



AUSTIN COUNTY APPRAISAL DISTRICT

AG-USE AND OPEN-SPACE AGRICULTURAL/TIMBERLAND

QUALIFICATION GUIDELINES AND DEFINITIONS

A SUPPLEMENT TO THE STATE OF TEXAS PROPERTY TAX

MANUAL FOR THE APPRAISAL OF AGRICULTURAL LAND

AND WILDLIFE MANAGEMENT ACTIVITIES AND PRACTICES

Effective for the 2023 tax year.

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LAND PRODUCTIVITY VALUATION

Two amendments to the Texas Constitution permit agricultural and open-space land to be taxed generally on its agricultural use, or productivity value. This means that taxes would be assessed on the productive value of the land instead of the market value of the land.

The legal basis for special land appraisal is found in the Texas Constitution in Article VIII, Sections 1-D and 1-D-1. The two types of land and valuation are commonly called “ag-use” or “1-D” and “open-space” or “1-D-1”. The corresponding provisions of the Texas Property Tax Code are Sections 23.41 through 23.46, Agricultural Land; and Sections 23.51 through 23.57, Open-Space Land.

The purpose of the two provisions is similar. Under both provisions, the land must be in agricultural use and valued in the same manner. However, there are differences in the qualifications that must be met in order to receive the productivity valuation.

AG-USE, 1-D, qualifications include:

- The land must be owned by a natural person. Partnerships, corporations or organizations may not qualify.
- The land must have been in agricultural use for three (3) years prior to claiming this valuation.
- The owner must apply for the designation each year and file a sworn statement about the use of the land.
- The agricultural business must be the land owner’s primary occupation and source of income.

OPEN-SPACE, 1-D-1, qualifications include:

- The land may be owned by an individual, corporation, or partnership.
- **The land must be currently devoted principally to agricultural use to the degree of intensity generally accepted in the area. The land must be producing an agricultural product intended for sale including but not limited to: livestock, crops for human or animal food, seed or fiber crops, etc.**
- The land must have been devoted to a qualifying agricultural use for at least five (5) of the past seven (7) years.
 - Agricultural business need not be the principal business of the owner.

These provisions are effective only if applications are filed with the appraisal district office in a timely manner. **Applications should be filed after January 1 and before May 1.**

Once the application for 1-D-1 is filed and approved, **a landowner is not required to file again unless the use of the land changes, there is a change in ownership, or the chief appraiser request another application to confirm current qualifications.**

Rollback Tax:

The possibility for a “rollback tax” exists under either form of special land valuation. Either sale of the land or a change in use of the land creates this liability for additional tax under 1-D valuation. It extends back to the three years prior to the year in which the change or sale occurs.

Under 1-D-1, a rollback is triggered by a change in the use to a non-agricultural purpose that would not qualify for productivity valuation. Taxes are rolled back or recaptured for the three years preceding the year of change.

The additional tax is measured by the difference between taxes paid under productivity valuation provisions and the taxes, which would have been paid if the land had been put on the tax roll at market value.

If the land is under agricultural use there should be sales of products. The owner may be required to provide receipts, expenditures, sales receipts or statements declaring products produced and gross income earned to land or Internal Revenue Service Schedule F Tax Form.

Cessation of Ag Use:

Land left idle as part of a government agricultural or conservation program or land left idle for normal crop or livestock rotation can also qualify if under normal circumstances and given prudent management, production of agricultural products can achieve intensity of use typical for the area.

The eligibility of land for appraisal under Chapter 23 of the Property Tax Code does not end because the land ceases to be devoted principally to agricultural use to the degree of intensity generally accepted in the area if a drought declared by the governor creates an agricultural necessity to extend the normal time the land remains out of agricultural production *and* the owner of the land intends that the use of the land in that manner and to that degree of intensity be resumed when the declared drought ceases.

The Agricultural Advisory Board for the Austin County Appraisal District has established guidelines for the implementation of these provisions. It is the opinion of the Austin County Appraisal District that the guidelines are valid for mass appraisal purposes and can be applied uniformly throughout the district.

