

Carson County Appraisal District

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Agricultural Intensity Standards



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TABLE OF CONTENTS

Introduction	3
Application	3
Qualification of Land	3
Tests	4
Land Test	4
Herd Size Test	4
Current Use Test	4
Intensity of Use Test	4
Time Period Test	5
Types of Agricultural Operations	5
Cow and Calf Operations	5
Stocker and Feeder Calf Operations	5
Sheep Operations	6
Goat Operations	6
Horse Operations	6
Exotic Animal Operations	7
Cropland Operations	7
Orchard/Vineyard Operations	7
Truck Farming Operations	8
Beekeeping/Apiculture Operations	8
Governmental Operations	8
Wildlife Management Operations	9
1-d-1 Rollback Tax Penalty	10
Stocking Rate Chart	11
Animal Unit Equivalency Chart	12

INTRODUCTION

In 1966 voters approved the first agricultural appraisal law for ad valorem taxes in the State of Texas. This first law known as 1-d intended to protect the family farm from being taxed out of existence as Texas became more urbanized and market prices of agricultural land skyrocketed. Section 1-d is very restrictive as it applies only to land owned by families or individuals. Under 1-d, agriculture must also be the owner's primary occupation and primary source of income. As Texas became more urbanized and the number of agricultural producers began to drop, a new section was added to the law by voters in 1978. The constitution was amended to allow a second, more liberal agricultural appraisal law known as 1-d-1. Section 1-d-1 substantially expanded eligibility for productivity appraisal by individuals as well as corporations. Income and occupation do not apply under 1-d-1. In 1996 Wildlife Management was added as a subsection of 1-d-1 to include the management of native indigenous species as a qualification of productivity value. This Guideline will explain 1-d-1 agricultural appraisal, qualification and implementation. Due to the many different types of agricultural operations only the most common for the area will be covered in this guideline. Unique or "fad" agricultural operations will be considered on a case by case basis.

APPLICATION

A property owner must file an application for 1-d-1 Productivity Use between January 1 and April 30 of the tax year. Property owners may obtain an application from the Appraisal District Office. If you require more time, you may file a written request with the chief appraiser for up to 60 days if you have a good reason for needing extra time. If you miss the April 30 deadline you may file an application for late ag before the appraisal review board approves the appraisal records which is usually about July 20. In this case, the property owner will be charged a late penalty of 10% of the tax savings he obtained by getting agricultural appraisal for his land.

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 and are not appraised separately. Minerals such as oil, gas or any hard mineral such as coal must be appraised separately and at market value. Products of the agricultural operation such as apples, 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 sprinkler systems, etc. are also exempt. Some man-made alterations of, or additions to, agricultural land are valued as a part of the land. These appurtenances to the land such as canals, water wells, roads, stock tanks, and other similar improvements to the land are included in the value of the land and are not separately appraised. A grazing operation may include leased land that is not owned by the operator. A landowner may receive 1-d-1 Productivity Use Value on their land if it is leased for grazing and is used as a part of a larger operation. The proximity of the two tracts should be in line with what is typical for a producer that uses

leased land in his operation. The land should have fencing adequate for the type of animals being grazed on the land. There should be adequate working facilities such as pens, corrals, chutes and barns on the property or adjacent to the property. Some operators use portable working facilities and mention should be made of this in the application.

TESTS

In addition to having qualified land in order to receive a 1-d-1 Productivity Use Value, the agricultural operation must pass four separate tests. These tests are the herd size test, the current use test, the intensity of use test, and the time period test. These tests are explained below.

HERD SIZE TEST

It has been determined that all operations pertaining to grazing of the land including horse breeding operations and wildlife management in Carson County will have a typical herd size of at least three animal units. This means that the land being utilized by the herd must be able to sustain at least three animal units. A Stocking Rate Chart for the classes or types of land in Carson County is found on page 11 of this guideline.

CURRENT USE TEST

The land must be in agricultural use as of January 1 of the tax year or planned to be used for agricultural purposes very soon for one or more of the agricultural purposes which follow the different types of agricultural operations described in this guideline. This use must follow what is typical for the area for the type of agricultural operation taking place on the property. This use must be the land's primary use and not a secondary use. Small acreage that is not used as part of a larger operation and has a home built upon the tract is primarily residential in nature, with agricultural use as a secondary use. Homesites will be considered a separate land segment on the appraisal roll. Property owners may use their homestead exemption (up to 20 acres), if they qualify, on tracts that have more than one use. Carson CAD standardizes a minimum of 1 acre for a homesite on prudent and qualified agricultural parcels.

