

# HILL COUNTY APPRAISAL DISTRICT

## AGRICULTURAL LAND QUALIFICATION GUIDELINES

### **AGRICULTURAL VALUATION**

This is a special valuation for land that is devoted primarily to agricultural production. Agricultural or productivity value is based on the land's capacity to produce crops or livestock instead of its value on the real estate market.

Agricultural valuation (1-d-1) is the same as "open space" valuation. The Texas Constitution provides for the special valuation of "open space land devoted to farm or ranch purposes." In other words, undeveloped non-agricultural land does not qualify.

Section 23.51 of the Property Tax Code sets the standard for determining whether the land qualifies for an agricultural evaluation under 1-d-1. In order to qualify, your land must meet the following criteria:

1. The land must currently be devoted to an agricultural use.
2. There must be a history of agricultural usage. Agricultural production must be shown for five (5) of the preceding seven (7) years. For example, to qualify for the 2021 tax year, five (5) years of agricultural usage must be established within years 2014 through 2020, allowing two (2) of the seven (7) years to be dormant. Owner records, lease agreements, income tax records, or a notarized affidavit statement from adjoining landowners may be helpful in establishing history. Land being qualified for the open space appraisal for the first time must be used for five continual years before qualifying.
3. The principal use of the land must be agricultural. If the land is used for more than one purpose, the most important or primary use must be agricultural. Generally, small acreage tracts with a residence will be considered principally residential.
4. The agricultural usages of the land must meet the local degree of intensity standards. These standards define the required level of use, management practices, etc. that are typical for Hill County.

The appraisal district obtains information from various sources in determining agricultural calculations. Reliable information must be used for determining net-to-land productivity valuations. Hill CAD uses information from the Hill County Ag Advisory Board, the federal Farm Service Agency (FSA), National Agricultural Statistic Service (NASS), the federal Natural Resources Conservation Service (NRCS), the local AgriLife Extension service, the local AgTexas Farm Credit Service, and from local farmers.

## **Degree of Intensity Standards**

The degree of intensity test measures whether the land is being farmed or ranched to the extent typical for agricultural operations in Hill 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 the total minimum acreage amount.

Agricultural appraisal applies only to land. It does not apply to improvements on land such as farm or ranch outbuildings, barns, and storage tanks. These items are appraised separately at market value. Appurtenances to the land such as stock tanks, roads, and fences are included in the land value and are not appraised separately.

## **Stocking Rate**

Stocking rates are measured in terms of animal units. Typically, an animal unit is the equivalent of 1000 pounds of live animal weight. The amount land required to support one animal unit depends on the soils of the land. Typically, in Hill CAD's jurisdiction one animal unit requires ten to twenty acres of native range during years of normal rainfall. A prudent manager would typically stock their land to the animal unit capacity to maximize their production.

### LIVESTOCK:

1 Animal Unit (AU)                    Per 3-4 Acres of Improved Pasture Land (P1)  
Per 5-7 Acres of Native Pasture Land (P2)

### ANIMAL UNIT (AU)

- 2 - 500 Pound Calves = 1 animal unit
- 1 - Cow & Calf = 1 animal unit
- 1 - Bull = 1 ½ animal unit
- 1 - Horse = 1 animal unit
- 5 - Sheep or goats = 1 animal unit
- 2 - Miniature horses or donkeys = 1 animal unit

Chickens and Pigs can qualify depending on how they are being used.

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 exemption. And under no circumstance will imaginary non-existing barrier qualify.

### **APPLY FOR AGRICULTURAL VALUATION**

An application form can be obtained at the Hill County Appraisal District office or downloading from the appraisal district website at [hillcad.org](http://hillcad.org). The application must be completed and returned by April 30<sup>th</sup>. A late application can be accepted up until the time the records are approved in early July (sometimes late-June). However, there is a 10% penalty for late applications. **Under no circumstances can an application be accepted after the appraisal roll is certified.**

A new owner must submit a new application when the ownership of the land changes, and if you believe that the land will continue to qualify for the agricultural appraisal. The fact that agricultural valuation was granted in the previous tax year is not a guarantee the application will be approved.

An appraiser will review all applications and field review your property to verify the property qualifies pursuant to the statutory requirements.

Once the application is approved, you do not have to re-apply each year. A new application is necessary only if there has been a change from what was reported on your initial application or if the Chief Appraiser requests a new application. Any changes in the use of the land will require the owner to submit a new and current application.

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

Classifications are set up based on how well the soil in an area produces. Soils differ in their capacity to produce and are grouped into range sites according to these differences.

**The burden of proof is the responsibility of the landowner.**

### **MANAGEMENT PRACTICES: NATIVE/IMPROVED PASTURES**

1. Adequate Fencing – suitable to contain livestock; securable gate.
2. Fertilized and weed controlled (mechanical or chemical) prudent for geographic location, soil type, weather conditions, variety of grass being managed.