It should be noted that these guidelines are to be used as a general guide for qualifying agricultural land. Exceptions to the general rule will be handled on a case-by-case basis.

EXCEPTIONS

A small tract, less than the typical minimum acres, is considered as agricultural land **ONLY** if it is vacant and used as part of a larger contiguous agricultural operation. If a small vacant tract is used as part of a larger operation it may qualify with written verification of participation in the larger operation. This written documentation can be a written lease and/or a written affidavit statement from the property owner that an agreement is in effect. If a statement is used, the location of property, parties involved, and length of agreement must be stated.

Small acreage with a residential or commercial structure is considered primarily residential or commercial in nature, with agricultural use secondary. Open Space Land MUST have agricultural use as its PRIMARY USE in order to qualify. Adding small acreage to existing residential or commercial tracts is considered an extension of the site and is not considered primarily agricultural.

Small vacant parcel of land that is not contiguous with other parcels being held in common ownership or under lease but is principally devoted to agricultural use for such use as product storage, equipment storage, or livestock feeding or handling. Generally, such uses compliment agricultural usage as farming or ranching operations and achieves intensity of use typically accepted in the area. The tract is used to support a larger farm or ranch in a close proximity to the larger operation.

Definitions of Key Words/Phrases:

PRUDENT – capable of making important management decisions; shrewd in the management of practical affairs. Specifically the law states that the land must be utilized as would an ordinary and prudent manager.

TYPICAL – exhibiting the essential characteristics of a group. Specifically, the law states that Ag Land will be utilized, as would a typical (ordinary) manager. Statistically, a typically prudent manager is the median farmer or rancher.

SUBSTANTIAL – *Ample to satisfy; considerable in quantity.* Specifically, the Law states that the agricultural land MUST be an identifiable and substantial tract of land. This means that the tract must be of adequate size to be economically feasible to farm or ranch. Thus when two small tracts are used together, they may become a substantial amount of land; when used separately they may not be.

AGRICULTURAL USE TO THE DEGREE OF INTENSITY GENERALLY ACCEPTED IN THE AREA – farming or ranching to the extent that a typically prudent manager in the area of the taxing unit would farm or ranch on a typical operation when the tract is devoted principally to agricultural use. A better understanding of this definition can be gained by identifying the key elements of the definition and explaining each as follows:

1. Degree of intensity generally accepted in the area shall mean that the farming and ranching practices (cropping patterns, planting rates, fertilization methods, harvesting and marketing techniques, etc.) are those of a typically prudent farm or ranch manager.
2. Typically prudent farm or ranch managers are ordinary farmers in terms of acres farmed as well as management ability. Given all other factors remain constant; the number of acres farmed determines the farmer's capital structure. Typically prudent ranch managers located in the Austin County Appraisal District are assumed to have similar equipment of similar value and utility.
3. Area is interpreted to be that land inside the jurisdiction boundaries of the Austin County Appraisal District.
4. *Principally* means the more important use in comparison with the other uses to which the land is put.
5. A *Substantial tract* is a tract of land large enough to be farmed by itself in a typically prudent manner.

Application Process:

The property owner must file a completed application to qualify the land for agricultural appraisal. If an incomplete application is submitted it may result in the denial of the special appraisal. The deadline for filing an application form is April 30th. Late applications may be filed before the Appraisal Review Board approves the records for that year. As stated in Section 23.541(b) of the Property Tax Code

“if an application for agricultural designation is approved when the application is filed late the owner is liable for a penalty of 10 percent of the difference between the amount of tax imposed on the property and the amount that would be imposed without the agricultural designation.”

Applications should be filled after January 1 and by April 30th. If the application is approved you will not be required to refile again, unless the ownership has changed, the agricultural use has changed, or it is requested.

