Hays
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District

QUALIFICATIONS OF LAND UNDER 1-d-1

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"QUALIFIED OPEN-SPACE LAND MEANS LAND THAT IS CURRENTLY DEVOTED PRINCIPALLY TO AGRICULTURAL USE TO THE DEGREE OF INTENSITY GENERALLY ACCEPTED IN THE AREA".

ARTICLE VIII, SECTION 1-d-1 (OPEN-SPACE LAND)
(a) TO PROMOTE THE PRESERVATION OF OPEN-SPACE LAND, THE LEGISLATURE SHALL PROVIDE BY GENERAL LAW FOR TAXATION OF OPEN-SPACE LAND DEVOTED TO FARM AND RANCH PURPOSES ON THE BASIS OF IT'S PRODUCTIVE CAPACITY AND MAY PROVIDE BY GENERAL LAW FOR TAXATION OF OPEN-SPACE LAND DEVOTED TO TIMBER PRODUCTION ON THE BASIS OF IT'S PRODUCTIVE CAPACITY. THE LEGISLATURE BY GENERAL LAW MAY PROVIDE ELIGIBILITY LIMITATIONS UNDER THIS SECTION AND MAY IMPOSE SANCTIONS IN FURTHERANCE OF THE TAXATION POLICY OF THIS SECTION.

SECTION 23.51 (1)-(2), (6) PROPERTY TAX CODE DEFINITIONS

(1) "QUALIFIED OPEN-SPACE LAND" MEANS LAND THAT IS CURRENTLY DEVOTED PRINCIPALLY TO AGRICULTURAL USE TO THE DEGREE OF INTENSITY GENERALLY ACCEPTED IN THE AREA AND THAT HAS BEEN DEVOTED PRINCIPALLY TO AGRICULTURAL USE OR TO PRODUCTION OF TIMBER OR FOREST PRODUCTS FOR FIVE OF THE PRECEDING SEVEN YEARS OR LAND THAT IS USED PRINCIPALLY AS AN ECOLOGICAL LABORATORY BY A PUBLIC OR PRIVATE COLLEGE OR UNIVERSITY. QUALIFIED OPEN-SPACE LAND INCLUDES ALL APPURTENANCES TO THE LAND. FOR THE PURPOSES OF THIS SUBDIVISION, APPURTENANCES TO THE LAND MEANS PRIVATE ROADS, DAMS, RESERVOIRS, WATER WELLS, CANALS, DITCHES, TERRACES, AND OTHER RESHAPING OF THE SOIL, FENCES AND RIPARIAN WATER RIGHTS.
(2)"AGRICULTURAL USE" INCLUDES BUT IS NOT LIMITED TO THE FOLLOWING ACTIVITIES: CULTIVATING THE SOIL, PRODUCING CROPS FOR HUMAN FOOD, ANIMAL FEED OR FOR THE PRODUCTION FOR FIBERS; FLORICULTURE, VITICULTURE, AND HORTICULTURE; RAISING OR KEEPING LIVESTOCK; RAISING OR KEEPING EXOTIC ANIMALS FOR THE PRODUCTION OF HUMAN FOOD OR OF FIBER, LEATHER, PELTS, OR OTHER TANGIBLE PRODUCTS HAVING A COMMERCIAL VALUE; AND PLANTING COVER CROPS OR LEAVING LAND IDLE FOR THE PURPOSE OF PARTICIPATING IN ANY GOVERNMENTAL PROGRAM OR NORAML CROP OR LIVESTOCK ROTATION PROCEDURE.

ELIGIBILITY REQUIREMENT

AGRICULTURAL APPRAISAL APPLIES TO THE LAND ONLY AND NOT TO OTHER PROPERTY THAT MAY BE CONNECTED WITH THE LAND.

