

AGRICULTURAL LAND QUALIFICATION GUIDELINES – BORDEN COUNTY APPRAISAL DISTRICT

INTRODUCTION

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. This general policy of Borden CAD is in accordance with the Texas Property Tax Manual for the Appraisal of Agricultural Land and the Texas Property Tax Code. A minimum of 10 acres is the recommended amount for consideration of Ag appraisal qualification in Borden County, with each case being subject to review as to its Ag production and level of intensity.

APPLICATION

Land and number of acres under agricultural production **must** be specifically identified on the application and production use clearly stated. The land shall be described legally and physically. Physical description identifies the land in categories or classifications such as dry cropland, improved pasture, or native pasture, as well as the number of acres in production under each classification, to allow for measurement of agricultural production intensity.

The application period is from January 1 to May 1 of the year in which you wish to have this special appraisal. If May 1 falls on a weekend or holiday, the next working day is the deadline. The U.S.P.S. postmark is considered to be the delivery date. The chief appraiser may extend the filing deadline at the property owner's request in writing, for good cause, but not for more than 60 days. (A 10% penalty is assessed on late applications, should the land qualify for ag appraisal). Applications filed after the late application period ends will be processed as invalid. The land is ineligible for ag appraisal that year. (Sec 23.54(e) Texas Property Tax Code)

An owner applying for ag use valuation using a lease agreement needs to include a copy of the lease with the application. All lease agreements should include the property owners name, property id number, the number of acres leased, for what purpose, and the duration of the lease. Lease agreements should also include the leases name and telephone number for the CAD to contact to obtain number of livestock running on the property or number of bales of hay baled. A valid lease agreement should be signed and dated by both parties.

Please keep in mind that an agricultural application is an official government document and must be accurate and truthful

First time applicants must:

- Show proof of primarily agricultural use for 5 of the 7 years preceding the application.
- The degree of intensity must be met the applied-for-year before a property will qualify and subsequently every year thereafter.
- If the subject tract is leased, a copy of the lease must accompany the application.
- In the case of a verbal lease, a notarized affidavit by the Lessee verifying the terms of the lease is required.

A new agricultural application must be filed when:

- Any ownership change (e.g. owner to owner, individual trust, probate).
- Change of use (part or all of the property) to a different type of agricultural (e.g. irrigated cropland to dry cropland)
- Upon request of the chief appraiser

Denial: If the chief appraiser denies the application, they 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 ARB. The owner has 30 days from the date on the denial letter to file a written protest. When the owner comes to their protest, they must bring all of their supporting documentation.

Verification: Borden CAD performs routine site inspections of all properties that are receiving the agricultural valuation. Any property, or portion of property, that is found not to be in compliance with the requirements for the valuation will be dealt with in the appropriate manner. The 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 Borden County. Should you need further information and/or forms, please feel free to access our website www.bordencad.org. a property owner can also contact our office Monday through Friday 8:00 a.m. to 12:00 p.m. and 1:00 p.m. to 5:00 p.m. at 806-756-4484 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 agricultural valuation on a piece of property in Borden County. This manual is subject to revision at any time due to changes in the Texas Property Tax Code and/or accepted agricultural practice.

QUALIFICATION OF LAND

Agricultural appraisal applies only to the land and not to other property connected to the land. Improvements such as houses, barns, sheds, silos, and other farm outbuildings must be appraised separately at market value. Fences are treated as appurtenances to the land and are not appraised separately. Products of the agricultural operation such as grain, hay, cattle, exotic animals, etc. in the hands of the producer are generally exempt from taxation because of other provisions of Texas law. Farm and ranch equipment designed and used primarily for agriculture known as implements of husbandry, such as tractors, plows, post hole augers, irrigation systems, etc. are also exempt. Some man-made alterations of, or additions to agricultural land are valued as part of the land, such as water canals, water wells, stock tanks, fences, and similar improvements.

THE BURDEN OF PROOF IS THE RESONSIBILITY OF THE LANDOWNER

IN ADDITION TO HAVING QUALIFIED LAND IN ORDER TO RECEIVE A 1-D-1 PRODUCTIVITY USE VALUE, THE AGRICUTURAL OPERATION MUST MEET THE FOLLOWING FOUR (4) TEST:

CURRENT USE TEST

The land must be “currently devoted” to the agricultural use. The land must qualify on January 1. An applicant’s intent to have agricultural use does not qualify as agricultural use. Agriculture use must be the primary use for the bulk of the calendar year covered by the application.