3. Economic return generated – sale of livestock or hay produced.
4. Land may be left idle for the following reasons:
  - a. A normal crop of livestock rotation, as required by participation in a government program and/or to serve some other agricultural necessity. This could include fence repair, water replacement or repair, soil shaping, etc. In the event that land is idle for the above stated purpose, it must be evident that these improvements are in progress and being accomplished within a reasonable period of time. During idle periods the land must be maintained in a workmanlike manner.

Stocking rates are expected to correspond to the carrying capacity of the land use.

### **PRINCIPAL USAGE**

The principal usage of a tract of land must be agricultural. The principal use of any tract of land less than 10.0 acres with a residence will generally be considered residential. A smaller acreage tract typically can qualify only if it is a part of a larger operating unit and used at a level which meets the degree of intensity standards of Hill County.

### **LEASED LAND**

When land is leased for an agricultural usage, lease agreements reflecting fair market price or some other form of generally accepted compensation may help establish qualification. There is very minimal leased cropland in Hill County.

### **ORCHARD DENSITY**

Number of trees per acre – Pecans

Improved:

- 1 – 15 years old – 17 trees
- 15 – 40 years old – 8 plus
- 40 + years old – 4 plus

Natives:

- 1 – 15 years old – 17 trees
- 15 – 40 years old – 8 plus
- 40 + years old – 4 plus

Number of trees per acre – Peaches

Improved:

- 70 – 100 trees

Natives:

- 70 – 100 trees

### **MANAGEMENT PRACTICES**

1. Economic Return Generated – Orchard should be managed to maximize pecan/peach sales. Home use of pecans/peaches will generally not qualify.
2. Spraying – As recommended in the Texas Agricultural Extension publication, "Homeowners' Fruit and Nut Spray Schedule."

3. Fertilizing = At least one fertilizer application per year per tree.
4. Weed control mechanical or chemical.
5. Drip or some other means of adequate irrigation for establishment.
6. Harvesting – Harvest techniques to maximize yield.

## **MINIMUM TYPICAL MANAGEMENT PRACTICES FOR SMALL ACREAGE PRODUCTION**

### NURSERY STOCK AND/OR NURSERY GREENHOUSE:

1. Minimum 1 acre
2. Sufficient Stock Planted
3. Weed Control
4. Insect Control
5. Proper Equipment
6. Manage and Harvest

### ORGANIC FARMING:

1. Plant – 1 acre minimum – (All Produce Combined)
2. Organic Gardening – State Certified
3. Land Preparation – Plow – Turn Soil – 1 acre minimum
4. Weed Control
5. Insect Control
6. Organic Acceptable Fertilizers
7. Manage and Harvest

### Cropland:

1. Minimum 10 acres
2. Land must be free of brush
3. Shred and/or disk to destroy stalks and form a mulch
4. Chisel and/or plow three times (Conservation till is acceptable with proof of chemicals used)
5. Apply fertilizer according to soil test or typical for area
6. Plant
7. Cultivate
8. Must try to harvest average county yield

The Hill County Appraisal District realizes that some exceptions to the norm exist and will review each applicant's situation on an individual basis.

Texas Property Tax Code Section 23.51 (3) states, "*Category*" means the value classification of land considering the agricultural use to which the land is principally devoted. The chief appraiser shall determine the categories into which land in the appraisal district is classified. In classifying land according to categories, the chief appraiser shall distinguish between irrigated cropland, dry cropland, improved pasture, native pasture, orchard, and waste. The chief appraiser may establish additional categories. The chief appraiser shall further divide each category according

*to soil type, soil capability, irrigation, general topography, geographical factors, and other factors that influence the productive capacity of the category. The chief appraiser shall obtain information from the Texas Agricultural Extension Service, the Natural Resources Conservation Service of the United States Department of Agriculture, and other recognized agricultural sources for the purposes of determining the categories of land existing in the appraisal district.*

Hill County Appraisal District has elected to use soil types to further divide the agricultural categories into subclasses. Sub-classing allows the district to use differences in production to vary the values by subclass within a category.

## **WILDLIFE MANAGEMENT**

Wildlife management is considered an agricultural use under the law. The first criterion of wildlife management use is that the land must currently be under agricultural use valuation to be eligible for wildlife management valuation. Texas Administrative Code Title 34, Part 1, Chapter 9, Subchapter G, Rule §9.2005 defines how to determine eligibility of land for wildlife management.

