

WASHINGTON COUNTY
TAX APPRAISAL DISTRICT



AGRICULTURAL & WILDLIFE POLICY

Table of Contents

I.	Introduction	3
II.	Qualification –	
	a. Standards for Qualification	4
	b. Qualifying Activities.....	4
	c. Non-Qualifying Activities.....	5
	d. Current and Principal Use Test.....	5
	e. Degree of Intensity Test.....	6
	f. Time Period Test	11
	g. Ineligibility	12
III.	Land Classifications	13
IV.	Application Process	13
V.	Verification of Use	18
VI.	Valuation	18
VII.	Agricultural Advisory Board	20
VIII.	Rollback Tax.....	20
IX.	Ecological Laboratories	21
X.	Wildlife Management	21
XI.	Cessation of Ag Use	24
XII.	Implements of Husbandry.....	24

INTRODUCTION

It is the opinion of the Washington County Appraisal District (WCAD) that the guidelines and policies contained in this manual are valid for mass appraisal purposes and can be applied uniformly throughout the jurisdiction of WCAD. These guidelines are considered as a supplement to the “Manual for the Appraisal of Agricultural Land”, published by the Texas Comptroller’s Property Tax Assistance Division (PTAD). The guidelines issued herein are based on what is considered typical for Washington County.

Due to the many different types of agricultural operations, only the most common for the area will be covered in this guideline. Unique agricultural operations will be considered on a case-by-case basis.

This guideline will explain 1-d-1 agriculture appraisal, qualification and implementation. All contiguous parcels, under the same ownership, will be considered as one piece of property.

ROLES OF APPRAISAL DISTRICTS AND TAX OFFICES

A chief appraiser’s duties and authority are to:

- create a land classification system covering each type of agricultural land typical in the appraisal district;
- calculate typical net income, based on a variety of sources, for prudently managed agricultural operations;
- determine land use and degree of intensity standards for qualifying land;
- provide applications and act separately on each agricultural appraisal application;
- determine if and when a change of use occurs and notify the property owner of the determination;
- appraise each property and prepare appraisal records listing information on agricultural property; and
- notify the property owner of the appraisal district’s actions as required by the Tax Code.

A tax assessor’s duties are to:

- calculate taxes on the property;
- deliver tax bills; and
- calculate and deliver a rollback tax bill when the rollback tax and interest become due.

STANDARDS FOR QUALIFICATION

For land to qualify for 1-d-1 agricultural appraisal, it must meet four eligibility requirements as shown below and successfully complete the application process.

Four 1-d-1 Eligibility Requirements
1. Applied to land and all appurtenances (not improvements)
2. Devoted currently principally to agricultural use
3. Passed degree of intensity test
4. Passed time period test

QUALIFYING ACTIVITIES

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

NON-QUALIFYING ACTIVITIES

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

CURRENT AND PRINCIPAL USE TEST

To qualify for 1-d-1 agricultural valuation, the land must have agriculture as its current and principal use. Under 1-d-1, the land must qualify, not the owner.

The land must be in agricultural use on January 1 of the tax year. If no agricultural use is evident on January 1, the chief appraiser should grant special valuation only if the owner shows intent of agricultural use and that agriculture will be the primary use for at least seven (7) months of the year. The State's Ag Manual Page 8 says that ag must be the "primary use for the bulk of the year calendar year covered by the application."

The land may have more than one use, but its most important use must be agricultural. If there is more than one use, the chief appraiser must determine which use is primary. If another use replaces agriculture as the primary use, the land will not qualify for agricultural valuation.

At least 51% of the property must be in agricultural use to qualify the entire property for agricultural value. If less than 51% is in production, only the actual acres in use may receive agricultural value.

Note: Most properties that are less than five (5) acres and include a residence are considered principal use residential and will not qualify for agricultural value. The chief appraiser may make exceptions for tracts that are used in conjunction with other agricultural land and/or for operations that can prove adequate intensity. Vacant land less than five (5) acres will usually not be able to meet the minimum intensity standards and will typically be denied ag.