PRINCIPLE USE TEST

Land must be currently devoted principally to agricultural use, to the degree of intensity generally accepted in the area. This will be verified by an initial on-site inspection and periodic on-site inspections. The 1-d-1 appraisal statute TPTC 23.51(2), identifies the following activities as agricultural uses:

- Cultivating the soil, producing crops for human food, animal feed, or planting seed or for the production of fibers.
- Floriculture: the cultivation and management of ornamental and flowering plants.
- Viticulture: the cultivation of grapes for Table/Wine.
- Horticulture: the cultivation of fruits, vegetables, flowers, herbs, or other plants.
- Raising or keeping livestock, i.e., a domesticated animal that derives its primary nourishment from vegetation, supplemented as necessary with commercial feed. Livestock includes beef or dairy cattle, horses, goats, swine, poultry, and sheep. Wild animals are not “livestock”.
- Raising or keeping exotic animals for the production of tangible products having a commercial value. Exotic game means a cloven-hoofed ruminant mammal or exotic fowl that is not native to Texas and is not livestock. Raising such game may qualify but must meet the primary use test.
- Planting cover crops or leaving land idle for participation in a government program or in conjunction with normal crop or livestock rotation procedure. Land left idle for crop rotation qualifies until it is left idle for longer than the crop rotation period typical for the crop in the area.
- Raising or keeping 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 acres or more than 20 acres.

This list may not be exhaustive. The statute provides that agricultural use “includes but is not limited to” the activities identified above.

Small tracts of land that have been developed and/or marketed for primarily residential use, with agricultural use secondary, and are of inadequate size to support an economically feasible agricultural activity, would not normally qualify for Special Valuation. Land will not qualify simply because it is rural or has some connection with agriculture. Neither will it qualify because it is open land that has no other possible use. Casual uses such as home vegetable gardens, hobby horses, raising a steer, goat, sheep for FFA and 4H projects do not constitute agricultural use for property tax purposes.

Acreage that is part of a larger operation, but has a home built on it. That tract is primarily residential in nature. Home sites will be appraised on a separate account on the appraisal roll. Borden CAD standardizes a minimum of 1acre, unless otherwise specified by the owner with a survey or an on-site inspection shows more land is used for a homesite with agricultural land.

DEGREE OF INTENSITY TEST

Intensity of agricultural production is the central issue or standard of agricultural use qualification. **This test is intended to exclude land which has taken Ag use for the purpose of obtaining tax relief.** The District's policy is that in order to qualify for ag-use valuation the land must:

1. Be utilized to the degree of intensity generally accepted in Borden County. Degree of intensity is measured by local farming and ranching practices of a typically prudent manager.
2. Be managed in a typically prudent manner. Typically, prudent may be measured by comparing the actual production of the subject property to the average yields of Borden County.
3. Be a substantial tract of land. Substantial means an identifiable tract of land of adequate size to support a typically prudent operation.

Once a property is in the special valuation program it must meet the intensity of use test every year. In addition, a property owner/operator must be able to verify purchases and sales of livestock and/or farm products by bill of sale, sales receipts of other documentation.

The chief appraiser's decision on what constitutes an "area" (i.e. soil type), will define "typical" agricultural intensity. The size of the area can vary depending on the commodity. For a common crop, the chief appraiser may be able to look to farming practices within county. Less common crops may require the chief appraiser to consider a multi-county region to decide the typical agricultural inputs.

TYPICAL AGRICULTURAL OPERATIONS

Dry Crop Land: Standard practices include, but are not limited to, shredding previous crop, tilling, planting, fertilizing, applying herbicides, insect control, crop rotation, maintained in a workman-like manner, and harvest. Typical dry land crops for Borden County include hay, cotton, corn, milo, oats, and wheat. Only the area that is used for crops will qualify under dry crop land.

Horticultural and Floriculture: Standard practices include, but are not limited to, planting, fertilizing, pruning, applying herbicide to control insects, disease control, maintained in a workman-like manner and harvest.

Orchards and Vineyard Operations: Cultivating trees and grapevines that produce nuts or fruits (such as pecans, peaches and grapes) which are sold commercially or used to make commercial products. Typically, these operations have a regular schedule of pruning, spraying and cultivation as well as keeping the area around the trees or vines mowed or disked. Drip irrigation and high fencing is typical for vineyards. Evidence of these practices should be apparent during an onsite inspection. A typical size orchard or vineyard has a minimum of 5 acres, but only the area that is planted with trees or vines will qualify for this special agricultural valuation.

Cow and Calf Operation: Raising beef to sell to either processors or other operations as breeding stock. These operations can be with either purebred or commercial stock. Some smaller operations may lease or borrow a bull to help with the breeding program rather than owning a bull themselves.

Stocker and Feeder Calf Operations: This operation is in the business of raising beef for processors or feedlots. It involves acquiring calves at a certain weight from cow and calf operations or livestock auctions and raising the calves until they grow to an acceptable size for the feedlots, slaughter, or replacement heifers. Both heifers and steers are found in this type of operation.

Sheep Operations: For breeding purposes to produce wool and meat or to sell to other operations as breeding stock.

Goat Operations: These operations are in the business of producing meat, mohair, and/or milk. Some owners provide replacement stock to other owners for breeding.