It states,

- A. A tract of land's wildlife use requirement is a number expressed as a percentage and calculated by subtracting one from the total number of acres in the tract of land and dividing the result by the total number of acres in the tract of land. The following formula expresses the calculation, with "A" representing the tract of land's total acreage:  $(A-1) \div A = R$ , wherein A is the total property size in acres and R is the ratio.*
- B. If the number of acres in the tract of land is equal to or greater than the number of acres in the tract of land on January 1 of the preceding tax year, the tract of land is not subject to the wildlife use requirement.*
- C. If the number of acres in the tract of land is fewer than the number of acres in the tract of land on January 1 of the preceding tax year, the wildlife use requirement the tract of land must meet to qualify for agricultural appraisal based on wildlife management use shall be 92% for the Blackland Prairie Region wildlife use appraisal region.*
- D. The wildlife management use requirement that applies to a tract of land located in a wildlife management property association shall be 90*

Second, the landowner must be actively using the land at the time the wildlife management begins. The land can be appraised as qualified open-spaced land if at least three of the following ways are used to propagate a sustaining breeding, migrating, or wintering populations 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 intended to manage the population of predators to benefit target wildlife population
- provision of supplemental supplies of water – owner actively provides water in addition to natural resources
- provision of supplemental supplies of food - owner actively provides food in addition to the level produced naturally on land
- provision of shelters - creating or maintaining vegetation or artificial structures that provide shelter from the weather, escape cover from enemies or nesting and breeding sites
- census counts – periodic surveys to determine number and composition of target wildlife population and effectiveness of management program.

Some activities that are appropriate for certain regions of Texas would be inappropriate in others. Hill CAD uses wildlife management plans listing activities appropriate in the Blackland Prairies ecological region.

A wildlife management plan (state form PWD 885-W7000) must be submitted in addition to your 1-d-1 Application for Agricultural Appraisal. Applications are available at the Appraisal District. The Texas Parks & Wildlife Department website can provide the guidelines and state forms for wildlife management. The Comptroller of Public Accounts is also another source for wildlife management information. Refer to Guidelines for Qualifications of Agricultural Land in Wildlife Management Use.

The productivity value of wildlife management land is based on what the land's agricultural value was upon the conversion from agriculture to wildlife management. The special use valuation per acre for wildlife management maintains the same agricultural value as before its conversion to wildlife management.

### **RULE 9.2003. Wildlife Management Plan**

“(a) A wildlife management plan shall be completed on the form prescribed by Texas Parks and Wildlife Department (TPWD) for each tract of land for which qualification for agricultural appraisal is sought based on wildlife management use. A copy of this wildlife management plan form may be obtained by contacting Texas Parks and Wildlife Department, 4200 Smith School Road, Austin, Texas 78744-3291 or online through [www.tpwd.state.tx.us](http://www.tpwd.state.tx.us). A chief appraiser may accept, but may not require, a wildlife management plan that is not on the form prescribed by TPWD if the wildlife management plan contains all of the information required by this section.

(b) The wildlife management plan shall be provided to the appraisal district in which the tract of land is located.

(c) The wildlife management plan must include:

- (1) ownership information, property description and current use;
- (2) the landowner's goals and objectives for the tract of land;
- (3) the specific indigenous wildlife species targeted for management; and
- (4) the specific management practices and activities to be implemented in support of the specific indigenous wildlife species targeted for management.

(d) The specific management practices and activities in the wildlife management plan shall be intended to benefit the specific indigenous wildlife species targeted for management, and shall be consistent with the practices and activities recommended in *Guidelines for Qualification of Agricultural Land in Wildlife Management Use* and the *Comprehensive Wildlife Management Planning Guidelines* for the ecoregion in which the tract of land is located, and the landowner's goals and objectives.

(e) If the tract of land provides habitat for species federally listed as endangered, threatened, or a candidate for listing as endangered or threatened, the wildlife management plan shall ensure that the specific management practices and activities do not harm the listed endangered, threatened, or candidate for listing as endangered or threatened species.

(f) 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 designated in the manner required by Tax Code, §1.111 and §9.3044 of this title (relating to Appointment of Agents for Property Tax).

(g) 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. A wildlife management property association may file a single annual report, if the report shows how the wildlife management plan was implemented on each tract of land in the wildlife management property association. If the report is required, it shall be completed on the form prescribed by TPWD and shall be signed by the landowner or an agent of the landowner designated in the manner required by Tax Code, §1.111 and §9.3044 of this title. If a single report is filed by a wildlife management property association, the report shall be signed by each landowner or an agent for each landowner designated in the manner required by Tax Code, §1.111 and §9.3044 of this title. A copy of the annual report form may be obtained by contacting Texas Parks and Wildlife Department, 4200 Smith School Road, Austin, Texas 78744-3291 or online through [www.tpwd.state.tx.us](http://www.tpwd.state.tx.us)."