INTENSITY OF USE TEST

The land must be used to the degree of intensity that is typical for that type of operation in the area. If the land is not used as other land is typically used, then this type of agricultural use is said to be "token" agricultural use. For instance; if a field is plowed and planted once every three years and the other farmers in the area typically plow and plant the same type of crop every year, then this use is token use. This land would not qualify under the intensity of use qualifier.

TIME PERIOD TEST

According to state law, the land must have been used for five out of the past seven previous years for agricultural production. As long as agriculture was the principal use in the preceding years, the land qualifies even if that use did not meet the degree of intensity requirement in all or some of those years. For example; if applying for 1-d-1 Productivity Use appraisal for the 2017 tax year a property was used for agriculture for 2016, 2015 and not for 2014, then again in 2013 and 2012 and again was not used in 2011 and was used for agriculture in 2010, the land would pass the time period test. 2017 (or the current tax year) is not used in the time test and lapses of two years during the seven previous years are allowed.

TYPES OF AGRICULTURAL OPERATIONS

There are several types of typical agricultural operations in Carson County. Some of these operations include one or more type of operation. Agricultural operations include grazing operations, farming operations which includes tilling the soil, orchard operations, livestock breeding operations, exotic breeding and hunting operations and wildlife management operations. Each of these operations follows the same criteria for eligibility for 1-d-1 Productivity Use except for wildlife management. Wildlife management eligibility requirements will be covered under that section of this guideline. Many operations in Carson County have a combination of two or more of the listed operations. There may be variations of the types of agricultural operations listed or there may be “fad” agricultural operations added when that type of “fad” operation becomes a typical agricultural operation for Carson County.

COW AND CALF GRAZING OPERATIONS

This type of operation is the most commonly found agricultural operation in Carson County. The operators of cow and calf grazing operations are in the business of raising beef for sale to either processors or other operators as breeding stock. These include purebred operations as well as the commercial breeder who sells calves to the local livestock markets. Typical requirements in Carson County include at least 3 animal units which may include cows and bulls of breeding age that are bred annually. Some small operators may lease or borrow a bull to impregnate their cows rather than keeping a bull year round. One cow and calf pair or a mature breeding age cow is considered to be equivalent to one animal unit. Please refer to the Animal Unit Equivalency Chart on page 12 of this guideline for a complete list of animals.

STOCKER AND FEEDER CALF OPERATIONS

This operation is in the business of raising beef for processors or for the feedlot. This operation involves acquiring calves at a certain weight from cow and calf operators or the livestock auction and raising the calves until they grow large enough for the feedlot or for slaughter or are sold as replacement breeding heifers. Both heifers and steer calves are found in these types of operations with steers being the most common sex when sold for slaughter or to a feedlot. One animal unit is equal to two calves. A typical operation in

Carson County will include a minimum of five stocker or feeder calves. Cattle used for “cutting” or “roping” are considered as used for recreational purposes and do not qualify.

SHEEP OPERATIONS

This operation is in the business of providing two products. These products are wool, which is produced from the fleece of the animal, and meat being either lamb or mutton. Sheep operations may be purebred or commercial in nature. A commercial operation would not require any particular breed and may be in the business of meat production only. Purebred operations are normally in the business of producing wool, meat or animals to sell to other producers as breeding stock. A typical flock in Carson County will consist of at least 5 head of ewes and at least one ram. One animal unit of sheep is equal to five head of ewes or rams.

GOAT OPERATIONS

This operation is in the business of producing primarily three products being mohair, meat, and milk. Typical mohair production is usually limited to the Angora breed, although there has been some Cashmere goat breeding in the area which may be sheared for their hair. The Nubian and other similar breeds are milk producers. This milk is sold for human consumption or fed to orphan goats or sheep. Most other breeds are involved in the production of meat called cabrito which is the meat from a young kid goat. This breed of milk goat is usually referred to as Spanish Goats. The Boer Goat breed from South Africa has recently been introduced as a meat producer. This breed has been interbred with many of the Spanish as well as the Nubian goat herds in the area to increase the size of the animals. There are some producers that breed the pure Boer Goats for sale to other producers for breeding. A typical flock of goats consists of at least 5 breeding age animals with at least one billy (sire) goat. One animal unit is equal to six head of goats. Miniature goats also follow the same guidelines as regular goats but the animal unit basis is different from regular goats. See the Animal Unit Equivalency Chart on page 12 in this guideline.

