acres needed for minimum Animal units
Improved Pasture 1	6 acres	12 acres
Native Pasture 1	9 acres	18 acres
Improved Pasture 2	10 acres	20 acres
Native pasture 2	15 acres	30 acres

Hay Production

-Standard practices: tillage, fertilizing, cutting, baling, hauling, feeding or marketing. In normal years, 2-3 cuttings can be achieved. Hay production should be approximately 3,000 lbs per acre. The hay must be a marketable product. The cutting and baling of unmanaged vegetation is not considered hay production

-Johnson grass hay fields are typically disked or chiseled lightly in the spring to enhance growth and assist in weed control and should be fertilized.

Orchards –There are Native Pecan and Improved Pecan orchards.

-Improved Pecan orchards typically do better in deep well -drained river bottoms, upland sands, and well-drained clay. A soil analysis can help you determine if the soil is sufficient to ensure a successful orchard. Typically these orchards require at least 42 inches of water annually. Minimum acreage size for a viable orchard should be approximately 10 acres. There should be an irrigation system installed to supply each tree to help ensure the trees receive the correct amount of water. There should be a schedule in place to ensure proper pesticide and fertilization of the trees. The orchard floor should be maintained and free of limbs and other debris. Uniform spacing of the trees should be maintained. The spacing should be closer together when the trees are smaller, and further apart as they grow. A spacing guide will follow. This guide is furnished by the Texas Agricultural Extension office. Tree management has to be an on-going event to ensure the survival of the healthiest producing trees. Pest management is a vital part of the orchard management plan. The pecan weevil and pecan nut case bearer are two of the pests that need to be monitored. Nitrogen stimulates growth and production. Zinc is good for leaf and shoot growth and to fill the pecans. Operating costs should be typical for an Improved Pecan orchard in the area. Production levels should be typical for an Improved Pecan orchard in the area.

-Native Pecan orchards typically do better in deep well -drained alluvial soils. Usually these areas are along waterways such as rivers and creeks. When a property owner decides to rejuvenate a native pecan orchard there are some things they must do. An owner needs to remove all non-pecan species from the orchard area. This helps to ensure that there are not any non-pecan trees competing with the native pecan trees for sunlight and nutrients. You need to ensure that there is good vegetation or groundcover on the floor of the native pecan orchard. This helps in harvesting and the prevention of soil erosion along the waterways. Usually the native pecans are a secondary use to another use such as livestock grazing. The native pecan trees should be evaluated for the best trees. This evaluation should be based on production potential and nut size. After the selected trees are removed you should also look for any weak or unhealthy trees and remove them. Newer native trees should be added as needed to replace and fill in where older weaker trees might die off. Tree management has to be an on-going event to ensure the survival of the healthiest producing trees. Pest management is a vital part of the orchard management plan. The pecan weevil and pecan nut case bearer are two of the pests that need to be monitored. Nitrogen stimulates growth and production. Zinc is good for leaf and shoot growth and to fill the pecans. Emphasis should be placed on good years for investing money into the orchard for maximum production. Hunting

should be a part of the management plan. Animal such as deer, raccoons, crows and turkey can cause damage to the native pecan crop. Operating cost and expenditures should be typical to native pecan orchards. Production should be typical or the same as other native pecans in the area.

ORCHARDS - Standard practices: 14-100 trees per acre, weed control, water available for establishment, insect control, fertilizer, prune trees, manage for and harvest. **Must be a wholesale operation.**

Irrigated Orchard - typically, 5 acres of land is required to achieve minimum standard of production to qualify agricultural use given prudent management.

Dry-land Orchard - typically, 10 acres of land is required to achieve minimum standard of production to qualify agricultural use given prudent management.

Native Orchard - typically, 10 acres of land is required to achieve minimum standard of production to qualify agricultural use given prudent management.

Type of Tree	Trees per acre	Trees needed for minimal orchard		
		Irrigated (5 ac)	Dry-land (10 ac)	Native (10 ac)
Native Pecan	14	70	140	140
Improved Pecan	35	175	350	350