DEGREE OF INTENSITY TEST

In addition to being currently and principally devoted to agricultural use, the land must be used to the degree of intensity generally accepted in the area.

The degree of intensity test measures whether land is being farmed or ranched to the extent typical for agricultural operations. This test is intended to exclude land on which token agricultural use occurs in an effort to obtain tax relief.

Degrees of intensity in Washington County are based on actual use. Certain tracts within a defined area may demonstrate unique geographic or topographic characteristics that may increase or decrease the minimum level of intensity for that parcel.

Livestock Intensity

Levels of intensity for livestock are listed in animal units. These units are based on consumption levels of different classes of livestock. The following is a list of the number of each class of livestock that typically constitutes one animal unit.

Animal Type	Units
Cow with calf or bull	1 head
Young cattle 1 to 2 yrs old	2 head
Calf under 1 yr old	4 head
Mature horse	1 head
Colt	2 head
Sheep	7 head
Goats	7 head
Exotics	1 head

This chart will serve as a guideline to the required number of animal units expected for each land class.

Type of Pasture	Typical Acres per Animal Unit
Native Pasture	7-15
Improved Pasture	3-5

There should be adequate fencing, food, and water sources for livestock production.

Hay Intensity

Minimum of two cuttings per year. Must control weeds, vines, and brush. Cutting or mowing property to clear grass or weeds does not qualify as agricultural use.

Cropland Intensity

Common cropland operations include the production of small grain crops and various row crops. Typical crop production activities include tilling of the soil, supplemental fertilization, weed control, and insect control. Cropland should typically produce at least one harvest per typical year.

Orchard/Vineyard Intensity

Common operations include fruit and nut trees and grape vineyards. Typical production activities include weed control, water availability, insect control, fertilizer, pruning, management, and harvest. Orchards and vineyards should typically produce at least one harvest per year. Native pecan trees require at least seventeen (17) trees per acre, improved pecan trees require at least thirty-five (35) trees per acre, fruit trees require at least one hundred (100) trees per acre. Vineyards require 100 plants per acre.

Beekeeping Intensity

Tax Codes Section 23.51(2) states that ag value for beekeeping may be allowed on “not less than 5 acres or more than 20 acres.” Total contiguous acreage is considered in the determination of acreage allowed ag value for beekeeping. The agricultural value of an apiary

will be the same as cropland value. It is usually necessary for WCAD staff to have access to the property to verify compliance.

Honey Bees – The minimum degree of intensity was established using Section 131.001 Texas Agriculture Code’s definition of an apiary, which is a place where six or more colonies of bees or nuclei of bees are kept. A colony is the hive and its equipment and appurtenances including bees, comb, honey, pollen and brood. The hives would be used 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.

Acres	Active Hives
5	6
7.5	7
10	8
12.5	9
15	10
17.5	11
20	12

Solitary Bees (Pollinators) – Solitary bee nest houses are designed specifically to attract non-swarming bees like mason or leafcutter bees. These bees are naturally attracted to wood or reed cavities for nesting. Beginning in late February and continuing through June nests are built and 6 to 8 eggs are laid per hole and then covered with a mud material. Adult bees emerge in the following spring.

Nest blocks should be constructed and mounted as follows:

The solitary nest bee house is a bundle of channels and provides a place for solitary bees to reproduce and gather pollen and nectar for their young. Use tubes, grooved wooden “trays” or removable channels. Do not use nesting cavities that have splinters. Sharp edges inside the holes can snag and tear delicate wings.

The bee house itself should be placed against a flat surface and located in an area protected from high winds.

The front of the house should have a south or southwest exposure where it will get the most sun in winter to keep the bees warm.

Roofs should be attached to provide protection from intense sun and rain.

The bee house should be mounted at least 3 feet above the ground.

The bee house should NOT be relocated after the bees emerge or they will be confused and fly away.



Standard Practices:

Blocks should be placed within 300 feet of their food source (habitat).

A water or wet dirt source should be present approximately 50 feet from the nest blocks.

At least 3%-5% of the acres used for bees should be planted in food source: native, introduced, or a combination of the two.