Horses: Land used primarily to raise or keep horses qualifies for agricultural appraisal. A breeding operation would include brood mares and would require a stud on location, artificial insemination, or available stud services. Grazing land on which colts are raised, brood mares and stud horses maintained, or ranch horses used in herding livestock are kept, will qualify as agricultural use. Land used to primarily to train, show, race, to ride for recreation or to keep or use horses in some other manner that is not strictly incidental to breeding or raising horses does not qualify. Land used as a stable where horses are kept, fed and cared for is not being used primarily for an agricultural purpose, unless the stable is incidental to breeding and raising horses.

Wildlife management: Land on which the owner engages in wildlife management, and which meets certain agricultural use requirements may qualify for special appraisal and is technically in agricultural use.

Property may qualify for special appraisal for wildlife management if the land is actively being used:

- As qualified open-space land and was qualified as such at the time wildlife-management use began in at least three of the following ways to propagate a sustaining migrating or wintering population of indigenous wild animals for human use including food, medicine or recreation:
 - Habitat control – using the land to create or promote an environment that is beneficial to wildlife
 - Erosion control – practices that attempt to reduce or control soil erosion
 - Predator control – practices intend to manage the population of predators to benefit target wildlife population
 - Providing supplemental supplies of water – owner actively provides water in addition to natural resources
 - Providing supplemental supplies of food – owner actively provides food in addition to natural resources
 - Providing shelters – creating or maintaining vegetation or artificial structures that provide shelter from the weather, escape cover from other enemies or nesting or breeding sites
 - Making census counts to determine population – periodic surveys to determine number and composition of target wildlife population
- To protect federally listed endanger species under a federal permit.
- For a conservation or restoration project to provide compensation for natural resource damages.

A wildlife management plan (state form PWD 885-W7000) must be submitted in addition to the Application for 1-d-1 (open Space) Agricultural Use Appraisal. You can pick up an application at the appraisal district office or print one from the Texas Parks and Wildlife Department (TPWD) website. A copy is also attached to this manual. A wildlife property association may prepare a single wildlife management plan, provided all required information is included for each tract of land in the wildlife management property association and the plan is signed by each landowner or an agent of the landowner. Each property owner must be applying a minimum of three activities from the list of seven wildlife management activities listed above. An appraisal district may require, for each tract of land qualified for agricultural appraisal based on wildlife management use, that an annual report be filed showing how the wildlife management plan was implemented in any given year. If the report is required, it shall be completed on the form prescribed by TPWD and shall be signed by the landowner or their agent. In accordance with the Texas Administrative Code the chief appraiser shall determine if land qualifies for agricultural appraisal based on wildlife management use in compliance with the Manual for the Appraisal of Agricultural Land, the Guidelines for Qualification of Land in Wildlife Management Use and the Comprehensive Wildlife Planning Guidelines. The Comptroller of Public Accounts is another source for wildlife management information.

Exotic Game: Standard practices include high fences to control the herd, breeding and herd management, stock water, systematic marketing of animals, and land management for long run forage. You must be raising or keeping exotic animals for the production of tangible products having a commercial value. Exotic animal means a species of game not indigenous to the state, including axis deer, nilgai antelope, red sheep, and other cloven-hoofed ruminant mammals, or exotic fowl as defined by Section 142.001, Agricultural Code. Many game ranches also offer recreational hunting as a way of earning income and managing a herd of breeding stock as a secondary use. Because hunting is recreation, an exotic game ranch devoted solely to hunting could never qualify for agricultural appraisal. Documentation would include a copy of business plan showing physical improvements (such as high fences, herd size, restocking levels, harvesting schedule), a harvest report, and with breeding and herd management procedures that emphasizes commercially valuable product(s) such as meat or leather. Relevant questions include: Are there physical improvements such as high fences to control the herd? Are there stocking levels to justify the investment and ensure a reasonable future income? Is there a breeding and herd management procedure that emphasizes commercially valuable products (meat or leather) over recreational products (trophy heads)? Is there an active business plan showing herd size, harvesting schedules and harvesting reports? Do state or federally approved inspectors supervise slaughter and dressing? Degree of intensity to be determined by type of exotic. Annual reporting will be required to document production.

Governmental Programs: Land tracts on which agricultural activity has been suspended or limited due to government programs such as the Conservation Reserve Program (CRP) will still qualify for agricultural valuation as long as it remains in the program.

Land Leases: Leases are an acceptable agricultural practice provided that the lessee is using the land in a manner and to a degree of intensity that meets BCCAD standards. Smaller acreage may qualify for 1-d-1 if the lessee has enough contiguous land to meet the minimum standard tract size.

Hay production: The applicants parcel must be a large enough property that 20 - 1,500-pound rolls, 500- 60-pound bales, also known as 30,000 pounds of Dry Leaf Matter (DLM) can be produced under average conditions, annually. Hay meadows must be kept free of nefarious, weeds, shrubs, and trees. The hay must be marketable.

