

**BOSQUE COUNTY APPRAISAL DISTRICT
AGRICULTURAL LAND QUALIFICATION GUIDELINES
(JANUARY 1, 2005)**

REVISED RESOLUTION #2005-01

INTRODUCTION

In 1966, voters approved the first agricultural appraisal law for ad valorem (property) taxes in the state of Texas (Article VIII of the Texas Constitution). This first law known as 1-d intended to protect the family farm from being taxed out of existence. Section 1-d is very restrictive as it applies only to land owned by families or individuals whose primary occupation and primary source of income is from agriculture. In 1978, a second, more liberal constitutional amendment was adopted. 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, and in the Texas Property Tax Code (TPTC), Sections 23.51 thru 23.57, which provide the core provisions for implementation. This more liberal law substantially expanded eligibility for productivity appraisal by individuals as well as corporations as Texas became more urbanized and the number of agricultural producers began to drop. While Section 1-d is still a part of the Texas Constitution, no one in Bosque County has opted to use it. The Texas Constitution permits qualified open-space land to be taxed generally at productivity value instead of market value. Under Section 23.51 (2), beekeeping is an agricultural use and shall qualify for agricultural use productivity valuation if used for pollination or for the production of human food or other tangible products having a commercial value.

It should be noted that these guidelines are to be used as a general guide for qualifying agricultural land. Exceptions to this guide will be handled on a case-by-case basis. All contiguous parcels under the same ownership will be considered as one piece of property. This general policy of BCCAD is in accordance with the Texas Property Tax Manual for the Appraisal of Agricultural Land qualification guidelines for agricultural use. A minimum of 10 acres is the recommended amount for consideration of Ag appraisal qualification in Bosque County with each case being subject to review as to its Ag production and level of intensity of use.

APPLICATION

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

Application must be made on a state acceptable form after January 1 and by April 30th of the tax year. If April 30th falls on a weekend or holiday, the next working day is the deadline. The postmark is considered to be the delivery date. A new application must be filed when there is a change of ownership. 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, but if approved, late applications received after April 30 will be subject to a penalty of ten percent (10%) of the difference between the amount of tax imposed on the property at agricultural value (1-d-1) and the amount that would be imposed if the property were taxed at market value (TPTC 23.541). If a person fails to file a valid application on time, the land is ineligible for agricultural appraisal for that year. A new valid application can be made the next year if the land qualified at least five (5) of the preceding seven (7) years, and the application is submitted by the April 30th deadline.

QUALIFICATION OF LAND

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

IN ADDITION TO HAVING QUALIFIED LAND IN ORDER TO RECEIVE A 1-d-1 PRODUCTIVITY USE VALUE, THE AGRICULTURAL OPERATION MUST MEET THE FOLLOWING FOUR TESTS:

PRINCIPLE USE TEST

For agricultural valuation, qualified open-space land must be currently devoted primarily to agricultural use. This will be verified by an initial on-site inspection and periodic on-site inspections. TPTC 23.51(2), defines the term "agricultural use" as including but not limited to the following activities:

- Cultivating the soil.
- Producing crops for human food, animal feed, or planting seed or for the production of fibers.
- Floriculture: the cultivation and management of ornamental and flowering plants.
- Viticulture: the cultivation of grapes for Table/Wine.
- Horticulture: the cultivation of fruits, vegetables, flowers, herbs or other plants.
- Raising or breeding 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, goats, swine, poultry, and sheep. Wild animals are not livestock.
- Breeding or raising horses, mules and donkeys.
- 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.
- Participation in a government program and normal crop rotation. Land left idle to participate in a government program is used for agriculture. Land left idle for crop rotation qualifies until it is left idle for longer than the crop rotation period typical for the crop in the area.
- Raising or keeping bees for pollination or for the production of human food or other tangible products having a commercial value, provided that the land used is not less than 5 acres or more than 20 acres.

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

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

In some instances the principle use could be two different activities; part agriculture and part non-agriculture. When part of a parcel is used for non-agricultural purposes the parcel will be split into separate land segments. Small tracts that are used in conjunction with a larger agricultural operation may be viewed in terms of the overall operation. The land may be owned or leased by the operator. Example: the broiler house within the boundary of a cattle grazing operation.

CURRENT USE TEST

The land must be in use on January 1 of the tax year. If no Ag use is evident on January 1, the Chief Appraiser should grant special valuation only if the owner shows intent of Ag use and that Ag will be the primary use for the bulk of the year.

DEGREE OF INTENSITY TEST

Land must be utilized to the "degree of intensity" generally accepted in Bosque 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 practices in Bosque County. Once a property is in the special valuation program it must meet the intensity of use test every year. The degree of intensity test measures what the property owner/operator is contributing to the agricultural operation (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 of sale, sales receipts of other documentation. High intensity operations such as poultry or swine production may qualify on a small tract of land where otherwise it would not qualify (example: a 40-foot X 300-foot broiler house).

