

Lee Central Appraisal District Lee County Texas 1-D-1 Agricultural Use Guidelines

A SUPPLEMENT TO THE STATE OF TEXAS
PROPERTY TAX MANUAL FOR THE
APPRAISAL OF AGRICULTURAL LAND

These guidelines are general in nature and each tract is considered on its own merits and characteristics. The land must pass a site review.

LEE CENTRAL APPRAISAL DISTRICT **AGRICULTURAL LAND**

The Lee Central Appraisal District has established 1d1 agricultural guidelines. It is the opinion of the Lee Central Appraisal District and the Agricultural Committee that Agricultural Land Qualification Guidelines are valid for mass appraisal purposes and can be applied uniformly throughout Lee County.

These guidelines are supported by Section 183 of the Internal Revenue Service Regulations. This special appraisal technique has several popular names including productivity valuation, productivity appraisal, special appraisal and agricultural (ag) appraisal. Property Tax Code Chapter 23, Subchapter C (Sections 23.41–23.48) governs the appraisal of land designated for agricultural use pursuant to Texas Constitution Article VIII, Section 1-d and is referred to as 1-d or ag-use appraisal law. Section 1-d is restrictive, applying only to land owned by families or individuals where agriculture must be the property owner's primary occupation and source of income.

Property Tax Code Chapter 23, Subchapter D (Sections 23.51-23.60) governs the appraisal of agricultural land pursuant to Texas Constitution Article VIII Section 1-d-1 and is also referred to as the 1-d-1 or open-space appraisal law. Because most of the eligible land in Texas now qualifies under the open-space law, this manual emphasizes its particular procedures and requirements. In 1995, Texas voters approved amending the Texas Constitution Article VIII, Section 1-d-1 to permit agricultural appraisal for land used to manage wildlife.

The land must have been "devoted principally to agricultural use" for five of the seven years preceding the application for special appraisal. The five-out-of-seven-years use requirement is self-explanatory. A property owner is required to demonstrate a history of primary agricultural use that meets the five-year test; presumably the property owner's business records will help establish this history. The land qualifies as long as it was devoted principally to agriculture use or production of timber or forest products in five of the seven years preceding the application for special appraisal. The degree of intensity test does not apply to these preceding years, only the tax year of application and every year thereafter. A yearly application should be filed during this 5-year History building of agricultural use.

These provisions are effective only if applications are filed with the appraisal district office in a timely manner. Applications should be filed between January 1 and May 1st. Applications received after May 1st and until the appraisal records are approved by the ARB are subject to a penalty for late filing.

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

DEFINITIONS OF KEY WORDS/PHRASES

A. **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.

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

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

D. **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 of the definition can be gained by identifying the key elements of the definition and explaining each as follows:

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

6. The chief appraiser may create guidelines using some minimum size restrictions but only if they relate 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 5 acres of grazing land to support one animal unit. Persons having less than the minimum acreage under continuous use probably could not qualify for special appraisal. The land will be reviewed carefully before agricultural use appraisal is granted.

GENERAL 1D1 AGRICULTURAL EVALUATION **LEE CENTRAL APPRAISAL DISTRICT**

The Texas Constitution permits special agricultural appraisal only if land and its owner meet specific requirements defining farm and ranch use. Land will not qualify simply because it is rural and has some connection with agricultural. Casual uses such as home vegetable gardens, hobby farming and ranching, or incidental cutting and baling of hay do not really constitute a qualifying agriculture use.

The following guidelines have been developed by Lee Central Appraisal District based on what is typical to this area:

1. The land must currently be devoted principally to agricultural use and the principal use of the land for five (5) of the last seven (7) years must have been agricultural.
2. Agricultural use of a property must be recognizable with the property maintained in a manner that would indicate prudent management.
3. The land must be utilized to the degree of intensity that is generally accepted in Lee County.
4. It must be a substantial tract of land that is adequate to support a typically prudent operation and be of a usable management size for the activity involved.
5. The land must be producing an agricultural product intended for sale including but not limited to: livestock, crops for human or animal food, seed or fiber crops, etc.
6. Operator may be asked to provide documentation of management practices expenses and sales, if necessary. For example – feed/fertilizer invoices, equipment invoices, sales receipts, labor expenses, IRS Schedule F.
7. Operator may be asked to show evidence that he is not engaged in a hobby according to the guidelines set out in Reference Section 183 of the IRS Regulations.

These guidelines are used as a general guide for qualifying land. There may be circumstances in your agricultural operation which allow it to qualify based upon its own merit. Exceptions to the general rule will be handled on a case-by-case basis.