Action on an Application:

The chief appraiser must act on each application within 90 days of receipt. When the chief appraiser receives the application, he/she must review it and take one of the following actions: approve, deny, ask for additional information. The chief appraiser has 30 days from receipt to notify the property owner of the need for additional information. The property owner will have 30 days from the date of the notification request to provide the information. If the information is not provided by the 30 day deadline the special appraisal will be denied. If the application is denied the chief appraiser must notify the property owner by certified letter and as a courtesy regular mail. A property owner may appeal a denial to the Appraisal Review Board by filing a protest within 30 days of the denial notice Information on this is provided in the notice.

Verification of Use:

The agricultural use will be verified, which may include inspections of the land either onsite or by aerial photographs. Any property or portion of the property that is not used agriculturally and does not meet the guidelines provided by Austin County may result in a request for a new application, removal of the agricultural appraisal, or rollback tax, depending on the situation.

**GUIDELINES FOR DETERMINATION OF INTENSITY OF AG-USE
SIZE OF ACRES OF LAND UNDER AGRICULTURAL PRODUCTION**

Land under agricultural production must be specifically identified and products produced clearly stated. The land shall be described legally and physically. Physical description of the land identifies the land and in categories or classifications of land such as dry or irrigated cropland, improved or native pasture; as well as stating the number of acres in production. Productive capacity of the land must be described to allow measurements of agricultural production intensity.

Intensity of agricultural production is the central issue or standard of agricultural use qualification. Intensity of use for our area is based on information gathered from several local sources. The number of animal units will vary with land size and type and the operator's management practices.

Animal units include:

- 1 Cow = 1 animal unit
- 1 Cow & calf = 1 animal unit
- 2 – 500 pound calves = 1 animal unit
- 1 Bull = 2 animal units
- 6 sheep = 1 animal unit
- 6 goats = 1 animal unit
- 1 horse = 1 ½ animal units
- 2 miniature horses = 1 animal unit
- 2 miniature donkeys = 1 animal unit

Horses- Raising, and breeding operations. Recreational use horse operations are considered non-compliant. Stabling training or recreational use of horses is NOT considered agricultural use.

Cow/Calf Operation- This operation is in the business of raising beef for sale to either processors or to other operators for breeding stock.

Feeder/Stocker Operation- This operation is in the business of raising beef for processors. Must be on feed for 150 days and the intensity would be doubled. 7

A typical livestock operation to the degree of intensity generally accepted in this area, such as grazing cattle or livestock, is at least five (5) animal units for a majority of the calendar year. Rotational grazing MUST be a minimum of 90-120 days.

Typical Stocking Rates:

- Good Pasture – 1 animal unit to 4 acres
- Average Pasture – 1 animal unit to 6 acres
- Poor Pasture – 1 animal unit to 10 acres

Exotics / Deer:

(Must be used for the production of meat and/or breeding stock)

Exotic Animals = 4 head per acre (75 lbs. avg.) on pasture land

Whitetail Deer = 2 deer per acre (250 lbs. avg.) on pasture land

Please note: Your property must be able to support and maintain the animal units (examples of typical stocking rates and typical acreage follow). The Appraisal District realizes that management practices may depend on the variations in the climate from year to year. The quality of your pasture will also play a factor in the number of animals that could be grazed.

We find that smaller tracts are not capable of maintaining the required number of animal units and may not qualify as an agricultural operation, such as grazing.

The following typical acreages for the different land categories listed below are intended to be used as general guidelines based upon typical stocking rates. To be considered by the Austin County Appraisal District and as a general rule, the acres indicated below are recommended to reach the minimum level of intensity (depending on the category). Exceptions to the general rule will be handled on a case by case basis. *Small acreage may be regularly inspected and inquiries made to verify the level of intensity.*

1. ORCHARD - typically, 5 acres of land is needed to achieve minimum standard of production to qualify agricultural use given prudent management.

2. IRRIGATED CROPLAND - typically, 100 acres of land is needed to achieve minimum standard of production to qualify agricultural use given prudent management.

