

Callahan Central Appraisal District

2022

AGRICULTURAL LAND
QUALIFICATION GUIDELINES
&
INTENSITY OF USE STANDARDS

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INTRODUCTION

THE TEXAS CONSTITUTION PERMITS QUALIFIED OPEN-SPACE LAND TO BE TAXED GENERALLY AT 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, SECTIONS 1-D-1. THE TEXAS PROPERTY TAX CODE (TPTC), SECTIONS 23.51-23.57 PROVIDE THE CORE PROVISIONS FOR IMPLEMENTATION.

AT CALLAHAN CENTRAL APPRAISAL DISTRICT, THE *AGRICULTURAL LAND QUALIFICATIONS GUIDELINES* ARE VALID FOR MASS APPRAISAL PURPOSES AND CAN BE APPLIED UNIFORMLY THROUGHOUT CALLAHAN COUNTY.

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 BY THE CHIEF APPRAISER.

THE GENERAL POLICY OF THE CALLAHAN COUNTY APPRAISAL DISTRICT IS IN ACCORDANCE WITH THE MANUAL FOR THE APPRAISAL OF AGRICULTURAL LAND, QUALIFICATION GUIDELINES FOR AGRICULTURAL USE. IN ORDER TO QUALIFY FOR AG USE OR OPEN SPACE VALUATION, THE FOLLOWING REQUIREMENTS MUST BE MET.

APPLICATION REQUIREMENTS

THE APPLICATION MUST MEET THE FOLLOWING REQUIREMENTS.

The land must have been devoted to a qualifying agricultural use for at least five (5) of the preceding seven (7) years. When history is in doubt, the following are examples of documents that may be provided for verification: IRS forms, sales receipts, expense receipts and/or sworn affidavits from persons (lessor or lessee) having knowledge of the subject property. Land under agricultural production must be specifically identified and products produced clearly stated. The land shall be described legally and physically. Physical description identifies the land in categories or classifications such as dry cropland

or native pasture, as well as the number of acres in production. If land use changes the property owner should update the Callahan Central Appraisal District. The productive capacity of the land must be described to allow for measurement of agricultural production intensity. If the land is located within the boundaries of a city or town, the following requirement must be met in addition to the normal requirements: (a) land must have been devoted principally to agricultural use continuously for the preceding five years and (b) the city or town must not provide the land with general services comparable to those provided in other parts of the city or town having similar features and population.

1-d-1 Application must be made before May 1 of the tax year. A new application must be filed when there is a change of ownership. If a person fails to file a valid application on the time, the land is ineligible for agricultural appraisal for that taxing year. Once an application for 1-d-1 is filed and approved, a landowner is not required to file again as long as the land qualifies, unless the chief appraiser requests another application to confirm current qualification.

Applications received **after** the deadline will be accepted until the appraisal roll is certified. If approved, late applications will be subject to a penalty of ten (10) percent of the difference between the amount of tax imposed on the property at agricultural value and the amount that would be imposed if the property were taxed at market value. (TPTC 23.541 a&b).

PRINCIPAL USE

For special valuation, qualified open space land must be currently devoted principally to agricultural use. **The principal use of the land must be agricultural and will be verified by an on-site inspection for all new applications.** TPTC 23.51 defines the term "agricultural use" as including but not limited to the following activities:

- *Cultivating the soil
- *Crop production
- *Floriculture

***Viticulture**

***Horticulture**

***Raising Livestock-** "livestock" means a domesticated animal that derives its primary nourishment from vegetation, supplemented as necessary with commercial feed. Livestock includes meat or dairy cattle, horses, goats, swine, poultry and sheep. Wild animals are not livestock.

***Raising exotic game for commercial use-** Exotic game means a cloven- hoofed ruminant mammal that is not native to Texas and is not "livestock". Raising such game may qualify, but must meet the primary use test. High-fence is required to keep and maintain exotic game. The Callahan CAD must determine if the exotic game business is a farming operation. The strongest indicator of being a farming operation, would be if the owner files taxes as a farming operation.

***Participation in Government Programs**

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, or raising a steer, pig, goat, or sheep for FFA and 4H projects do not constitute agricultural use for property tax purposes.

Land must be utilized to the "degree of intensity" generally accepted in Callahan County. Local farming and ranching practices of a typically prudent manager measure degree of intensity. Typically, prudent may be measured by comparing the actual production of the subject property to the typical yields in Callahan County.

A typical program that falls in the "degree of intensity" for Callahan County, is a 12-month program with a minimal animal count.