HORSE OPERATIONS

This type of operation is usually limited to breeding operations. A breeding operation involves having brood mares and either a stud (stallion) on location or using artificial insemination for breeding the mares. This type of operation may involve intensive training of colts or fillies. The operation may involve any number of breeds and is not limited to only Thoroughbred or Quarter Horse breeds. Typical pastures are of the improved variety such as coastal Bermuda grass. A mature horse of breeding age is equivalent to 1.25 animal units. At least 3 head of breeding age mares are required to be considered a typical horse breeding operation in Carson County. Supplemental feeding is a given fact of a breeding horse operation. Donkeys, mules and burros are also included under horse operations and the same guidelines pertain to these animals. Miniature or dwarf horses also fall under these guidelines but do not follow the same animal unit basis as a regular horse or donkey. See the Animal Unit Equivalency Chart on page 12 in this guideline. Horses stabled and/or used strictly for pets or recreational purposes do not qualify for agricultural use. However, horses that are pastured may qualify as long as they meet the

minimum herd size of 3 head along with the proper stocking rates based on the land size of the improved pasture.

EXOTIC ANIMAL OPERATIONS

This type of operation involves the raising of deer, antelope, emus, ostriches, and any other breed of animal that is not native to Texas. Some exotic animal operations supply meat for consumption or leather or plumage for clothing or industrial use. Some byproducts of exotic animals are used in cosmetics or for medicinal purposes. Some exotic animal operations supply animals for breeding purposes. Most typical of the exotic animal operations in Carson County are hunting operations. This type of operation, depending on the type of animals, usually requires a seven to eight foot fenced perimeter. An animal unit for this type of operation depends on the size of animal being raised. Many of the exotic deer species will follow the same per unit size as our native Whitetail deer. An Animal Unit Equivalency Chart with many of the exotic animals typically raised in Carson County is found on page 12 in this guideline.

CROPLAND OPERATIONS

Cropland operations can be classed as small grain crops, sorghum hay, improved pasture hay, and row crop. The most common type of cropland operation in Carson County is the small grain and sorghum hay. These two types of operations usually are a part of a grazing operation but not in all cases. Improved pasture land is usually improved with a permanent grass such as Coastal Bermuda or Klein Grass. This type of land is usually baled in the spring and early summer if irrigation is not available. If the land is irrigated, the land may be baled until early fall. Cropland in Carson County requires supplemental fertilization and is usually a part of the typical operator's farming operation. Much of the land that is not irrigated is grazed during part of the year, usually during the winter months. Small grain and sorghum hay operators will normally plant their fields on an annual basis and combine the grain or bale hay for at least one cutting. Landowners should follow practices that are typical for Carson County. The same qualifications for 1-d-1 Productivity apply to cropland operations. Row crop farming is done on a very limited basis in Carson County. The types of crops planted in row crop farming are usually milo and hygear. Rarely other crops such as peanuts may be planted. A typical size field in Carson County has a minimum of five acres.

ORCHARD/VINEYARD OPERATIONS

These operations are in the business of cultivating and growing of trees and/or grapevines that produce crops of fruits and/or nuts which are sold commercially. Typical orchards are either pecan or peach. Vineyards typically produce grapes. Land used for these types of agricultural purposes has a regular schedule for erosion control, insect/pest control, fungus control, fertilizing, weed/brush control, pruning, watering and harvest. The ground under the trees and vines is closely mowed. Orchards must be planted in a grid pattern. This operation can yield abundant harvests off small acreage. The typical minimum size for an orchard or vineyard operation is three acres.

TRUCK FARMING OPERATIONS

This type of operation is in the business of cultivating the soil for planting vegetables. This type of operation depends on a good source of water for irrigation purposes. It is typical for this type of operation to utilize some type of irrigation system. There are some types of crops such as okra that do well in dry land areas and may not require irrigation so each operation should be considered separately. Examples of crops grown in truck farming operations include tomatoes, squash, potatoes, peppers, carrots and many other varieties of vegetables. A minimum size of three acres is considered typical for this type of operation.

BEEKEEPING/APICULTURE OPERATIONS

Beekeeping practices involve the use of the land to raise or keep bees for pollination or for the production of human food or other tangible products having a commercial value. Products produced from this agricultural endeavor include honey and beeswax. Typical management practices include hive structure maintenance, monitoring bee health, providing supplemental food, controlling pests, and harvesting products. A colony means the hive and its equipment and appurtenances including bees, comb, honey, pollen, and brood.