3. DRY CROPLAND - typically, 50 acres of land is required to achieve minimum standard of production to qualify agricultural use given prudent management.

4. IMPROVED PASTURELAND - typically, 10 acres of land is required to achieve minimum standard of production to qualify agricultural use given prudent management. Land cleared and cut is required to achieve minimum standard of production to qualify agricultural use given prudent management. Only the areas being cut for hay will receive the value. Mowing or cutting the property to clear weeds or grass does NOT qualify as agricultural use.

5. NATIVE PASTURELAND - typically, 30 – 50 acres of land is required to achieve minimum standard of production to qualify agricultural use given prudent management, depending on density of woods.

6. WILDLIFE - 16.6 acres of land is required to achieve minimum standards of wildlife practice to qualify. (See page 13 for guidelines for new tracts).

7. BEEKEEPING - Land must be no less than 5 acres and no more than 20 acres. The number of hives would typically be between 6 and 12 mainframe hives which would be used for pollination or for the production of honey, wax or for the bees themselves. The hives are placed in groups in an open pasture and must be maintained and kept alive. The agricultural valuation will apply to all acreage regardless of land type. Beekeeping can be used to establish agricultural history.

LAND TYPE CLASSIFICATIONS & GUIDELINES FOR TYPICAL OPERATIONS

ORCHARDS – (OR) Land typically devoted to the production of fruits or nuts (such as pecans, peaches, grapes, and limited numbers of berry crops).

Standard practices:

- 16 to 100 plants per acre depending on type
- Water available for establishment / maintenance
- Insect control
- Apply herbicide/mechanical weed control
- Fertilizer
- Pruning
- Harvest yield per acre varies with crop

IRRIGATED CROPLAND – (IC) Irrigated farmland used for raising crops typically rice. Crops are established on a three (3) year rotation basis. Includes drip irrigation systems, i.e., tree farms

DRY CROPLAND – (DC) Non-irrigated farmland used for raising crops (such as milo, corn, cotton, wheat, melons, or peanuts).

Standard practices:

- Shredding previous crop
- Tillage
- Planting
- Fertilize
- Apply herbicide/mechanical weed control
- Insect control
- Maintained in a workman-like manner
- Harvest yield per acre varies with crop

DRY CROP TREES – (DCT) Includes Christmas tree farms and other land planted in pine, other softwoods or evergreens, but not designated as timber forest.

Standard practices:

- Water available for establishment and maintenance
- Regular schedule of pruning, spraying and cultivation
- Grass cut as brush and weed control

GRASS FARMS – (GF) Land devoted to the production of sod which is highly managed with multiple applications of fertilizer and herbicides and irrigated.

Standard practices:

- Water available for establishment and maintenance
- Insect Control
- Application of herbicide and/or mechanical weed control
- Fertilizer
- Grass cut twice each year
- Harvest yield per acre varies with crop

IMPROVED PASTURELAND – (IP) Land that has been cultivated, fertilized, and *introduced* with improved grasses (such as bahia grass, barnyard grass, bermuda grass, johnson grass, klein grass, rye grass)

Standard practices:

- Fence maintenance
- Fertilizing
- Application of herbicide and/or mechanical weed control
- Grazing
- Stock water
- Marketing
- Must produce sufficient forage to sustain a minimum of 5 animal units for the bulk of the calendar year satisfying the intensity levels

NATIVE OPEN PASTURELAND – (NO) Defined as grazing land, *native* grasses in their native state (such as big bluestem, little bluestem, purpletop, red love grass, sideoats grama, switch grass, tumble grass, yellow indian grass). Acreage may contain a small amount of Yaupon and Huisache. This type of land would not be fertilized, limed or have herbicides use on pasture.

Standard practices:

- Fence maintenance
- Grazing
- Stock water
- Marketing
- Must produce sufficient forage to sustain a minimum of 5 animal units for the bulk of the calendar year satisfying the intensity levels

NATIVE WOODED PASTURELAND – (NW) Defined as grazing land, *native* grasses in their native state. Acreage contains a large amount of Yaupon and Huisache. This type of land would not be fertilized, limed or have herbicides use on pasture.