For land that is granted wildlife management valuation, the chief appraiser will require an annual report to be filed to show how the plan is being implemented each year. A wildlife management property association must file a single annual report that shows how the wildlife management plan was implemented on each tract of land in the wildlife management property association. The report shall be completed on the form prescribed by TPWD and shall be signed by the landowner or an agent of the landowner designated in the manner required by Tax Code, §1.111 and §9.3044.

## **BEEKEEPING/APICULTURE OPERATIONS**

Beekeeping is considered an agricultural use and can qualify as open-space agricultural land if certain criteria is met as set forth by state law and defined in Section 23.51 Texas Property Tax Code.

The land must be used to raise or keep bees for pollination or for the production of human food or other tangible products having a commercial value. Examples of



products produced from this agricultural venture include honey, candies, soaps, beeswax, candles, etc.

The first criterion of beekeeping use is that the land must currently be under agricultural use valuation to be eligible for wildlife management. 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. Pollination is the process by which pollen is transferred in the reproduction of plants, thereby enabling fertilization and sexual reproduction.

Legitimate beekeepers (or apiarist) will have their bees in locations that provide food for their bees, pollinate various agricultural crops, food crops, and manage their bees in manner to keep them healthy, surviving and producing for the long term.

Typical management practices include hive structure maintenance, monitoring bee health, providing supplemental food, controlling pests, and harvesting products. A colony means the hive and its equipment and appurtenances including bees, comb, honey, pollen, and brood. An apiary (or bee yard) is a place where bees are kept and means a place where six or more colonies of bees or nuclei of bees are kept.

- The land dedicated for beekeeping must be no less than 5 acres and no more than 20 acres.
- The property needs to meet the same use requirements as for other AG uses.
- The property needs to have been previously in an agricultural use or the owner/taxpayer needs to show a 5-year history of bee or another AG use.
- Production value used for Bee's will be the same as the current land use category.
- The State of Texas has set a minimum of five (5) acres and a maximum of twenty (20) acres to qualify beekeeping as an agricultural use.
- Hill County requires a minimum of 3-4 colonies/hives on the first 5 acres. For each additional 2.5 acres, 1 additional colony/hive is required. The maximum 20 acres must have a minimum of 10 hives.
- Hives must be maintained and kept alive and on site at least 7 months of the year.
- Flowering plants may be planted to support hives if the hives are in areas where there is limited vegetation that requires pollination.

## **ROLLBACK TAX INFORMATION**

Texas law imposes a "rollback" tax when land which has received special agricultural valuation (Article 8, Section 1-d-1) changes from agricultural to non-agricultural. The "rollback" recaptures, with interest, the taxes saved as a result of the special agricultural valuation, for the three (3) years preceding the change in use.

A change in use can be as subtle as a discontinuation of agricultural activity and leaving the land idle, or as obvious as physical development of that tract. Land may

be left idle for the purpose of participating in a government program, or for a normal crop or livestock rotation procedure, without triggering a rollback.

A property owner may divest part of the tract for use as his own residence homestead without triggering a rollback, as long as the remaining acreage continues to qualify for the special agricultural valuation. The owner avoids the "rollback" only as long as he continues to use the home as his residence. In effect, the owner must occupy the house for five (5) years to prevent any rollback of taxes.

Removal or denial of special agricultural valuation will not necessarily trigger a rollback of taxes. As long as the land remains in an agricultural use, rollback taxes are avoided, even if that agricultural usage is not the level necessary for special agricultural valuation.

The Chief Appraiser makes this determination and must send the owner a written Notice of Change of Use Determination. The owner may appeal this decision by filing a protest, with the Appraisal Review Board (ARB), within 30 days after the notice is mailed. In most instances, the matter can be resolved informally with appraisal district staff, and a formal hearing is unnecessary.

The rollback tax is the difference between the taxes paid under special agricultural valuation and the total taxes that would have been paid on the market value, for each of the three (3) years preceding the use change. A five percent (5%) annual interest is calculated for each year's taxes; from the date those taxes would have become due. Special agricultural valuation is then removed for the year in which the change takes place, and the land is taxed at its market value.

The "rollback" tax, in effect, is a deferred tax, which follows the property as it changes hands. The owner of the property at the time the tax is assessed is responsible for these taxes. You may want to reference your purchase contract or closing papers to see if any special provisions were agreed to with the seller. Failure to pay these taxes could result in a tax lien against the property.

After the purchase, you should file a Statement of Intended Use with the Chief Appraiser; this form is available at the Appraisal District office. If you wish, you may waive the 30-day protest period in order to expedite processing of the rollback taxes. If you indicate that you will continue to use the property for agricultural purposes and you feel the property may still qualify for special agricultural valuation, you must file an Agricultural Land – Special Valuation application between January 1<sup>st</sup> and April 30<sup>th</sup>.

For additional information regarding the "Rollback" tax, please contact the Hill County Appraisal District at (254)582-2508.