Choose a variety of plants with overlapping and sequential bloom periods that prefer to receive full sun throughout most of the day. The operator must familiarize themselves with native and/or introduced food sources and be able to show that food sources are maintained. Food sources (habitats) can include the following:

Native plants & wildflowers – Indian Blanket (gailardia), Illinois Bundleflower, Sweet Clover (Silver River), Gayfeather, Partridge Pea, Maximilliam Sunflower, Cone Flower (Echinacia), Golden Rod, Penstmon, Phacelia, Salvia, Lantana, Black Eyed Susan (Rudbeckia), or a Native Pollinator Mix

Crops – Almond, Apple, Cherry, Thyme, Blueberry, Squash, Pumpkin, Watermelon, Sunflower

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.

It is highly recommended to clean the nest blocks. The channels are susceptible to pests, diseases, mold and mites.

Protect from insecticides and pesticides (especially systemic insecticides) which can poison or kill the bees.

Degree of Intensity:

Acres	Active Hives
5	24
7.5	28
10	32
12.5	36
15	40
17.5	44
20	48

Note: Property owners who wish to have both honey bees and solitary bees may do so. When calculating the number of hives required, 4 solitary bee boxes equal 1 honey bee colony.

Exotics Intensity

Raising or keeping exotic animals for the production of tangible products having a commercial value may qualify for agricultural evaluation. 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.

The principal agricultural use test is particularly important when reviewing an application for special appraisal for land used for raising or keeping exotic animals. To qualify for special appraisal, exotic animals must be raised for the production of food or other commercially valuable products.

Note: White tail deer are indigenous wildlife and are not considered exotic or livestock as defined by Agricultural Code 142.001(4).

Many ranches offer recreational hunting as a way of earning income and managing a herd of breeding stock. Because hunting is a recreational use, any exotic game ranch devoted solely to hunting animals could never qualify for agricultural appraisal.

A ranch that produces exotic animal products and conducts recreational hunts may or may not qualify for special appraisal. Qualification in such a case depends on which use is primary. The chief appraiser will consider all relevant information to determine the primary use. 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?

TIME PERIOD TEST

The land will not qualify for agricultural valuation unless it has had agriculture as its principle use for at least five (5) of the past seven (7) years.

This five-year use history must first be established before agricultural appraisal can be granted. The agricultural use history must be provided on the application to the best of the current owner's knowledge. The applicant may need to contact the previous owner, neighbor, operator, etc. The time period test may be passed automatically if the Appraisal District can confirm agricultural use in prior years by aerial imagery, or if the prior owner already qualified for agricultural value. The degree of intensity test does not apply to these preceding years, only the year of application and every year thereafter.

If a tract of land does not meet the appropriate time test it will be considered to not have a history of agricultural use on the property. If this occurs the owner must build an agricultural history on the property. In order to build a history, an owner must be engaged in an appropriate agricultural activity for a five (5) year period. Owners are encouraged to file an agricultural application each year of the five (5) year period. When the owner files in the sixth (6) year, and if the requirements have been met during the preceding five (5) years, the property will be eligible to receive the agricultural valuation.

INELIGIBILITY

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

Land located within the boundaries of a city or a town

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

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

Land on which 1-d-1 appraisal is waived

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

LAND CLASSIFICATIONS

There are six classifications of land:

- **Cropland** – Cropland refers to land that is primarily used for producing crops for human food, animal feed, planting seed or the production of fibers.
- **Improved Pasture** – Pastures with improved vegetation or a mix of native and improved vegetation that have had improvements made to them including but not limited to fertilizer application, weed and brush control (mechanical or chemical) or over seeding with winter grass. Hay and crops planted for grazing are considered improved pasture.
- **Native Pasture** – Pastures that have native vegetation with minimal improvements. May be partially cleared of brush and trees. Native grasses are used for grazing with no fertilization or seeding.
- **Hay Meadow** – Hay pastures have been cultivated to produce hay for baling.
- **Orchard** – Land classified as orchard includes nut and fruit trees, vineyards, and trees grown for nurseries.
- **Woodland** – Wooded areas are classified as woodland. Tracts that are mostly wooded may not be able to meet the required intensity standards. Wooded areas are typically not the bulk of the land within an agricultural tract, but rather, areas that are left for natural cover for livestock, native animals, and/or to prevent erosion by natural water flow.