MINIMUM GUIDELINES FOR AG-USE 1-D-1
LEE CENTRAL APPRAISAL DISTRICT

Only the acreage that is actually being used agriculturally may qualify for ag-use 1-d-1.

Small acreage with a home built upon the tract is primarily residential in nature, with ag-use secondary. Open space land must have ag-use as its primary use in order to qualify for ag-use.

If the County is declared an agricultural disaster area, a pasture may lie out of agricultural production due to drought and excessive heat and keep the ag qualification. However, if a pasture lays out of production for longer than one (1) year the land may lose its ag qualification.

ANIMAL UNITS

1 Cow = 1 A.U.
Cow & Calf = 1 A.U.
Horse = 1 A.U.
Bull = 1 ½ A.U.
2 – 500 lb. Calves = 1 A.U.
2 Colts = 1 A.U.
6 Goats & Sheep = 1 A.U.
2 Miniature Horses = 1 A.U.
2 Miniature Donkeys = 1 A.U.

STOCKING BASED ON 12 MONTHS

Small tract minimum of 4 animal units

Larger tracts

Improved Pasture – 1 A.U. to 5 acres
Native Pasture – 1 A.U. to 8-10 acres
Brush Pasture – 1 A.U. to 15 acres

NOTE: If a small tract is used as part of a larger family operation it may qualify. Written verification of participation in a larger family operation must be filed with the appraisal district. These tracts must be used to support a larger farm or ranch near the larger operation.

LIVESTOCK

Typically, 15 acres of land is required to achieve minimum standard of production to qualify agricultural use of Livestock. The land must produce sufficient forage to sustain a minimum of 5 animal units on a year-round basis satisfying the intensity levels. Rotational grazing must be at least 180 days and the intensity doubled.

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

FEEDER/STOCK - This operation is in the business of raising beef for processors. Must be on feed for 150 days and the intensity would double.

ANIMALS USED FOR “CUTTING” or “Roping” - Would not qualify, this type of cattle is used for recreational purposes.

SHEEP - GOATS - This operation is in the business of providing two by-products wool/mohair & meat.

HORSES - This operation is directed to breeding operations. By-products are colt & fillies. This operation involves having brood mares. Usually includes special facilities & pasture is normally coastal.

Livestock Management Practices

Fences Maintained	Fertilizer
Stock Water	Marketing
Weed Control	

HAY MEADOW

Typically, 10 acres of land is required to achieve minimum standard of production to qualify agricultural use for a Hay Meadow. Yield per acre 2000 lbs (2 large round/50 square bales) per cutting, minimum two cuttings per year. Less than 10 acres must meet the 10-acre intensity level.

This operation involves the cultivation of planted or maintained grasses.

Proof of baling receipts, proof of sales, and proof of ownership of cattle may be required.

Hay Meadow Management Practices

Fertilizer	Apply Herbicide
Cut/Bale	Limited Grazing
Market or used for personal livestock feed	

NOTE: PROPERTY CUT ONE TIME TO CLEAR THE GRASS/WEEDS WILL NOT QUALIFY FOR AG-USE.

CROPLAND

Typically, 10 acres of land is required to achieve minimum standard of production to qualify agricultural use for Cropland.

This operation involves the cultivation of the soil for planting grain crops with the intent of harvesting for sale or for feed.

Cropland Management practices

Shredding Previous Crop	Planting
Apply Herbicide	Harvest
Tillage	Fertilizer

ORCHARD/VINEYARD

Typically, 5 acres of land is required to achieve minimum standard of production to qualify agricultural use for Orchard/Vineyard. Standard practices; pecan 10 trees per acre, peaches 35 trees per acre and vineyard 100 plants per acre.

This operation is in the business of cultivating & growing trees or grapevines that produces crops of nuts & fruit.

Orchard/Vineyard Management Practices

Weed Control	Insect Control
Fertilizer	Pruning
Supplemental Water	Harvesting

EXOTICS

Typically, 15 acres of land is required to achieve minimum standard of production to qualify agricultural use for Exotics. The land must produce sufficient forage to sustain a minimum of 5 animal units on a year-round basis satisfying the intensity levels.

This operation is in the business of raising breeds that are not native to Texas for supplying meat and/or leather for the specialty markets.

Exotics Management Practices

Seven to Eight Foot Perimeter Fence	Market for Meat and or Leather
Maintain Harvesting Schedule	

BEES

Must be acreage not less than 5 or more than 20 per (property tax code (23.51 (2))).