The cutting of lawn clippings, which may be used to feed livestock is token use only and will not be considered.

- a) **Minimum Level of Production:** A minimum of 3,000 pounds of dry forage per cutting per acre must be cut and baled annually. This is roughly equivalent to 2 - 1,500-pound bales or fifty 60-pound square bales per acre.
- b) **Frequency of Harvest:** If native grasses are the predominant forage, the producer must cut and bale hay at least once each year. If the predominant forage species is an introduced grass, including Bahia or Bermuda grass, hay must be cut and baled at least twice each year unless the producer can establish to the district's satisfaction that growing conditions prevented a second cutting. Regardless of forage type, the hay field is also being used to graze cattle with the stock removed only during the hay season; only one annual cutting is required if AU's requirements are also met.
- c) **Fertilization:** Hay fields require periodic fertilization. An appropriate amount of fertilizer must be applied to the hay field at least once each spring. If hay fields are also used for livestock grazing and management practices are used to recycle nutrients, no fertilization is required. Receipts for the purchase and application of fertilizer should be available for inspection if requested by the appraisal district. Hay fertilization suggestions may be obtained the Texas Agricultural Extension Service.

GUIDELINES FOR DEGREE OF INTENSITY RATINGS

The degree of intensity test measures whether the land is being farmed or ranched to the extent typical for agricultural operations in Borden County. To receive a productivity appraisal the land must be used to the degree of intensity typical in the area as defined by the Chief Appraiser and the Agriculture Advisory Board. This test is intended to exclude land on which token agricultural uses occur in an effort to obtain tax relief.

To qualify for special agricultural appraisal, the tract of land being used must be greater than 5.00 acres (unimproved) and/or must be greater than 6.01 acres with no more than 1.00 acre being occupied by improvements. In other words, an applicant must use no less than 5 acres in the agricultural operation. Area occupied by your residence, commercial buildings, animal training facilities, driveways, or other structures cannot be included in this total minimum acreage amount.

ANIMAL UNITS - Borden CAD requires a minimum of 3 animal units (AU) run at any given time, for the majority of the year on pastureland, to qualify for 1-d-1 agricultural appraisal. Example: minimum animal counts would be: 3 – 1000 lb. cows, 6 – 500 lb. heifers, 18 sheep, 21 goats, 3 brood-mares/stallions or breeding stock.

MINIMUM STANDARDS – LIVESTOCK

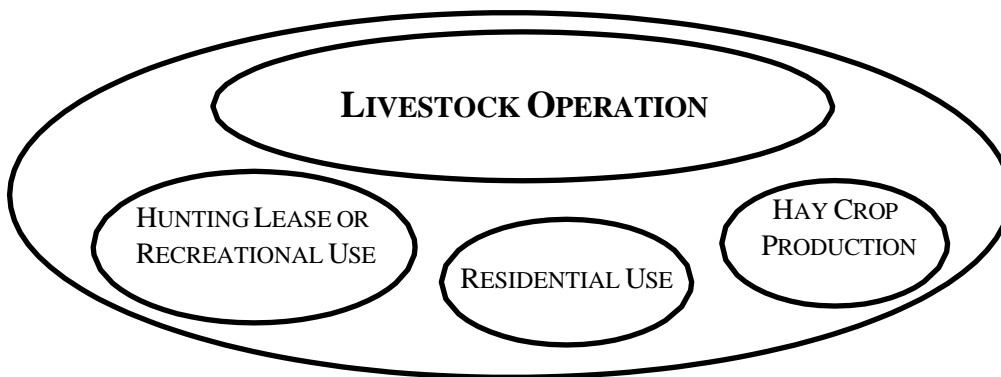
To qualify for the special agricultural valuation, the owner of agricultural land must have a sufficient number of acres to support at least 3 animal units or 3,000 pounds of animal weight. This minimum standard means, for example, that the land area must produce enough food to sustain 3 cows, weighing approximately 800-900 lbs. each with a small calf at their side, during the normal growing season with only minimal supplemental feeding.

RESIDENTIAL USE

When land has a residential improvement such as a residence or manufactured home, the District will assign a portion of the land as residential use. The following are examples on how to determine the amount of land that will be classified as residential:

1. If the residence has been surveyed with land less than an acre, then the District may use the amount specified in the survey.
2. If the property owner files a homestead application specifying up to 20 acres as their homestead, then the District may use the amount specified on the application as the residence use area and this area will be at market value with the improvement.
3. If no amount has been specified by the property owner, then the District may assign land as residential use per field inspection. The appraiser shall determine if the area with a residence has been fenced or “marked” by roads or landscaping. The amount of land within this area will be identified as residential use.