- THE LAND MUST BE CURRENTLY DEVOTED PRINCIPALLY TO AGRICULTURAL USE.
- THE LAND MUST HAVE BEEN USED PRINCIPALLY FOR AGRICULTURE OR TIMBER PRODUCTION FOR ANY FIVE OF THE PROCEEDING SEVEN YEARS.
- **ACREAGE WITH A HOMESTEAD EXEMPTION CAN NOT BE CONSIDERED FOR AGRICULTURAL HISTORY OR AGRICULTURAL APPRAISAL.**
- LAND USED AS AN ECOLOGICAL LABORATORY MAY QUALIFY FOR AGRICULTURAL APPRAISAL.
- THE PROPERTY OWNER MUST FILE A TIMELY AND VALID APPLICATION FORM.

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DEFINITION OF "AGRICULTURAL USE"

THE FOLLOWING ACTIVITIES ARE QUALIFYING "AGRICULTURAL USE". THIS LIST IS NOT EXHAUSTIVE:

- **RAISING OR KEEPING 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, HORSES, GOATS, SHEEP, SWINE AND POULTRY. WILD ANIMALS ARE NOT LIVESTOCK.
- **HORTICULTURE:** IS THE CULTIVATION OF FRUITS, VEGETABLES, FLOWERS, HERBS OR OTHER PLANTS.
- **FLORICULTURE:** IS THE CULTIVATION AND MANAGEMENT OF ORNAMENTAL AND FLOWERING PLANTS.
- **VITICULTURE:** IS THE CULTIVATION AND MANAGEMENT OF GRAPES.
- **MARICULTURE:** IS LAND USED TO PRODUCE FISH AND OTHER FORMS OF AQUATIC LIFE.
- **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 DISCUSSED BELOW:
  * 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?

~ HARVESTING NATIVE PLANTS OR SHRUBS THAT GROW WILD ON THE LAND (MOUNTAIN LAUREL, YAUPON, ETC.) OR HARVESTING OR HUNTING NATIVE WILD ANIMALS (DEER, TURKEY, ETC.) <u>DOES NOT</u> QUALIFY THE LAND FOR AGRICULTURAL APPRAISAL~
~ PROCESSING ACTIVITIES THAT TAKE PLACE AFTER THE CROP OR ANIMAL HAS BEEN RAISED AND HARVESTED <u>DOES NOT</u> QUALIFY THE LAND FOR AGRICULTURAL APPRAISAL ~

DEGREE OF INTENSITY STANDARDS

THE CHIEF APPRAISER AT EACH COUNTY'S APPRAISAL OFFICE ESTABLISHES INTENSITY LEVELS ACCORDING TO EACH TYPE OF COMMODITY PRODUCTION IN HIS COUNTY: WHAT IS THE OWNER PUTTING IN TO HIS AGRICULTURAL ENTERPRISE IN THE FORM OF TIME, LABOR, EQUIPMENT, MANAGEMENT AND CAPITAL? THE INTENSITY LEVELS FOR THE DIFFERENT TYPES OF COMMODITIES WILL INDICATE THE TYPICAL STEPS IN PRODUCING THE COMMODITY AS WELL AS HOW MUCH TIME, LABOR, EQUIPMENT, MANAGEMENT AND CAPITAL IS TYPICAL FOR EACH LEVEL.
FOR EXAMPLE: DRYLAND FARMING REQUIRES TILLING THE SOIL, PLANTING, FERTILIZING, APPLYING HERBICIDES, AND HARVESTING.
SIMILARLY, THE RAISING OF LIVESTOCK REQUIRES PROPERLY MAINTAINED FENCING, PROPER MANAGEMENT OF THE LAND FOR LONG-TERM FORAGING, SUFFICIENT ANIMAL UNITS TO MATCH THE LAND'S CARRYING CAPACITY, AND A HERD MANAGEMENT SCHEDULE FOR GETTING THE LIVESTOCK TO MARKET.
THE CHIEF APPRAISER DETERMINES THE TYPICAL MINIMUM LEVELS INVOLVED IN EACH STEP.
AS A GENERAL GUIDELINE FOR HAYS COUNTY - RURAL PROPERTY LOCATED WEST OF IH-35 IS TYPICALLY UTILIZED FOR LIVESTOCK GRAZING AND RURAL PROPERTY LOCATED EAST OF IH-35 IS TYPICALLY UTILIZED FOR CROPS AND/OR LIVESTOCK GRAZING.