Examples of minimal animal counts would be:

- (7) sheep
- (7) goats
- (2) cows/calves
- (2) brood mares
- (7) 250 lb swine

Or an approved combination of the above. Exotic animals will require additional information to qualify. "Degree of intensity" will vary from one type of agricultural operation to another. Small acreage that is primarily residential in nature will be considered a separate land segment on the appraisal roll. CCAD typically considers a standard home site to have a minimum of one acre.

Agricultural use must be the primary use on any land qualifying for the open space 1-d-1 exemption. When part of the parcel is used for non-agricultural use, this part of the land will be on a separate land parcel.

GUIDELINES FOR DETERMINATION OF DEGREE OF INTENSITY STANDARDS

There are several standards that are typical for agriculture production in Callahan County.

Dry Crop Land—includes typical crop practices: till or no-till, plant, fertilize, herbicide, insect control, maintained and harvested. Common crops for Callahan County include: Forage Sorghum, Wheat, Oats, Triticale, Corn, Cotton

Rare Crops- include Horticulture: including Greenhouses, Nurseries, Orchards, Tree Nursery, Turf Grass, Vineyards & Truck Farms. All of these rare crops must be wholesale operation, with a typical 5 acre minimum. State reported average for a Tree Nursery is 200 trees per acre. Other Rare Crops include Exotic Animals

FORAGE OR GRAZING LANDS FOR LIVESTOCK PRODUCTION

Animal Units-

CCAD requires at least a minimum animal unit run on pastureland for the majority of the year to qualify for 1-d-1 agricultural appraisals. Normal livestock rotation is recognized as typical standards to protect from the over grazing of land. One way to describe an animal "unit" is

in the examples of minimal animal counts. Another way to describe an animal unit is 1,000 lbs. of animal weight. Typically, in Callahan County the minimal animal to land ratio to qualify for the 'degree of intensity' is 1,000 lbs of animal weight per 24 acres.

IMPROVED GRASS-

Standard practices for Improved Pasture grass include: fertilizing, weed control, fences maintained, stock water, baling or grazing, systematic marketing of animals and property management.

Five (5) acres minimums are typically needed for animal units.

NATIVE PASTURE-

Standard practices for Native Pasture include: weed and brush control, fences maintained, stock water, systematic marketing of animals and property management.

Five (5) acres minimums are typically needed for animal units. Water, or lack of, is a significant factor on the land's capability to carry livestock.

HAY-

Standard practices for Hay/Sorghum: tillage, fertilizing, cutting, baling, hauling and feeding and or marketing. In normal years, two to three (2-3) cuttings should be achieved. Hay must be usable and marketable. CCAD does consider Johnson grass a typical hay crop, however the minimum cuttings per year will only be one (1).

ORCHARDS-

Typically, five (5) acres of land are required to achieve a minimum standard of production to qualify for agricultural use given prudent

management. Standard practices include: 14-100 trees, written production plan, weed control, water availability, insect control, fertilizer, prune trees, manage and harvest. **The orchard must be organized as a business for profit, typically falling under a supplemental support provided by an IRS schedule "F".**

For Callahan County the typical Native Pecan trees should average 14 trees per acre. Improved Pecan trees should average 35 per acre. Peach trees should average 100 per acre. This includes Irrigated and Dry Land.

VITICULTURE-

The Degree of Intensity Standards for Vineyards is subject to change from year to year. Vines per acre are 500 minimal and standard irrigation is required. **The vineyard must be a commercial operation.**

BEE KEEPING-

Bee Keeping is recognized as agriculture use under the Property Tax Code and is therefore recognized as such in Callahan County. A minimum of 5 acres is required for a person to receive agriculture valuation for a bee keeping operation. On the land must be a minimum of five mainframe hives. The degree of intensity is defined as one mainframe hive per acre. The maximum land allowed for bee keeping is 20 acres.

Hives must be maintained according to standard beekeeping practices. An inspection must be conducted by the appraisal district at least annually to ensure compliance with these standards. The value of the land devoted to beekeeping shall be designated at the same price per acre as Dry Crop.

PARTICIPATION IN GOVERNMENT PROGRAMS-

Any verified program through the FSA office and Soil Conservation. Program will be verified by farm number and paper work showing the plan

that is set in place. The owner must be actively following the directions of the plan.

WILDLIFE MANAGEMENT APPRAISAL-

The complete guidelines for property owners interested in Wildlife Management for 1-d-1 Open Space Agricultural Appraisal are available in the Wildlife Management packet. Wildlife management appraisal is an alternative to agricultural appraisal for tax payers with property used to propagate a sustaining, breeding, migrating, or wintering population of indigenous wild animals. Wildlife Management requires a minimum of 50 acres of land in Callahan County. Wildlife Management must consist of at least three of the following management practices each year. Habitat control, erosion control, predator control, supplemental water, supplemental food, providing shelter and census counts to determine population.

