



NAVARRO CENTRAL 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 valuation 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 2014 tax year, five (5) years of agricultural usage must be established within years 2008 through 2012, 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 principle 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 Navarro County.

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.

APPLY FOR AGRICULTURAL VALUATION

An application form can be obtained at the Navarro Central Appraisal District office or downloading from the appraisal district website at www.navarrocad.com. The application must be completed and returned by April 30th. A late application can be accepted up until the time the records are approved in July (usually mid- July). However, there is a 10% penalty for late applications.

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.

PRINCIPAL USAGE

The principal usage of a tract of land must be agricultural. The principal use of any tract of land less than 5.0 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 Navarro Central.

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 cash-lease cropland in Navarro County.

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. Stocking rates are expected to correspond to the carrying capacity of the land use.
5. 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.

PASTURE DEGREE OF INTENSITY:

Native Pasture

Animal Unit (AU) = 1,000 lbs	Acres
1 cow with calf, 1 horse, 2 calves, 8 goats, 8 sheep)	10-12

Improved Pasture

Animal Unit (AU) = 1,000 lbs	Acres
1 cow with calf, 1 horse, 2 calves, 8 goats, 8 sheep)	3-5

MANAGEMENT PRACTICES: ORCHARD

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 publications.
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.

ORCHARD DEGREE OF INTENSITY:

Pecans

AGE	TREES/ACRE
1 to 15	25
15 to 40	16
40	9

Peaches

TREES/ACRE
70 to 100

MINIMUM TYPICAL MANAGEMENT PRACTICES FOR SMALL ACREAGE PRODUCTION

NURSERY STOCK AND/OR NURSERY GREENHOUSE:

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

ORGANIC FARMING:

1. Plant - 2 acre minimum (All Produce Combined)
2. Organic Gardening - State Certified
3. Weed Control
4. Insect Control
5. Organic Acceptable Fertilizers
6. Manage and Harvest

CROPLAND:

1. Minimum 10 acres (Smaller tracts may qualify if used in connection with a larger tract)
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

BEEKEEPING:

1. The Texas Property Tax Code has set a minimum of 5 acres and a maximum of 20 acres.
2. Owners must be able to establish a 5 year history of beekeeping or other Ag Productivity use.

BEEKEEPING DEGREE OF INTENSITY:

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

Hives must be located on the property at least 7 months out of the year. Hives must be active and maintained.

The Navarro Central 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.

Navarro Central 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 Praire/ Post Oak Savannah 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:

- o habitat control – using the land to create or promote an environment that is beneficial to wildlife
- o erosion control – practices that attempt to reduce or control soil erosion
- o predator control – practices intended to manage the population of predators to benefit target wildlife population
- o provision of supplemental supplies of water – owner actively provides water in addition to natural resources
- o provision of supplemental supplies of food - owner actively provides food in addition to the level produced naturally on land
- o 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
- o 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. Navarro CAD uses wildlife management plans listing activities appropriate in the Blackland Prairie/Post Oak Savannah ecological region.

A Wildlife Management Plan 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. 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;
- (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) Navarro Central Appraisal District shall 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.

For land to be a granted wildlife management valuation, the land must meet the requirements of these guidelines, the State Comptroller's requirements listed in the *Manual for the Appraisal of Agricultural Land*, Texas Parks and Wildlife's eco-region guidelines, and the Comptroller's Rule 9.2005.

ROLLBACK TAX INFORMATION

Texas Property Tax Code Sec 23.55 imposes a "rollback" tax when land which has received special agricultural valuation changes from agricultural to non-agricultural. The "rollback" recaptures, with interest, the taxes saved as a result of the special agricultural valuation, for the five (5) 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 five (5) years preceding the use change. A seven percent (7%) 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.

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 1st and April 30th.

For additional information please contact:

NAVARRO CENTRAL APPRAISAL DISTRICT
PO BOX 3118
CORSICANA, TX 75151-3118

Phone (903)872-6161

Fax (903)874-0604

<http://www.navarrocad.com>