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MINIMUM STANDARDS – LIVESTOCK

TO QUALIFY FOR SPECIAL AGRICULTURAL APPRAISAL THE OWNER OF AGRICULTURAL LAND MUST HAVE A SUFFICIENT NUMBER OF ACRES TO SUPPORT 3 ANIMAL UNITS (OR 3,000 POUNDS OF ANIMAL WEIGHT) FOR A MINIMUM OF 9 MONTHS IN A TYPICAL YEAR. THIS MINIMUM STANDARD MEANS THAT THE LAND AREA MUST PRODUCE ENOUGH FOOD TO SUSTAIN 3 COWS, WEIGHING APPROXIMATELY 1,000 POUNDS EACH WITH A SMALL CALF AT THEIR SIDE, DURING THE NORMAL GROWING SEASON WITHOUT REQUIRING SUPPLEMENTAL FEEDING.

ANIMAL UNIT EQUIVALENTS (MULTIPLY EACH BY 3 TO GET 3,000 POUNDS OF ANIMAL WEIGHT)

~ HORSE – MATURE	1.25 AU	~ 6 MUTTON GOATS – MATURE	1.00 AU
~ BULL – MATURE	1.25 AU	~ 6 BILLY GOATS	1.00 AU
~ STEER – 1 YR. OLD	0.70 AU	~ 6 NANNIES WITH KIDS	1.00 AU
~ COW OR COW WITH CALF	1.00 AU	~ 10 KIDS (WEANED & YEARLING)	1.00 AU
~ CALF (1 YR. PAST WEANING)	0.60 AU	~ 8 LAMBS (1 YR. PAST WEANING)	1.00 AU
~ 7 ANTELOPE	1.00 AU	~ 5 EWES (WITH OR WITHOUT LAMBS)	1.00 AU

MINIMUM STANDARDS – HAY

THE HAY SHOULD BE MARKETABLE. IN NORMAL YEARS 2-3 CUTTINGS CAN BE ACHIEVED. HAY PRODUCTION SHOULD BE APPROXIMATELY 3,000 POUNDS PER ACRE. TYPICAL ACTIVITIES INCLUDE TILLAGE, FERTILIZING, CUTTING, BAILING, HAULING AND FEEDING OR MARKETING.

OTHER TYPICAL FARMING AND RANCHING OPERATIONS

NATIVE GRASS PASTURES – STANDARD PRACTICES INCLUDE: WEED CONTROL, MAINTAINING FENCES, STOCK WATER, SYSTEMATIC MARKETING OF LIVESTOCK AND LONG-TERM LAND MANAGEMENT.
IMPROVED GRASS PASTURES – STANDARD PRACTICES INCLUDE: SEEDING, PLANTING, FERTILIZING, WEED CONTROL, MAINTAINING FENCES, STOCK WATER, SYSTEMATIC MARKETING OF LIVESTOCK AND LONG-TERM LAND MANAGEMENT.
DRY CROPLAND – STANDARD PRACTICES INCLUDE: SHREDDING PREVIOUS CROP, TILLAGE, SEEDING, PLANTING, FERTILIZING, WEED & INSECT CONTROL, HARVESTING AND PASTURE MAINTAINED IN A WORKMAN LIKE MANNER.

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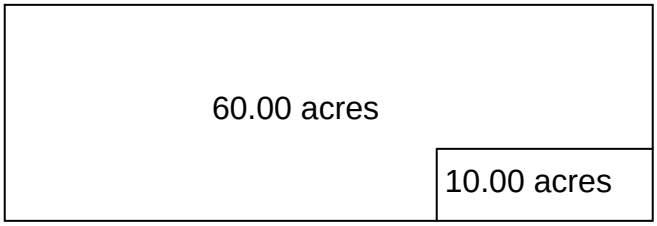
PURCHASING LAND THAT HAS A CURRENT 1-d-1 (OPEN-SPACE) SPECIAL APPRSIAL

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.