A Wildlife Management Plan and an Annual Report shall be completed on a form supplied by the Texas Parks and Wildlife Department for each tract of land for which appraisal based on wildlife management uses is sought. Application and management plans are due between Jan 1 and April 30 of the taxing year.

ROLLBACK TAX-

Rules for a "roll-back tax" exist under either form of special land valuation. Under 1-d-1, a rollback 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 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.

APPLICATION VERIFICATION-

Callahan County Appraisal District performs routine verification of all land in the special valuation program. Non-compliance will be documented and

action taken to remove non-qualifying land from the program. A rollback will be triggered if the requirement for rollback is met.

DEFINITIONS OF KEY WORDS/PHRASES

Prudent - capable of making important management decisions and 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 a similar type of agricultural endeavor

Principle Use- if the land is used for more than one purpose, the most important or primary use must be agricultural. For example, pleasure gardening is not the principal use of residential land

Cultivate- to prepare and use land for crops, raise or grow crops.

Typical- exhibiting the essential characteristics of a group. The law states that agricultural land will be utilized as would a typically (ordinary) prudent manager. Statistically, a typically prudent manager is the median farmer or rancher.

Animal unit -normally equates to 1,000 pounds of animal.

Degree of intensity-generally accepted in the area shall mean that the farming and ranching practices (cropping patterns, planting rates, fertilization, harvesting and marketing techniques, etc.) are those of a typical prudent manager. This is not strictly tied to numbers, but is tied to production. For example, a few cows that are never bred and do not produce offspring would not be considered to meet the intensity test because of a lack of production and would not qualify the land. This test is intended to exclude land on which token agricultural use occurs in an effort to obtain tax relief. The degree of intensity test measures what the property owner/operator is contributing to the agricultural operation (in time, labor, equipment, management, and capital), and compares it with typical levels of inputs for the same type of operation in the area. In addition, a property owner/operator must be able to verify purchases and sales of livestock and/or farm products by bill or sale, sales receipts or other documentation.

Typically, prudent farm or ranch managers- are ordinary farmers in terms of acres operated as well as management ability. Given that all other factors remain constant, the number of acres determines the capital structures. Typically, prudent farm or ranch managers located in Callahan County are assumed to have similar equipment of similar value and utility.

Substantial tract- is a tract of land large enough to be utilized agriculturally by itself in a typically prudent manner. Texas Farm & Ranch Survey identified 50 acres as the typical ranch size and 25 acres as the typical pasture size.

Area- is interpreted to be that land inside the jurisdictional boundaries of the Callahan County Appraisal District.

Improved pasture (IP) - land planted or sprigged with grasses that are not native to Central Texas. These grasses are used to grow forage that is typically baled for later use by livestock. Also called introduced grasslands or hay land. Can be used to graze livestock, but pasture is not its primary purpose.

Native pasture (NP) - land that has native grasses to Callahan County and is used primarily for grazing livestock. Can be used to grow forage that is baled for later use by livestock, but pasture is its primary purpose.

Dry Crop Land (DC)- land that is cultivated and seeds are planted.

Wildlife Management- the land must be actively used to generate a sustaining, breeding, migrating or wintering population of indigenous wild animals.

Roll Back- the term used to identify the recapture of taxes when land previously receiving special valuation ceases agricultural use or changes to a nonagricultural use.

Agricultural Appraisal Advisory Board Members

With the advice and consent of the Callahan County Appraisal District Board of Directors, the Chief Appraiser appoints an agricultural advisory board composed of three or more members as determined by the board. Members must have been CCAD residents for at least five years and be landowners of the CCAD whose land qualifies for special appraisal of agricultural use; open space agricultural (wildlife) or timber land.

This document was created with assistance of the Callahan County Appraisal District Agricultural Advisory Board, a committee comprised of independent producers within the county.

The 2022 Agricultural Land Qualification Guidelines & Intensity of Use Standards was approved and adopted by the following Agricultural Advisory Board members on October 20, 2021.

Ag Advisory Board Member/ Signature _____

Ag Advisory Board Member/ Signature _____

Ag Advisory Board Member/ Signature Donna McAdams

Ag Advisory Board Member/ Signature St L Allen

Ag Advisory Board Member/ Signature Joe Healy

Advisor to Ag Board/ Signature Robert Frost

Advisor to Ag Board/ Signature _____