Minimum of 6 mainframe hives at 5 acres.

Minimum of 12 mainframe hives at 20 acres.

Bees can be used to establish history.

Ag will be granted on total acreage, not just where the hives are located.

1. Acreage with a Homestead Exemption cannot be considered for agricultural history or agricultural appraisal.
2. The hives must be located on the property for at least 7 months of the year.
3. The hives must be maintained and kept alive.
4. The District may require copies of: Registration of the apiary, certificate of inspection, branding information, and export, import or intra-state permits if required by the Texas Apiary Inspection Service for the type of hive movement encountered.
5. The agricultural productivity value for land used for beekeeping will be the same as the agricultural productivity value for improved / native pastureland.

Texas Agricultural Code - Section 131.001. Definitions for Bee Keeping.

1. *“Abandoned apiary, equipment, or bees” means an apiary, equipment, or a colony of bees that is not regularly maintained or attended in accordance with this chapter or rules of quarantines adopted under this chapter.*
2. *“Apiary” means a place where six or more colonies of bees or nuclei of bees are kept.*
3. *“Beekeeper” means a person who owns, leases, or manages one or more colonies of bees for pollination or the production of honey, beeswax, or other by-products, either for personal or commercial use.*
4. *“Bee” means any state of the common honeybee, Apis mellifera species.*
5. *“Colony” means the hive and its equipment and appurtenances including bees, comb, honey, pollen, and brood.*
6. *“Director” means the director of the Texas Agricultural Experiment Station.*
7. *“Disease” means American foulbrood, European foulbrood, any other contagious or infectious disease of honeybees, or parasites or pests that affect bees or brood.*
8. *“Equipment” means hives, supers, frames, veils, gloves, tools, machines, or other devices for the handling and manipulation of bees, honey, pollen, wax, or hives, including, storage or transporting containers for pollen, honey, or was, or other apiary supplies used in the operation of an apiary or honey house.*
9. *“Inspector” means the chief apiary inspector.*
10. *“Label” as a noun, means written or printed material accompanying a product and furnishing identification or a description. The term includes material attached to a product or its immediate container and material inserted in an immediate container or other packaging of a product.*
11. *“Label” as a verb, means to attach or insert a label.*
12. *“Nucleus” means a small mass of bees and combs of brood used in forming a new colony.*
13. *“Pollen” means dust-like grains formed in the anthers of flowering plants in which the male elements or sperm are produced.*
14. *“Pure Honey” means the nectar of plants that has been transformed by, and is the natural product of, bees and that is in the comb or has been taken from the comb and is packaged in a liquid, crystallized, or granular form.*
15. *“Queen Apiary” means an apiary in which queen bees are reared or kept of sale, barter, or exchange.*

WILDLIFE MANAGEMENT

The property must be actively qualified under 1-d or 1-d-1 before changing to Wildlife Management.

The minimum acres required for this Region (Post Oak Savannah) has been established in 2002 by the Lee Central Board of Directors being 94% of the qualifying land use to equal (16.7 acres) that is a “stand alone” tract and 91% (11.1 acres) for tracts that are a part of a wildlife management association and the same 91% (11.1 acres) for “endangered species” tracts.

Land must be actively used for wildlife management. Property owners must practice at least three of the following seven ways to propagate a sustaining breeding, migrating, or wintering population of indigenous wild animals for human use, including food, medicine, and recreation: under this subchapter.

Wildlife Management Practices

Habitat Control	Erosion Control
Predator Control	Providing Supplemental Supplies of Water
Providing Supplemental Supplies of Food	Providing Shelters
Making of Census Counts to determine Population	

A 1-d-1 application and a Wildlife Management Plan for the property using the appropriate Texas Parks & Wildlife Department form (obtained at www.tpwd.texas.gov/landwater/land/private/agricultural_land/), must accompany each application for wildlife management use.

(1) **Guidelines for Qualification of Agricultural Land in Wildlife Management Use** --a publication of the Comptroller of Public Accounts. A copy of this publication may be obtained by contacting Texas Comptroller of Public Accounts, Property Tax Division at 800-252-9121 (press 2) or online through <https://comptroller.texas.gov/taxes/property-tax/ag-timber/index.php>.

(2) **Comprehensive Wildlife Management Planning Guidelines** --a series of publications of the Texas Parks and Wildlife Department. Copies of these publications may be obtained by contacting Texas Parks and Wildlife Department, 4200 Smith School Road, Austin, Texas 78744 or online through https://tpwd.texas.gov/landwater/land/habitats/oak_prairie/regulatory/?county=lee.

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