Non-Use: If the land does not have a use that can be identified as agricultural, residential, commercial, or recreational, then the district will recognize it as not being in use or idle. In other words, the property is just a vacant tract of land and will not be appraised for special use valuation. See Principal Use vs. Primary Use Example:



Principle Use – The entire outside circle with the smaller circles inside = Agricultural Use

Primary Use – The biggest inside circle = Livestock Operation

Secondary Use – The smallest inside circle = Residential Use, Hunting or Recreation Use or Hay Crop

AG USE - DROUGHT

The eligibility of land for appraisal as 1-d-1 qualifying property 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.
- 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 ends.

APPRAISAL OF AGRICULTURAL LANDS

Under the Texas Property Tax Code all property has to be appraised at its market value. Category D acres are appraised at market value and at its productivity value. Market value is the price the buyer would pay in an ordinary market transaction. Article VIII Section 1-d-1 of the Texas Constitution states that certain kinds of farm and ranch land be appraised at their productivity value instead of their market value. Productivity value is based solely on the land's capacity to produce agricultural products. Net to land value is the average annual net income that a class of land would likely generate over a five-year period. Appraisers are required to determine net to land value using a cash or share lease method or whatever lease arrangement is typical and prudent in the area for that land class.

Lease method: Under a lease method, net to land is the rent that would be due to the property owner under a cash lease, share lease or other typical lease arrangement, less expenses typically paid by the owner.

Cash lease method: A cash lease (cash rent) is an arrangement between a landowner and tenant to lease for a fixed cash payment. This payment is usually in terms of dollars per acre for a period of one year.

Share lease method: Under a share lease, the landowner usually pays a share of production expenses and receives a prearranged share of the gross receipts rather than a fixed dollar amount. Share leases may vary by location and usually vary by crop.

FIVE STEPS TO AN EFFECTIVE PRODUCTIVITY APPRAISAL SYSTEM

From a practical standpoint, taxpayers cannot appraise each individual tract of land. Instead, the appraisal office must develop a system of appraisal that allows the office to value a large number of tracts.

To put an effective productivity appraisal system into action, the appraiser must complete these five steps:

1. **Develop a land classification system:** Such a system groups land into principal types of agricultural uses.

The Borden CAD classes:

- Irrigated cropland (IRCP)
- Dryland cropland (DLCP)
- Improved pastureland (IMPR)
- Native pastureland (NATP)
- Barren/Wasteland (BRNW)
- Orchards (ORCH)
- Wildlife (WDLF)
- Other (OTHR)

2. **Estimate the net to land per acre for each class or sub-class:** The annual net income for each of the five-year period preceding the year before the year of the appraisal is averaged for the net to land estimate.
3. **Divide the class's net to land by the year's capitalization rate to find the value per acre in each class:** These values form a productive appraisal schedule.
4. **Classify all qualified land according to the land classification system.**
5. **Use the schedule to calculate the productivity value of individual parcels of land:** Typically, the productivity value will show a value per acre for each land class. For any given parcel of land, the number of acres times the per acre value determines the agricultural use value

In addition, the law requires the chief appraiser to estimate and record the market value of the property appraised under 1-d and 1-d-1. The system must also provide for a market value appraisal according to generally accepted appraisal methods and techniques.

LIVESTOCK GUIDELINES FOR OPEN SPACE SPECIAL VALUATION FOR BORDEN COUNTY

The typical ranch property in Borden County is engaged in cow/calf operations usually over ten acres in size. The typical ranch has the entire perimeter fenced with at least five strand barb wires or wire mesh with two strands of barb wire above the mesh. Other types of livestock operations found in the county include horse or equine, sheep, goats, dairy and stocker calve operations. For other qualifying livestock see the additional list of animals, at the end of this guideline. There are 2 methods now being used in Borden County to determine how many animals are necessary to qualify. Those methods are **minimum animal unit method** and the **stocking ratio method**. The minimum animal unit method is typically used on the smaller acreage and the stocking ratio is used on larger tracts. These numbers were recommended by the Borden County Agricultural Advisory Board. The following charts may be used to determine intensity requirements.

MINIMUM ANIMAL UNIT (AU) METHOD (UNDER 20 ACRES)

Type of Operation:	Typical Size:	AU Requirement:
Beef Cow/Calf	3 cows' w/ calves	3
Dairy	3 cows	3
Heifers	6 - 500-pound heifers	3
Stocker (Steers)	6 - 500-pound steers	3
Sheep	18 adults or productive age	3
Goats	21 adults or productive age	3

Horses: If property is used for stabling, boarding, or training, breeding falls under secondary use and property is not eligible for agricultural appraisal.