Standard practices:

- Fence maintenance
- Grazing
- Stock water
- Marketing
- Must produce sufficient forage to sustain a minimum of 5 animal units for the bulk of the calendar year satisfying the intensity levels

HAY MEADOW / IMPROVED PASTURE – (IP) or NATIVE OPEN PASTURE – (NO) Defined as land that involves the cultivation of planted or maintained grasses.

Must be bailing 70% or more of the property.

Standard practices:

- Fertilizing
- Application of herbicide and/or mechanical weed control
- Shredding
- Bailing
- Improved grasses – 3 cuttings in an average year
- Native grasses – 2 cuttings in an average year
- Limited grazing

WOOD / WASTELAND – (WW) Land that is eroded, swampy, impassible or is heavily wooded making it almost impassible to livestock. Large portion of this category of land consists of McCartney Rose, Huisache, Wild Lemon, Mesquite, Yaupon, and marshland. *This category of property typically is used in conjunction with other classes of property.*

Standard practices:

- Fence maintenance
- Grazing
- Stock water
- Marketing
- This type of land typically is very restricted in use and is used in conjunction with other classes of property

WILDLIFE MANAGEMENT

Section 23.51(7) of the Tax Code defines wildlife management as: Actively using land that at the time wildlife management began was appraised as qualified open space land under this subchapter in at least three of the following ways to propagate a sustaining breeding, migrating, or wintering population of indigenous wild animals for human use, including food, medicine, or recreation:

- A. Habitat control
- B. Erosion control
- C. Predator control
- D. Providing supplemental supplies of water
- E. Providing supplemental supplies of food
- F. Providing shelters
- G. Making census counts to determine population

Qualifications:

- The land must have been qualified and appraised as agricultural land during the year prior before the owner changes to wildlife management use.
- There must be a submitted 1-d-1 Agriculture Application and a five-year Wildlife Management Plan, promulgated by the Texas Department of Parks and Wildlife.
- The land must implement at least 3 of the 7 practices listed above.
- The land must be actively managed to sustain breeding, migrating, or wintering population of indigenous wild animals.
- Land Acreage Qualifications:
 - If the number of acres in a tract of land is equal to or greater than the number of acres on January 1st of the previous year, than the tract of land is **NOT** subject to the minimum acreage for wildlife management.
 - If a small acreage of land has not been reduced in acreage, it remains the same acreage as of January 1st, will be evaluated by the appraisal district to determine if it meets the qualifications.
 - If the land has been reduced in acreage in the prior year and is less than 16.6 acres, it will **NOT** qualify for wildlife management.
 - Standard acreage for individuals must stand on its own, there is no working as a larger tract.
 - Wildlife Management Property Association (WMPA) & Endangered Species (ES)
 - WMPA are group of neighbors that are subject to a written agreement that legally obligates the property owner of each tract to perform the management practices and activities necessary for each tract to qualify.
 - Each landowner participates in a large-scale, neighborhood practice's while also performing at least three small-scale, individual practices on their own property.
 - Each individual landowner must have the minimum 11 acres to qualify for wildlife management.
 - Endangered or threatened species will always have to pass the wildlife use requirement **EVERY** year

- A wildlife management report will be requested, by letter, every two to three years.
- Every three years an onsite inspection will be requested. A letter will be sent to the property owner asking to schedule an appointment.
 - The property owner can elect to submit an annual report in place of an onsite inspection.
- Failure of the property owner to comply with the inspection or report submission will result in the removal of the special valuation of wildlife management.
- If the property owner fails to meet the requirements for wildlife management, it can result in the removal of the special valuation and the owner will have the opportunity to protest to the Appraisal Review Board.

For further information on Wildlife Management, you can find the *“Guidelines for the Qualification of Agricultural Land in Wildlife Management Use”* under Forms on our website.