APPLICATION PROCESS

A property owner must file a valid application form with the chief appraiser where the land is located. Please note, Section 37.10, Texas Penal Code, states “if you make a false statement on this application, you could receive a jail term of up to 1 year and a fine of up to \$2,000, or a prison term of 2 to 10 years and a fine of up to \$5,000.”

A new owner must file this application in order to maintain the agricultural valuation. The agricultural valuation is granted to specific legal ownership and automatically terminates if there

is any change in ownership. The Appraisal District is not required to send a new application to the new owner; rather it is the new owner's responsibility to fill out a timely application and submit it to the District.

The chief appraiser can require an applicant to supply additional information if the initial application does not contain all of the information necessary to rule on that particular application.

The chief appraiser encourages property owners to file a single form if the property owner is farming or ranching several tracts as a unit. The chief appraiser is to consider the entire agricultural operation as a unit, not separately, with respect to the activities on each individual parcel. The single application form notifies the appraisal district of the unity of operation.

Filing Deadline

The deadline for application is before May 1, meaning the application must be postmarked or filed no later than midnight April 30th. For good cause and only at the property owner's request, the chief appraiser may extend the filing deadline in individual cases for not more than 60 days without penalty. An extension must be requested before the May 1 deadline. If the timely request for extension is granted, a late application penalty should not be imposed.

The Property Tax Code does not define "good cause" to excuse late ag applications. Under Tax Code Section 41.45 regarding protest hearings, however, good cause to excuse a property owner's failure to appear at an appraisal review board hearing "means a reason that includes an error or mistake that: (1) was not intentional or the result of conscious indifference; and (2) will not cause undue delay or other injury to the person authorized to extend the deadline or grant a rescheduling."

Good cause is commonly understood as circumstances the applicant could not control, such as being sick or injured and not able to conduct business for a period that effectively prevents filing on time. Being out of town on business or vacation or simply forgetting about the filing deadline typically is not sufficient to show good cause.

Late Applications

If the before-May-1 deadline is missed, the property owner may submit a late application until the date the Appraisal Review Board approves the roll (usually in July). If the application is approved, there is a penalty for late application. An application filed after April 30th is subject to a penalty equal to 10% of the difference between the tax imposed at market value and the tax imposed at the agricultural productivity value. If the chief appraiser has extended the deadline for the property owner, then the penalty does not apply.

The penalty will be noted in the appraisal records and a written notice explaining the reasons for imposing the penalty will be sent to the property owner. Property owners may protest the late penalty and the chief appraiser may choose to waive the penalty with good cause.

After final determination, the tax assessor of the taxing unit adds the penalty amount to the tax bill and collects the penalty along with the annual tax payment.

Failure to File the Application Form

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

One Time Application

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

- Ownership changes,
- Use of the land changes, and/or
- The chief appraiser requests a new application

Notification of Changes

The property owner must notify the Appraisal District in writing before May 1 after the land's eligibility or use-type changes. Failure to notify the District will result in a penalty equal to 10% of the difference between the taxes imposed on the property in each year it is erroneously allowed and the taxes that would otherwise have been imposed.

The penalty will be noted in the appraisal records and a written notice explaining the reasons for imposing the penalty will be sent to the property owner. The notice must also include a brief explanation of the procedures for protesting the imposition of the penalty. The notice must be sent by certified mail and include a protest form.

Action on Application

The chief appraiser must act on each application within 90-days of receipt. The chief appraiser may grant the special appraisal, deny it, or request additional information from the property owner.

The chief appraiser has 30-days from receipt to notify the property owner if the application needs additional information. If additional information is requested, the property owner has 30 days to provide the information. If the property owner does not respond to the request for information upon the 31st day, the special appraisal is considered to be denied.