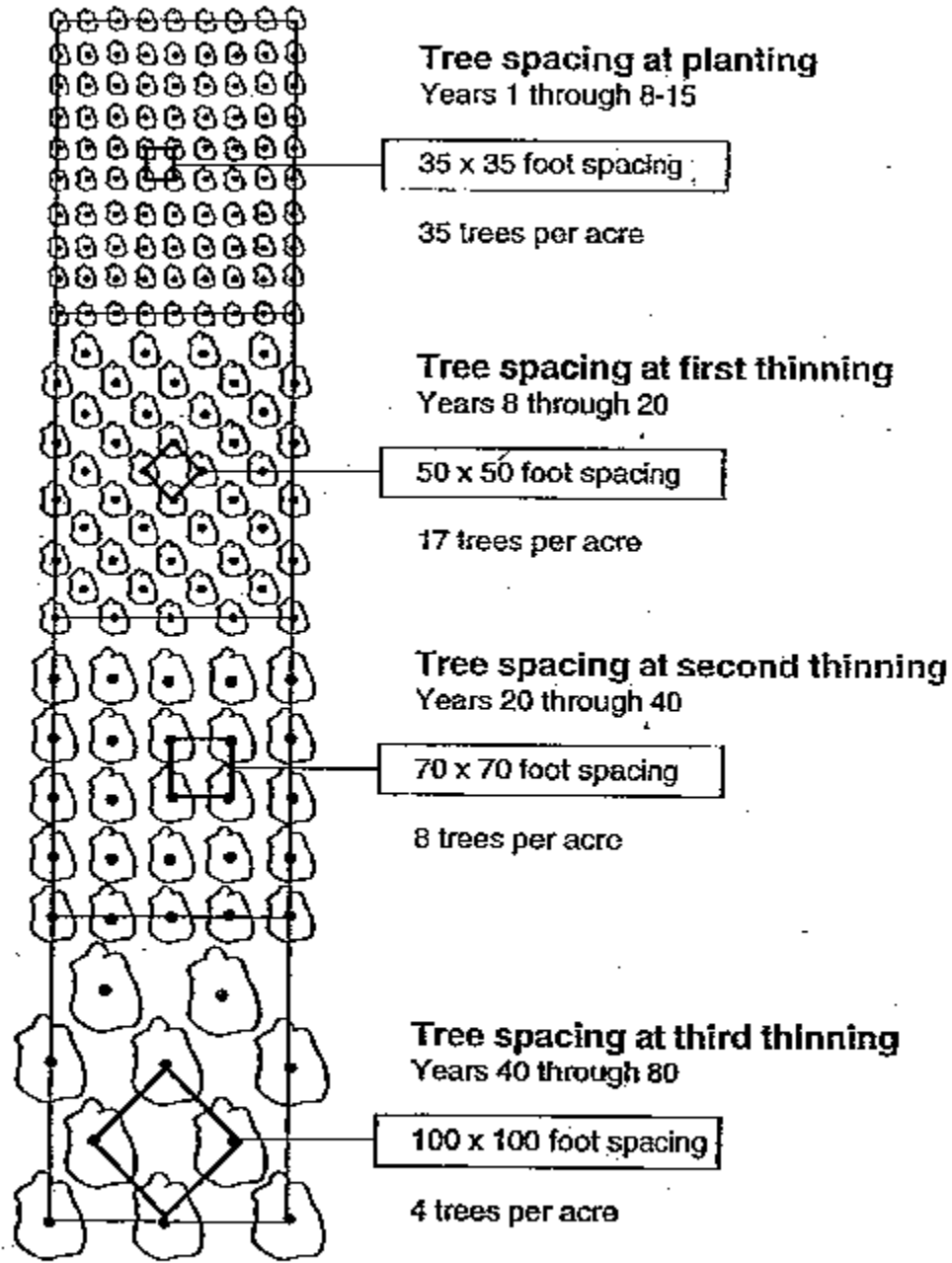


Figure 1. Pecan tree spacing for 80 years by removing trees as they crowd.

(Texas Agriculture Extension Service)

Time Period Test

-Land must have carried the agricultural valuation for it to meet the history requirement/ time test. Land located outside of an incorporated city limit must have qualified and received agricultural valuation for five (5) out of the last seven (7) years. Land located within an incorporated city limit must have qualified and received the agricultural valuation for five (5) out of the last five (5) years continuously. If it does not meet the appropriate time test it will not meet the history requirement/ time test. If a tract of land does not meet the appropriate time test it will be considered to not have a history of agricultural value on the property. If this occurs the owner must build an agricultural history on the property in order to qualify for the agricultural value. In order to build a history an owner must be engaged in an appropriate agricultural activity for a five (5) year period. The owner will file an agricultural application for every year for five (5) years. The property will be field checked and a report will be filed for each year. The owner will file in the sixth (6) year and if the requirements have been met during the preceding five (5) years, then the property will be eligible to receive the agricultural valuation.

Ineligibility

-Some land is automatically ineligible for qualification of the agricultural valuation.

Land located within the boundaries of a city or a town

-Land that is located within an incorporated city or town must meet one of the following to be considered for qualifications.

- a. The city must not provide the land with general services comparable to those provided in other parts of the city; or
- b. The land must have been devoted principally to agricultural use continuously for the preceding five (5) years.

Land which 1-d-1 appraisal is waived

-An owner may waive his right to 1-d-1 special valuation. A 1-d-1 waiver is effective for 25 years and applies to the land even if the ownership changes. See Texas Property Tax Code, Section 23.20

Application

-A property owner must file a valid application form with the chief appraiser where the land is located. It is important to note that a new owner must file this application in order to maintain the agricultural valuation. The agricultural valuation is granted to a specific legal ownership and automatically terminates if there is any change in ownership. Therefore if a piece of property changes owners a new application must be filed. The Appraisal District is not required to send a new application to the new owner; rather it is the new owners responsibility to fill out a timely application and submit it to the District.

a. Filing Deadline

-The deadline for application is before May 1st. For good cause and only at the property owners request, the chief appraiser may extend the filing deadline in individual cases for not more than 60 days without penalty. An extension must be requested before the May 1st deadline. The Property Tax Code does not define "good cause". However, it is commonly something the applicant can't control. Being sick or injured and not able to conduct business for a period that effectively prevents filing on time is usually good cause.