Breeders must have:

Grown Individuals (Brood Stock)

- 3 Mares or 2 Mares & 1 Stallion
3 – 1,000-pound animals

Miniature Horse (Brood Stock)

- 10 Minimum
10 – 300-pound animals

Miniature Donkeys (Brood Stock)

- 10 Minimum
10 – 300-pound animals

Stabling boarding, training and recreational operations go not qualify

STOCKING RATIO METHOD (OVER 20 ACRES)

(As recommended by the Texas A&M AgriLife Extension Service & Ag Advisory Board)

Pasture Type:	CC/AU
Improved Grass Land Clear - Hybrid Grasses	4.0 - 9.0/Acres
Improved Grass Land Clear – indigenous Grasses	12.0 - 15.0/Acres
Native Grass Lands w/ small growth brush	12.0 - 15.0/Acres
Native Grass Lands w/ large growth brush	15.0 - plus/Acres

NOTE! Stocking ratio method is pasture type sensitive and minimum animal unit is not.

The BCCAD will follow the following Stocking Unit Chart

Example: 3 animal units (AU) needed to qualify up to 20 acres; then for each additional 10 acres 1 additional animal unit would be needed.

100-acre parcel would need 3 + 8 = 11 AUs
11 AUs is needed to qualify a 100-acre parcel

20 acres 3 AU	+10 acres (1) AU	= (4) AU for 30 acres
20 acres 3 AU	+20 acres (2) AU	= (5) AU for 40 acres
20 acres 3 AU	+30 acres (3) AU	= (6) AU for 50 acres
20 acres 3 AU	+40 acres (4) AU	= (7) AU for 60 acres
20 acres 3 AU	+50 acres (5) AU	= (8) AU for 70 acres
20 ACRES 3 AU	+60 ACRES (6) AU	= (9) AU FOR 80 ACRES
20 ACRES 3 AU	+70 ACRES (7) AU	= (10) AU FOR 90 ACRES
20 ACRES 3 AU	+80 ACRES (8) AU	= (11) U FOR 100 ACRES

To qualify a property owner must show that their operation meets the typical ranch described above. Also, the operation must meet the intensity level for the size of their operation as outlined by one of the two methods described above. Example: Property owners with a minimum of six (6) acres and less than ten (10) acres may still qualify if the land is used in conjunction, as part of an adjoining qualified agricultural operation meeting these guidelines.

Ag will only be granted on the area(s) that adequate fencing provides for confinement. Adequate fencing is defined as fencing capable of containing livestock for more than a temporary period. Hot wire fencing and panels can be used to maintain temporary livestock control, but permanent fencing will be required to continue the special appraisal. And under no circumstance will imaginary non-existing barrier qualify.

Rollback Tax

Rules for a “rollback tax” exist under wither form of special land valuation. Under 1-d-1, a roll back is triggered by a physical change in use. Reduced intensity of use would not trigger a rollback but ceasing all agricultural activity would. Taxes are recaptured for the three years preceding the year of change. The rollback tax is imposed on the difference between the taxes imposed on the land for each of the three years preceding the year in which the change of use occurs, and the tax based on the market value in each of those years.

Example:	<u>Year</u>	<u>Tax Paid</u>	<u>Tax on Market Value</u>	<u>Difference</u>
	2021	\$50	\$1000	\$950
	2020	\$40	\$1000	\$950
	2019	\$48	\$975	\$927

Total Base Tax \$4659

In addition, the Tax Assessor must add five percent annual interest on these amounts from the date they would have become due.

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 thirty 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. Questions on rollback tax due dates should be directed to the Borden County Appraisal District.

Change of Use Qualifications that Cause Rollbacks

- Physical change from agricultural to non- agricultural 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 agricultural use.
- Property condemned or sold as right of way.
- Filing a waiver for 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.

Beekeeping

The use of land to raise or keep bees for pollination and for the production of human food (such as honey, bee pollen, and sweets) or other tangible products having a commercial value (such as candles, beeswax, and soaps). Food or products **must** have commercial value, **not** commercial production. While human food and products **must** be produced, the law does **not** require that they be sold commercially.

The State of Texas (Sec.23.51(2) Tax Code) has set a minimum of 5 acres and a maximum of 20 acres to qualify beekeeping as an agricultural use. Hives must be maintained and kept alive. Legitimate beekeepers will have their bees in locations that provide food for their bees, pollinate various agricultural crops, food crops, and manage their bees in a manner to keep them healthy, surviving and producing for the long term. Flowering plants must be planted to support hives if the hives are in an area where there is limited vegetation that requires pollination. Bees forage in a 3-mile radius from the hive and must have enough to forage on. The hives must be located on the property at least 7 months of the year (Jan. 1 thru Dec. 31). The first 5 acres must have 6 hives as per Section 131.001 Texas Agriculture Code's definition of an Apiary, a place where six or more colonies of bees are kept.