BEEKEEPING

Effective January 1, 2012, Texas law made it possible for beekeeping to qualify for an Ag valuation on property taxes. *“...The term also includes the use of land to raise or keep bees for pollination or for the production of human food or other tangible products having a commercial value, provided that the land used is not less than 5 or more than 20 acres.”* (Property tax Code, chapter 23, subchapter D, sect. 23.51 (1&2))

Under Open-Space productivity valuation, values are calculated using a modified income approach to determine the per acre value. This is done using cash lease rates that are collected each year through survey mailed to landowners. The challenge with determining a productivity value for beekeeping using the cash lease method is usually beekeepers do not lease the land on which the hives are located. In most instances, a property owner who has hives located on the land do not have an open-spaces valuation and are performing the practices to establish the history for an agricultural use valuation.

Using the basic Income/Rate/Value (IRV) formula for developing an income approach to value, we developed a productivity value in beekeeping.

In Texas it is estimated that a hive will produce an average of 60 pounds of honey per year. With the assistance of local beekeepers, we estimate an average of \$105 per hive of expenses per year. The average wholesale price for honey in 2020 was \$4.37 per pound.

Calculating the productive value for Honeybees:

Total Income per Hive	= \$262.20
Total expenses per Hive per Year	= \$105.00
Net Operating Income (NOI)	= \$157.20
Current Cap Rate	= 10.00%
Productivity Value per Hive	= \$1572.00
Maximum Hives per Maximum Acreage	= 0.6 (12 hives/20 acres)
Productivity Value Per Acre	= \$943.00

Intensity Standards for Beekeeping:

Number of Acres	Number of Hives
5	6
6-10	7
11-12	8
13-14	9
15-16	10
17-18	11
18-20	12

*NOTE- One Solitary Bee Box = One Honeybee Hive

SOLITARY BEE NEST BLOCKS – (SBK) Solitary bee nest blocks are designed specifically to attract non-swarming bees like mason or leafcutter bees. These bees are naturally attracted to holes in wood. Beginning in late February and continuing through May nests are built and 6 to 8 eggs are laid per hole. Land qualifying for solitary beekeeping will be valued the same as the native open land.

Nest blocks should be constructed and mounted as follows:

- Use untreated lumber blocks (2x4, 4x4, or 4x8).
- Blocks should be 8 or more inches in height.
- Drill holes of varying diameters (1/4" to 3/8") 3/4" apart and 1/2" from the back of the block.
- Roofs should be attached to provide protection from intense sun and rain.
- Blocks should be mounted at least 3 feet above the ground, titled downward slightly, and firmly secured to a building, fence, or post (do not allow for swaying in the wind).
- The face of the blocks should be oriented to the southeast to catch the morning sun.
- Blocks should NOT be relocated after the bees emerge or they will be confused and fly away.
- Blocks can be left in place throughout the winter or brought into an unheated garage to protect from woodpeckers. Return blocks outdoors in late winter or very early spring to allow the bees to exit their chambers.

Standard practices:

- Habitat size, shape, placement, and content:
- Blocks should be placed within 300 feet of their food source (habitat).
- Choose a variety of plants with overlapping and sequential bloom periods that prefer to receive full sun throughout most of the day. Food sources (habitats) can include the following:
 - Native plants and wildflowers – Catnip, Goldenrod, Penstmon, Phacelia, Salvia
 - Flowers – Lavender, Rose, Sunflowers
 - Crops – Almond, Apple, Cherry, Legumes, Thyme, Blueberry
- Refer to http://pollinator.org/guides_code and to <http://xerces.org/pollinator-resource-center/> for additional information
- Habitat patches should be big and close to other patches with few large trees.
- Flowers and plants should be clustered into clumps of one species.
- A source of clay should be present approximately 50 feet from the nest blocks.
- It is typically not necessary to clean the nest blocks. The emerging bees take care of this.
- Protect from insecticides (especially systemic insecticides) which can poison or kill the bees