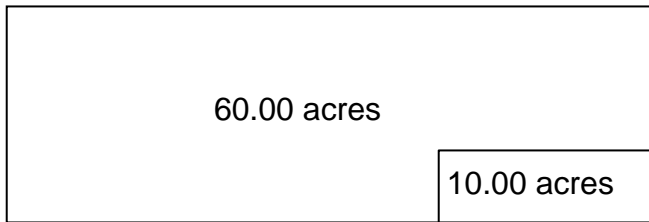




**PURCHASING LAND THAT HAS A CURRENT
1-d-1 (OPEN-SPACE) SPECIAL APPRSIAL**

EXAMPLE:



Mr. Rural, owner of a 70 acre tract of 1-d-1 (agricultural) qualified land, sold 10 acres to Mr. Urban. In January of the year following the sale, both Mr. Rural and Mr. Urban were notified that they must complete a new application to continue 1-d-1 appraisal.

Mr. Rural's 70 acres was utilized as a cattle grazing operation. The land has an overall carrying capacity of one animal unit per 15 acres. Mr. Rural completed his application indicating that his cattle grazing operation was continuing and that he currently had four mature cows on his 60 acre tract. The Hays Central Appraisal District has a required minimum intensity level of three animal units to qualify for 1-d-1 agricultural appraisal. Having met this minimum standard, Mr. Rural was granted the continuation of 1-d-1 agricultural appraisal.

Mr. Urban has several different options as to the use of his 10 acres of land; First of all, his tract is too small to meet the required minimum intensity level for a livestock operation of his own as the land has a carrying capacity of one animal unit per fifteen acres. Mr. Urban may choose to leave his tract unfenced and have a signed agricultural lease agreement with Mr. Rural for cattle grazing. As long as Mr. Rural's 60 acre tract continues to qualify, Mr. Urban's 10 acre tract will also qualify. Secondly, Mr. Urban may choose to fence his tract and graze livestock of his own. This will not qualify his land for 1-d-1 appraisal and he will be taxed at full market value. However, no rollback taxes will be assessed as long as he pays taxes at market value and continues some type of agricultural use for the next five years. Another and third alternative for Mr. Urban would be to convert his property to a high intensity agricultural use that would qualify his land for 1-d-1 appraisal, such as horticulture, floriculture or viticulture, provided the agricultural use is equal to the intensity level typical of this area.

Mr. Urban may also choose to discontinue all agricultural use and trigger a rollback tax on his 10 acres. The rollback tax will include all years that the parent (Mr. Rural's) tract had received the 1-d-1 agricultural valuation up to a maximum of five years. "The rollback tax equals the difference between the taxes that were actually paid in the years preceding the change in use and the taxes that would have been paid on the property appraised at market value plus interest".

If Mr. Urban constructs a home as his primary place of residence on the property and files for his homestead exemption, he will not be subject to rollback taxes. In order for this to apply, the home must not be built until after Mr. Urban has applied and been approved for the 1-d-1 agricultural appraisal. Mr. Urban must also live in the home for the next five years. If Mr. Urban moves from the home before the end of the five year period rollback taxes will be assessed. Other stipulations may apply.