The Degree of Intensity for Beekeeping is as follows:

ACRES	ACTIVE HIVES
5	6
7.5	7
10	8
12.5	9
15	10
17.5	11
20	12

Definitions of Key Words/Phrases

1. **Agricultural Appraisal** – a special valuation of land, based on its use in agricultural operations, provided for by the Texas Constitution and the Property Tax Code.
2. **Animal Unit** – used to represent the relationship of quantity of livestock and wildlife in terms of weight. For example: 1,000 pounds of animal equals 1 cow, 5 ewes, 6 nanny goats or 1 horse.
3. **Beekeeping** – raising or keeping bees for the pollination of crops, the production of foods or products that have commercial value.
4. **Cultivate** – to prepare and use land for growing or harvesting crops.
5. **Dry Land** – land that is dedicated to crop production (hay production or row crops) that is not irrigated.
6. **Good Cause** – delay in application or conformance to standard due to poor health, death in the family or unforeseen circumstance to be determined by the chief appraiser.
7. **Idle** – leaving land idle for the purpose of participating in a governmental program provided the land is not used for residential purposes or a purpose inconsistent with ag use.
8. **Improved Pasture** – land planted or sprigged with grasses that are not native to Borden County. These grasses are used to grow forage that is typically baled for later use by livestock.
9. **Indigenous** – originating and living or occurring naturally in an area or environment.
10. **Irrigated Cropland** – Land planted in row crops, broadcast crops or improved grasses then watered on regular basis.
11. **High Intensity** – land that is used for intensive type ag operations such as beekeeping, swine/poultry production, vegetable truck farms, plant nurseries, etc.
12. **Livestock** – domestic animal that derives its primary nourishment from vegetation, supplemented as necessary with feed. Livestock includes meat or dairy cattle, goats, sheep, swine, poultry and in some cases, horses.
13. **Native Pasture** – land that has been partially cleared of brush and trees with native grasses and is primarily for grazing livestock. Native pasture can be used to grow forage that is baled for later use by livestock.
14. **Non-Ag Use** – land that is not being utilized for agriculture. An example is one acre used to support a house.
15. **Open-Space** – land that is currently devoted to ag use to the degree of intensity generally accepted in the area and that has been devoted principally to ag use for any of the five preceding seven years,
16. **Principal Use** – if the land is used for more than one purpose, the more important use in comparison with other uses to which the land is put. If the land is used for more than one purpose, the most important use must be agricultural.
17. **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 in the area of the taxing unit.
18. **Resting** – to lie fallow or unworked; to let land rest. A property owner can let land rest for up to two years out of seven consecutive years, however, the property owner must notify Borden CAD in writing prior to the action and the action must reflect best land management practices.
19. **Rollback** – the recapture of taxes when land previously receiving special valuation ceases agricultural or wildlife management use or changes to a non-ag use.
20. **Substantial** – ample to satisfy, considerable in quantity. Specifically, the laws 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 and ranch. Thus, when two small tracts are used together, they may become a substantial amount of land; when used separately they may not be.
21. **Typical** – exhibiting the essential characteristics of a group. Specifically, the law states that Ag land will be utilized as would a typically prudent manner. Statistically, a typically prudent manager is the median farmer or rancher.
22. **Wildlife Management** – land actively used to generate a sustaining, breeding, migrating or wintering population of indigenous wild animals.
23. **Agricultural Use to the Degree of Intensity Generally Accepted in the Area** – farming or ranching to the extent that the typically prudent manager in the area of the taxing unit would farm or ranch on an identifiable and substantial tract of land when the tract is devoted principally to agricultural use. A better understanding can be gained by identifying the key elements of the definition and explaining each as follows:

- 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 management.
- Typically prudent farm or ranch managers are ordinary farmers or ranchers in terms of acres farmed or ranched as well as management ability. Given that all factors remain constant, the number of acres farmed or ranched determines their capital structure. Typical prudent farmer or ranch managers located in Borden County are assumed to have similar equipment of similar value and utility.
- Simply stated, a substantial tract is a tract large enough to be farmed or ranched by itself in a typical trident manner.
- Area is interpreted to be that the land inside the jurisdictional boundaries of the Borden CAD.
- Principally means the more important use comparison with other uses to which the land is put.
- The chief appraiser may create guidelines using some minimum size restrictions but only if they are related to the proper agricultural economy of the land. For example, a chief appraiser may determine that – based on the type of land and soil prevalent within the appraisal district – it takes five acres of grazing land to support one animal unit. Persons having less than minimum under continuous use probably could not qualify for special appraisal. This land should be reviewed carefully before agricultural use appraisal is granted.

BORDEN CAD AG MEMBER

BORDEN CAD AG MEMBER

DATE

Attached to this Guide:

- Request for Removal of Agricultural-Use Valuation
- Land Lease Questionnaire

Additional Information:

www.bordencad.org

<https://comptroller.texas.gov/taxes/property-tax/ag-timber/index.php>

www.tpwd.state.tx.us/conserves/private_lands/

Borden County Appraisal District

120 E. Wilbourn/PO Box 298

Gail, TX 79738

Phone: 806-756-4484

bcad@bordencad.org

Request for Removal of Agricultural-Use Valuation

I, _____, whose mailing address is _____ do hereby submit my written request to remove the agricultural-use valuation from my property for the tax year _____.