If an application is denied, the chief appraiser must notify the property owner by letter, sent by certified mail. The denial should state the reason for denial. The denial must be mailed within 5 days of the date of denial. A property owner may appeal a denial to the Appraisal Review Board at a formal hearing by filing a written protest within 30 days of the denial notice.

APPLICATION PROCESS SUMMARY

The property owner must file a completed application to qualify the land for agricultural appraisal.

- Where the applicant owns several parcels of property within one appraisal district, he or she may file a single application form covering all the parcels.
- The deadline for filing an application form is April 30.
- The chief appraiser may extend the application deadline up to 60 days. The applicant must request an extension in writing and prior to the deadline and show good cause for extending the deadline.
- Good cause is generally a reason not within the applicant's control that prevents timely filing.
- Late applications may be filed any time before the appraisal review board approves records for that year, subject to a penalty equal to 10% of the tax savings resulting from the agricultural appraisal.
- Failure to file an application before the records are approved for the year makes the land ineligible for agricultural appraisal in that tax year.
- After the land is approved for agricultural appraisal, no new or additional applications are required unless the ownership changes, the land's eligibility ends or the chief Appraiser requests one.
- Failure to notify the appraisal district of a change in the category or class of agricultural use or of the end of eligibility subjects the property to a penalty under Tax Code Section 23.54(h).
- If the land is taken entirely out of agricultural use, the land is ineligible for agricultural appraisal.
- If the property erroneously receives agricultural appraisal, it is subject to back assessment.
- When the chief appraiser receives an application, he or she must review it and take one of the following three actions: approve it, ask for additional information or deny the application.
- The chief appraiser must approve or deny all applications filed before the appraisal review board approves the appraisal records.
- The chief appraiser must notify the applicant in writing of denial of an application and explain the reasons for the denial. Owners may protest a denial to the Appraisal Review Board.

VERIFICATION OF USE

Applications will be evaluated using the four tests described earlier: the primary use test, the current use test, the degree of intensity test, and the time period tests. Evaluation of the application will involve inspections of the land either onsite or by examination of aerial photographs, and a thorough review of the application itself. If the land meets the criteria of all four tests, the chief appraiser will approve the application.

In addition to new applications, WCAD appraisers perform routine site inspections of all properties that are receiving the agricultural valuation. Any property or portion of property, which does not comply with the requirements for the valuation, will be dealt with in the appropriate manner. This action could range from a request for a new application, removal of the agricultural value, or initiating a rollback depending on the circumstances.

VALUATION

The agricultural use value of land arises only from its agricultural production. Productivity appraisal uses a modified income approach and converts an estimate of income into an estimate of value. The appraiser first estimates the annual income for each land class, then divides the income by a capitalization rate. The result is an estimate of the agricultural value. In productivity appraisal, the law sets the capitalization rate and the procedure for projecting income. The capitalization rate is published and provided to appraisal districts as part of the agricultural information available on PTAD's website.

The law requires the appraiser to base the annual income estimate on the five-year period preceding the year before the year of the appraisal. Any income received from hunting or recreational leases may also be included. The income and expenses are based on a typical land owner's share only and excludes income and expenses incurred by the leasee.

The appraiser determines the net income the land would have generated under an average owner of ordinary prudence during each year of the five-year period. The appraiser then averages the annual net income for each of these years. The resulting average, referred to as Net to Land (NTL), is the amount capitalized in the appraisal.

In compliance with law, WCAD has developed a system of appraisal that allows the office to value a large number of tracts.

The system is based on these five steps:

- 1) Develop a land classification system.
- 2) Estimate the net to land per acre for each class or sub-class. This annual income is based on the five-year period preceding the year before the appraisal.
- 3) Divide the class' net to land by the year's capitalization rate to find the value per acre in each class. These values form a productivity appraisal schedule.
- 4) Classify all qualified agricultural land according to the land classification system.
- 5) Use the schedule to calculate the productivity value of individual parcels of land. The productivity value schedule 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.

Annual handouts are available that show income estimates, expenses used, and the price per acre for each land class.