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

1. Be utilized to the degree of intensity generally accepted in Bosque County. Degree of intensity is measured by local farming and ranching practices of a typically prudent manager.
2. Be managed in a typically prudent manner. Typically prudent may be measured by comparing the actual production of the subject property to the average yields of Bosque County.
3. Be a substantial tract of land. Substantial means an identifiable tract of land of adequate size to support a typically prudent operation. For Bosque County a typical farm or ranch size is approximately 150 acres.

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

TIME PERIOD TEST

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. There are four (4) ways to establish the previous five (5) year history. BCCAD requires two (2) out of the four (4) listed as follows:

1. Copies of Schedule F's for five (5) years from the IRS Income Tax return, with an attached affidavit verifying the property description (attach last year's tax statements).
2. Copies of Receipts for five (5) years, such as purchase of livestock, purchase of grain, purchase of farm supplies (fencing, fertilizer, etc.)
3. Two (2) substantiated notarized affidavits stating the specific acreage use of the property and actual years of use.
4. Copy of written lease agreement or memorandum for the prior five (5) years. If property is leased, lessee will provide copy of lease agreement.

TYPICAL AGRICULTURAL OPERATIONS

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

Horticulture and Floriculture: Standard practices include, but are not limited to, planting, fertilizing, pruning, applying herbicide to control insects, diseases control, maintained in a workman-like manner, and harvest. Typical horticulture and floriculture operations in Bosque County include greenhouses, nurseries, and tree nurseries.

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

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

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

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

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

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

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

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

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

Exotic Game: Standard practices include high fences to control the herd, breeding and herd management, stock water, systematic marketing of animals, and land management for long run forage. Exotic game includes axis deer, aoudad, fallow deer, mouflon, blackbuck antelope, sika deer, red deer, elk, and other “cloven-hoofed ruminants” not native to Texas. The owner must raise the game to produce human food or tangible products that have commercial value, such as meat, leather or hides. Many game ranches also offer recreational hunting as a way of earning income and managing a herd of breeding stock as a secondary use. Because hunting is recreation, an exotic game ranch devoted solely to hunting could never qualify for agricultural appraisal.

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

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

GRAZING LAND COMMON TO BOSQUE COUNTY

Improved Pasture: Land in introduced grasses that are not native to Central Texas managed intensively for forage production, typically Coastal Bermuda Grass, Alicia Grass or Kliengrass, on deep to moderately deep soils and some shallow soils. These grasses are used to grow forage for grazing, and typically baled for later use by livestock. Standard practices are planting or sprigging, weed control, baling, fences maintained, stock water, systematic marketing of animals or hay, and property management of land. The typical acres per one (1) animal unit, (recommended) are approximately 5 to 10 acres.

Native Pasture: Standard practices are weed and brush control, fences maintained, stock water, systematic marketing of animals, and property management of land for long run forage. Native pastureland is appraised with three categories typical for Bosque County.

1. R2 -Open native or improved rangeland or very good quality prairie hay meadows, includes most cleared pastures seeded with King Ranch Bluestem, Indiangrass, Sideoats Grama, Big/Little Bluestem and other desirable range plants, very good quality Prairie Hay Meadows. (Note: Some fair/poor quality stands of pastureland such as Kliengrass may fit into this classification. This is because this type of grass has been established on many area eroded fields.) The typical acres per one (1) animal unit, (recommended) are approximately 15 to 18 acres.
2. RT2 - Same as above but has scattered desirable trees (5% to 50% canopy cover) and/or partial or light brush or woods. The typical acres per one (1) animal unit (recommended) are 20 to 24 acres.
3. RB1 – Medium to dense woods or brush (50% to 90% canopy cover) with a mix of range plants. Heavy or very dense woods or brush limit forage production and range plants. The typical acres per one (1) animal unit (recommended) are 30 to 40 acres.

ANIMAL UNIT EQUIVALENCY CHART

<i>ANIMAL TYPE</i>	<i>ANIMAL UNIT</i>
Cow or Cow with Calf	1.00
Mature Bull	1.25
Weaned Calf to 1 Year	0.60
Steer 1 Year Old	0.70
Steer 2 Year Old	0.90
Horse	1.25
Miniature Horse	0.50
Donkey or Mule	1.25
Miniature Donkey / Burro	0.75
5 Ewes With or Without Lambs	1.00
4 Rams or Buck Sheep	1.00
8 Lambs Weaned to 1 Year	1.00
6 Nanny Goats or Does with Kids	1.00
5 Billy or Buck Goats	1.00
10 Kid Goats Weaned to 1 Year	1.00
Elk	0.60
5 Axis, Aoudad, Fallow or Mouflon	1.00
7 Sika Deer	1.00
3 Red Deer	1.00
9 Black Antelope	1.00
2 Llamas	1.00

Some isolated cases in Bosque County require in excess of 40 acres per animal unit. Water, or lack of water, is a significant factor on land's capability to carry livestock. (The recommendations above are on a case by case basis and are subject to the soil types and area of the county in which the owner is applying for.)