Property Id: _____

Legal Description: _____

Number of Acres: _____ out of _____ Total Acres

I understand that this request to have the open space appraisal designation removed is a binding settlement and waiver agreement, and that my property will not only be appraised but assessed at the market value for tax year _____, and that the designation will not be reinstated at a later date for that tax year.

Property Owner's Signature

Date

Borden County Agricultural Land Survey Questionnaire

Date: _____

The Borden County Appraisal District is conducting an agricultural use survey. **The survey is voluntary, and all information will be confidential and not released to the public.** Each year we are required to recalculate the pricing per acres for qualified agricultural lands under open-space use. In order to be fair and accurate, we are in need of income and expense information in the county.

The Property Tax Assistance Division of the Texas Comptroller's Office is now requiring that all data in determining agricultural use values to be documented. Filling out this survey to allow us to include your knowledge and expertise in developing our AG schedules.

Please keep in mind that the survey is attempting to find the typical or most common lease rates, expenses and practices.

If you have any questions, please do not hesitate to call our office.

OWNER NAME: _____

OWNER PHONE #: _____

DATE: _____

RENTER/LEASEHOLDER NAME: _____

RENTER/LEASEHOLDER PHONE #: _____

PARCEL ID: _____

LEGAL DESCRIPTION: _____

ACRES BY LAND TYPE:

Native Pasture: _____ Improved Pasture: _____

Dry Cropland: _____ Irrigated Cropland: _____

Other: _____ Please Describe: _____

LEASE RENTAL PER ACRE:

Cash or Shared (please circle)

Native Pasture: \$ _____/acre Improved Pasture: \$ _____/acre

Dry Cropland: \$ _____/acre Irrigated Cropland: \$ _____/acre

Other: \$ _____/acre Please Describe: _____

NUMBER OF LIVESTOCK:

Cattle: _____ Horses: _____ Sheep/Goats: _____

Other: _____ Please Describe: _____

CROPS:

Cotton: _____ Hay: _____ Wheat: _____

Other: _____ Please Describe: _____

If used for hay production, how many times a year is hay typically cut and baled? _____ a year
Number of bales produced last year.

Square _____ Round _____

For irrigated crops and hay, what is the current source of water?

Surface _____ Ground _____ Other _____ Please Describe _____

HUNTING:

Native Pasture: \$ _____/acre Improved Pasture: \$ _____/acre

Dry Cropland: \$ _____/acre Irrigated Cropland: \$ _____/acre

Other: \$ _____/acre Please Describe: _____

FENCING:

If used for grazing, was the land fenced on January 1? Yes _____ No _____

What is the cost for fencing providing your own labor? \$ _____ per foot \$ _____ per mile

What is the cost for fencing when hiring a contractor? \$ _____ per foot \$ _____ per mile

Typical fence description: _____

(Example: 5 strand – t-post on ten-foot centers – pipe corners)

What is the typical useful life for standard fencing? _____ years

If fenced, who is responsible for the cost and maintenance of the fencing?

Landowner _____ Renter/Leaseholder _____ Both _____

What is the cost for an average size water tank (earthen pond)? \$ _____

How many acres does the average tank serve? _____ acres

VARIABLE EXPENSES:

Seed \$ _____ Haul & Harvest \$ _____ Crop Insurance \$ _____

Fertilizer-Herbicide-Insecticide & Application \$ _____

FIXED EXPENSES:

Utilities \$ _____ Fence Maintenance \$ _____ Advertising \$ _____

Feed/Feeders \$ _____ Management \$ _____ Liability Insurance \$ _____

Hunting Lease License \$ _____

IRRIGATION EXPENSE FOR CROPLAND:

How many acres are typically served by one well? _____acres

Cost to drill and complete well (excluding equipment). _____/foot

Typical depth of well. _____ feet

Expected life of well (number of years before another well will need to be drilled) _____years

Typical total average annual cost of routine maintenance and major serving of a well. \$ _____

In a cash lease arrangement, who typically pays the well maintenance and repair expense?

Landowner _____ Renter/Leaseholder _____ Both _____

In a share lease arrangement, who typically pays the well maintenance and repair expense?

Landowner _____ Renter/Leaseholder _____ Both _____

Please indicate any other items that should be considered in estimating an irrigation expense. _____

(Example: electricity-fuel-treatment of saltwater)

Does the landowner typically pay for the total expense? Yes _____ No _____

Please feel free to share your comments or concerns relating to productivity values.

Please Note: The information you provide on this survey is not required in order for the land to qualify for agricultural appraisal.

We would really appreciate you filling out this survey. If you have any questions please contact our office by email bcad@bordencad.org or call us at 806-756-4484.

A self-addressed stamp envelope has been enclosed for your convenience. Please return the completed survey by March 31