b. Late Applications

-The property owner may file a late application until the date the Appraisal Review Board approves the roll. Williamson Central Appraisal District will not accept an application after the Appraisal Review Board has approved the roll. However there is a penalty for late application. An application filed after April 30th is subject to a penalty equal to 10% of the difference between the tax imposed at market value and the tax imposed at the agricultural productivity value. If the chief has extended the deadline for the property owner then the penalty does not apply.

c. Failure to File the Application Form

-If a person does not file a valid application before the Appraisal Review Board approves the roll, the land is ineligible for an agricultural valuation for that year.

d. One Time Application

-Once a 1-d-1 application has been filed and approved the land will continue to receive the agricultural value unless one of three things occurs.

- The ownership changes.
- The use of the land changes.
- The chief appraiser requests a new application.

e. Notification of Changes

-The property owner must notify the appraisal district in writing before the next May 1st if the land's ownership, eligibility, or use-type changes.

f. Application Denial

-If the chief appraiser denies an application, he must deliver a notice of denial to the applicant. The notice must contain a brief explanation of the procedures for protesting the denial to the Appraisal Review Board. The owner has 30 days from the date on the denial letter to file a written protest. When the owner comes to their protest hearing they must bring all of their supporting documentation.

Rollback Procedures

-A rollback tax will be imposed on 1-d-1 property when the owner changes the use of the land to something other than agricultural production. If only a portion of the land is changed to a non-agricultural use, then only the portion changed will receive the rollback. The chief appraiser will send a written notice of the determination that a change of use has occurred. If the owner does not agree they have 30 days to file a protest. If the owner does not file a written protest of the determination or the Appraisal Review Board decides that a change of use has occurred, a tax bill will be created to include the amount of tax and interest that is due. Simply selling the property does not warrant a rollback on the property.

Change of Use Qualifications that cause Rollbacks

- Physical change from agriculture to non-agriculture use.
- The physical act of subdividing property to sell as non-qualifying tracts of land such as the cutting of roads or the installation of utilities.
- The placing of restrictions that limit the use to non-agricultural activities resulting from the free will of the owner.

Change of Use Qualifications that do not cause Rollbacks

- The lowering of the intensity level below the qualified level by choice or agricultural necessity, but continued agriculture use.
- Property condemned or sold as right of way.
- Filing of a waiver from special valuation.
- Filing of a homestead on part of the qualified property due to the building of a house.
- Certain exempt uses including homestead, cemetery, religious or charitable uses. See Texas Property Tax Code, Section 23.55 for a full list and requirements.

Rollback Taxes Due Date

- The rollback tax is due the date the tax bill is mailed. It becomes delinquent on the February 1st that is at least 20 days after the bill is mailed. Please direct questions on tax bills to the appropriate tax office.

Rollbacks on Property Bought by Exempt Organizations

-Exemptions that apply to ordinary property taxes may not apply to rollbacks taxes. Even if the land might be exempt from ordinary taxes in the new owners hands, the rollback taxes still become due if that owner takes the property out of agricultural use. When a political subdivision buys the land and changes the use the rollback is triggered but the lien cannot be enforced. However the lien against the land continues and could be enforced against a later buyer. See Texas Property Tax Code, Section 23.55 for the full text of the applicable statutes.

Wildlife Management Special Valuation

General Description

-Wildlife Management is an alternative property valuation method for taxpayers whose property is used to propagate a sustaining, breeding, migrating, or wintering population of indigenous wild animals. A Wildlife Management Plan shall be completed on a form supplied by the Texas Parks and Wildlife Department for each tract of land for which valuation based on wildlife management is desired. The forms and regional management plans may be obtained by contacting the Texas Parks and Wildlife Department, 4200 Smith School Road, Austin, Texas 78744-3291. Information about the wildlife management can also be obtained from their website which is www.tpwd.state.tx.us. The land classifications for the wildlife follow the same classifications as the regular agricultural valuations. For example native pasture that qualifies for wildlife valuation would be classified as wildlife native pasture. It would also have the same productivity value per acre as native pasture.

Application Verification

-Williamson Central Appraisal District staff performs routine site inspections of all property that are receiving the agricultural valuation. Any property, or portion of property, that is found to be not in compliance with the requirements for the valuation will be dealt with in the appropriate manner. This action could range from a request for a new application, removal of the agricultural value, or initiating a rollback depending on the circumstances.

This information is a brief explanation of the requirements/qualifications of obtaining the 1-d-1 (open space) agricultural appraisal for property tax purposes in Williamson County. Should you need further information and/or forms, please feel free to access our website at www.wcad.org. A property owner can also contact our office Monday - Friday 8 am to 5 pm at (512) 930-3787 for additional information or clarification.

The information contained in this manual is meant to be a guide to the rules and requirements for obtaining and maintaining the Ag valuation on a piece of property in Williamson County. This manual is subject to revision at anytime due to changes in the Texas Property Tax code and/or accepted agricultural practice.