The chief appraiser is solely responsible for establishing land classes and determining the average annual net to land for each class of qualified open-space land eligible for special appraisal. This is done by obtaining information from reliable sources about each of the variables to be used in net to land productivity calculations. Both shared lease and cash lease data pertaining to yields, income, and expenses are gathered from reliable federal, state, and local sources such as, Farm Service Agency (FSA), National Agricultural Statistics Service (NASS), Natural Resources Conservation Service (NRCS), Texas A&M AgriLife Extension Service (AgriLife Extension), the Washington County Agricultural Advisory Board, local agricultural suppliers, and producer's surveys sent to the local agricultural community.

AGRICULTURAL ADVISORY BOARD

The Agricultural Advisory Board's purpose is to advise the chief appraiser on the appraisal and use of agricultural land. The chief appraiser is required to appoint, with the advice and consent of the board of directors, an agricultural advisory board composed of at least three members. Appraisal district employees, appraisal review board members and members of the board of directors of the appraisal district are ineligible to serve on the agricultural advisory board.

The Tax Code requires the advisory board to meet at the call of the chief appraiser at least once a year. Board members are not entitled to compensation.

The board members must own property in the appraisal district that is qualified for agricultural appraisal.

ROLLBACK TAX (CHANGE OF USE)

Ending agricultural operations or diverting the property to a non-agricultural use such as commercial use or platting into a subdivision can trigger a rollback.

A rollback tax will be imposed on agriculturally appraised 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.

If the property owner continues to use the land for agriculture but does not maintain the degree of intensity typical for the area, the land may lose its eligibility for agricultural appraisal without incurring a rollback. Reduced intensity resulting from the property owner's free choice causes a loss of agricultural appraisal; reduced intensity from agricultural necessity does not. If the land remains in agricultural use, neither kind of reduction triggers a rollback.

The chief appraiser will send a written notice of the determination that a change of use has occurred. If the owner does not agree, they have 30 days to file a protest. If the owner does not file a written protest of the determination or the Appraisal Review Board decides that a change of use has occurred, a tax bill will be created to include the amount of tax that is due.

The rollback tax is calculated on the three years previous to the current tax year. If the use changes in 2023, the rollback tax will be on tax years 2022, 2021, and 2020. The rollback tax is

the difference between the taxes paid under agricultural appraisal and the amount of tax that would have been paid at market value appraisal.

Technically, the tax is a new, additional tax imposed by law on the date the cessation or change of use occurred. It has its own delinquency date and does not exist until the event that triggers the rollback occurs.

For example, if a change of use occurs in 2023:

<u>Year</u>	<u>Tax Paid</u>	<u>Tax on Market Value</u>	<u>Difference</u>
2022	\$50	\$1,000	\$950
2021	\$50	\$1,000	\$950
2020	\$50	\$975	\$925
Total Rollback Tax:			<u>\$2825</u>

ECOLOGICAL LABORATORIES

Land used principally as an ecological laboratory by colleges or universities may qualify for agricultural appraisal. The property owner must file an application specific to ecological laboratories. The land must be principally used as an ecological laboratory. In determining use, the same tests of primary use, intensity, and history must be passed.

WILDLIFE MANAGEMENT

Land used to manage wildlife may qualify for agricultural appraisal. There are a separate set of guidelines the landowner must meet in order to qualify. 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; and
- G. making census counts to determine population.

The land must have been qualified for and appraised as agricultural land in the tax year before the owner changes to wildlife management use. An owner who changes the use of his land from agricultural activities to wildlife management activities must submit an ag application indicating a desire to convert from ag value to wildlife value and a wildlife management plan to the chief Appraiser. The plan must be completed on a Texas Parks and Wildlife (TPWD) form which is available at the WCAD offices or online at the Texas Parks and Wildlife website. The plan must specify the wildlife species to be managed and must give details of how the land owner will actively pursue at least three of the seven management activities. The land owner may choose to contact TPWD for help in formulating a plan.