DEFINITIONS OF KEY WORDS/PHRASES

Prudent Manager - 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 use in comparison with other uses of the land, 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. 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 structure. Typically prudent farm or ranch managers located in Bosque County are assumed to have similar equipment of similar value and utility.

Animal Unit- Normally equates to 1,000 pounds of animal. For example: one (1) cow, five (5) ewes, six (6) nanny goats, seven (7) sika deer, or one (1) horse.

Agricultural Use to the Degree of Intensity Generally Accepted in the Area – This means 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. 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 manager. This is not strictly tied to numbers, but it 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. The degree of intensity 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 of sale, sales receipts or other documentation.

Area - Interpreted to be that land inside the jurisdictional boundaries of the Bosque County Appraisal District.

Beehive – An enclosed structure in which some honey bee species live and raise their young. Natural beehives are naturally occurring structures occupied by honeybee colonies, while domesticated honeybees live in man-made beehives, often in an apiary. These man-made structures are typically referred to as “beehives.” Several species of Apis live in hives, but only the western honey bee and the eastern honey bee are domesticated by humans. Man-made hives are commonly transported so that bees can pollinate crops in other areas.

TEXAS AGRICULTURAL CODE – SEC. 131.001 DEFINITIONS FOR BEEKEEPING

Apiary – A place where six or more colonies of bees or nuclei of bees are kept.

Abandoned Apiary, Equipment, Or Bees – An apiary, equipment or a colony of bees that is not regularly maintained or attended in accordance with this chapter or rules or quarantines adopted by this chapter.

Bee – Any stage of the common honeybee, *Apis Mellifera* species.

Beekeeper – 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.

Colony – The hive and its equipment and appurtenances including bees, comb, honey, pollen and brood.

Equipment – 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 wax, or other apiary supplies used in the operation of an apiary or honey house are all considered equipment for beekeeping.

Nucleus – A small mass of bees and combs of brood used in forming a new colony.

Pollen – The dust-like grains formed in the anthers of flowering plants in which the male elements or sperm are produced.

Pure Honey – 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.

Queen Apiary – An apiary in which queen bees are reared or kept for sale, barter, or exchange.

ROLLBACK TAX

The Texas Property Tax Code imposes an additional tax called a “rollback tax” on 1-d-1 land which is changed to a non- agricultural use. This tax is imposed on the date the change of use occurs. If only a portion of the land changes use, the rollback tax is imposed only on the portion of land that has the change of use. A parcel of land which was subdivided into residential lots would be an example of a change of use. Another example would be when commercial activity becomes the primary use of the land. It is the Chief Appraiser’s responsibility to determine if and when a change of use has occurred and to send the owner written notice of the determination. If the owner does not protest the Chief Appraiser’s determination within 30 days of the date the notice is mailed, the Tax Assessor Collector will calculate the additional tax due, add the appropriate amount of interest, and send a rollback tax bill.

The rollback tax is calculated on the five years previous to the current year. If the use changes in 2016, the rollback tax will be on tax years 2015, 2014, 2013, 2012 and 2011. The rollback tax is the difference between the taxes paid under 1-d-1 appraisal and the amount of tax that would have been paid at market value appraisal. In addition to the base rollback tax, the assessor must add seven percent interest on these amounts from the date they would have become due.

ECOLOGICAL LABORATORIES

Land used principally as an ecological laboratory by colleges or universities may qualify for agricultural appraisal. The property owner must follow the same application procedures required to qualify other 1-d-1 land. The land must be principally used as an ecological laboratory. In determining use, appraisers should apply the same principles they use to identify the primary use of agricultural land. Landowners wishing to apply for the special valuation under this section must file a form designed for ecological laboratories instead of the general open space land valuation application.

WILDLIFE MANAGEMENT

The guidelines and the application for a wildlife management plan can be obtained from the website shown below:
Website for Texas Parks & Wildlife: www.tpwd.state.tx.us/conserves/private_lands/
Click on: Wildlife Management
Address: 4200 Smith School Rd., Austin, TX 78744
Telephone: 512-389-4800 1-800-792-1112

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ATTEST



BOD Secretary / Bosque County CAD



BOD Chairperson / Bosque County CAD