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, then the tract of land is **NOT** subject to the minimum acreage for wildlife management. If a stand-alone tract has been reduced in acreage from the previous year, it must be at least **16.7** acres to qualify for wildlife management. Tracts within a Wildlife Management Property Association (WMPA) or those with Endangered Species (ES) must have at least **11** acres to qualify for wildlife management. Endangered or threatened species will have to pass the wildlife use requirement every year.

To qualify as a WMPA, there must be a legally binding agreement that obligates neighboring property owners to perform wildlife management practices and activities. Each landowner participates in a large-scale neighborhood practice, while also performing at least three small-scale practices on their own property.

A WMPA may submit one five (5) year plan for all owners as long as all owners sign and date the plan.

WCAD will perform inspections in subsequent years to be sure each property is in compliance for current use and intensity. If a report is submitted in lieu of an inspection, one report may be submitted for all owners as long as the report details what practices were done on each tract of land and the report is signed and dated by all owners.

Once the chief appraiser receives the plan he must:

- 1) Inspect the property for compliance with the wildlife management plan.
- 2) Verify that wildlife management is the primary use of the land.
- 3) Assure that the degree of intensity is met. Are at least three of the seven management activities being pursued? Are there practices which will encourage long-term maintenance of the target species population?
- 4) Verify the historical use requirement. Was the land under 1-d-1 appraisal last year?
- 5) If it was part of a larger tract last year, does it meet the minimum size requirement?

The chief appraiser or his designee will approve the plan when he has determined that the requirements are met. The land classifications for wildlife follow the same classifications as the regular agricultural valuations. For example, native pasture that qualifies for wildlife valuation would be classified as wildlife native pasture. It would also have the same productivity value per acre as native pasture.

As with regular ag land, appraisal district appraiser's will look for evidence of wildlife use once every three years. Wildlife owners that are up for inspection will be sent a letter asking them to schedule an appointment for inspection. The owner may choose to submit a report of their wildlife activities in place of an onsite review. If an owner elects to submit a report, it should include a brief description of their wildlife activities and a small amount of documentation such as receipt copies, photos, and/or maps.

Failure of a property owner to comply with the inspection or report submission will result in the removal of the special valuation for wildlife management. If the chief appraiser determines that the wildlife management activity fails to meet the requirements for wildlife management valuation, a removal letter will be sent. The property owner will have the opportunity to protest to the Appraisal Review Board.

CESSATION OF AG USE

Agricultural value is not removed if the land ceases to be devoted principally to agricultural use to the degree of intensity generally accepted in the area if:

Drought:

- 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 ends.

Owner Deployed or Stationed Outside State as Member of Armed Services:

- if the owner intends that the ag use be resumed not later than the 180th day after the date the owner ceases to be deployed or stationed outside Texas.
- The owner must notify the appraisal district in writing not later than the 30th day after the date the owner is deployed or stationed outside Texas.

IMPLEMENTS OF HUSBANDRY

According to Texas Property Tax Code Section 11.161, “machinery and equipment items that are used in the production of farm or ranch products or of timber, regardless of the primary design, are considered to be implements of husbandry and are exempt from ad valorem taxation.” The property tax exemption applies to equipment and machinery such as tractors, cultivators, planters and combines used to produce farm or ranch products.

Chief appraisers are to exempt any implements that meet the constitutional and statutory requirements. No application is required by the property owner.

While Section 11.161 does not define implements of husbandry in detail, Texas courts and the Attorney General have provided guidelines. Both have stated that the determination is a question of fact to be resolved on a case-by-case basis. The item must be equipment or machinery. Structures such as barns, silos, sheds, gins, mills and windmills do not qualify for the exemption.

Leased equipment: Ownership of the equipment is not a factor in determining if the equipment qualifies for the exemption. If the equipment meets the use test, then it qualifies for the exemption. The exemption does not require that the same person both own and use the equipment in order to qualify for the exemption.

Dealer's Inventory: Tractors in a dealership's inventory not used for farm or ranch production and held for sale are taxable as business inventory. The tractors are not exempt as implements of husbandry. However, some tractors owned by a dealership may be used in farm or ranch operation by lease and, therefore, would be exempt. Again, the test is the use of the tractors.