- The land dedicated for beekeeping must be no less than 5 acres and no more than 20 acres.
- Carson County requires a minimum of 6 colonies/hives on the first 5 acres. For each additional 2.5 acres, 1 additional colony/hive is required. The maximum 20 acres needs a minimum of 12 hives.
- Hives must be maintained and kept alive and on site at least 7 months of the year.
- Flowering plants must be planted to support hives if the hives are in areas where there is limited vegetation that requires pollination.

GOVERNMENTAL PROGRAMS

Currently, the only governmental program that will qualify for 1-d-1 Productivity on its own is the Conservation Reserve Program (CRP) ten year set aside program. This type of program is a federal program that allows producers to put cropland back into grassland. The land owner is paid to participate in this program. Other governmental programs such as brush or cedar control or crop subsidies are normal and prudent ranch maintenance and those programs alone with no other agricultural use are not considered a qualifying use. If entering into a governmental contract that requires a property to be idle for 2 or more years, then a copy of that contract must be provided to the Carson County Appraisal District along with the Application of 1-d-1 Agricultural Use Appraisal. When the contract expires, a new application must be submitted to show how the land currently qualifies for the agricultural appraisal.

WILDLIFE MANAGEMENT OPERATIONS

Wildlife Management is the latest major change to occur in 1-d-1 Productivity value in recent history. In 1991 the first wildlife management law was passed which allowed productivity appraisal for land used to manage indigenous wildlife. Implementation of this law was limited because of unanswered questions which may have jeopardized the land owners 1-d-1 Productivity valuation in some instances. In 1995, Texas voters approved Proposition 11, which amended the original Wildlife Management law and allowed landowners to implement the law without fear of penalty. The Comptroller of Public Accounts has published a brochure called Guidelines for Qualification of Agricultural Land in Wildlife Management Use. A copy of this publication is available at the Carson County Appraisal District. The comptroller's publication is to be followed for qualification of wildlife management land in Carson County.

In order for the property to begin receiving and 1-d-1 agricultural appraisal under the Wildlife Management guidelines, the property must already have a 1-d-1 agricultural valuation. The Carson County Appraisal District uses those guidelines as set out by the Texas Parks and Wildlife's *Wildlife Management Activities and Practices – Comprehensive Wildlife Management Planning Guidelines for the Edwards Plateau and Cross Timbers & Prairies Ecological Regions* in determining if a property qualifies.

For properties subdivided after January 1, 2001 from larger tracts already receiving the 1-d-1 or 1-d-1w agricultural appraisal, the Carson County Appraisal District has adopted the following minimum size requirements for wildlife management properties:

- 1) acreage to be dedicated to wildlife management – 15 acres or 93.33%
- 2) acreage that lies within a qualifying wildlife property association – 12 acres or 91.67%
- 3) acreage that is designated by the Texas Parks and Wildlife Department as habitat for an endangered species, a threatened species, or a candidate species, as determined by the Texas Parks and Wildlife Department – 11 acres or 90.9%

The appraisal district requires that property owners submit a written management plan completed on the form prescribed by the Texas Parks and Wildlife Department (TPWD) along with a new application for 1-d-1 agricultural appraisal in order to be considered to receive the 1-d-1 agricultural appraisal for wildlife management. 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, Section 1.111.

The appraisal district requires that an annual report be filed showing how the wildlife management plan was implemented in any given year. The annual report shall be on the form prescribed by the TPWD and shall include supporting documentation on how the wildlife management plan was implemented. A wildlife management property association may file a single annual report, provided that report shows how the wildlife management plan was implemented on each tract of land in the wildlife management property

association and the report is signed by each landowner or an agent of the landowner designated in the required by Tax Code, Section 1.111.

The property's agricultural value is treated the same as that of traditional 1-d-1 agricultural value.

1-d-1 ROLLBACK TAX PENALTY

Landowners need to be aware that if the use of land having 1-d-1 Productivity Value is changed to a non-agricultural use then a roll back tax may be imposed. The rollback tax is a penalty for taking the land out of agricultural production. Land that incurs a rollback tax will be back-taxed for up to five years, if it had productivity value for the full five years. When a rollback tax is initiated, the land is taxed on the difference between its productivity value and what it would have been taxed at its market value. For example, the rollback tax on one acre of land for one year would be calculated as follows:

1 Acre Market Value @ \$500 minus 1 Acre Ag Value @ \$65

= Value Difference of \$435 X (\$2.00 Tax Rate divided by 100)

Rollback Tax = \$8.70 X 5 years = \$43.50 per acre.

If the value difference and tax rate for all five years of the rollback period were the same, the total rollback tax for one acre of land would equal \$43.50 (plus 7% per annum interest). If a tract had more acres and this rollback tax applied to 25 acres, the total rollback tax on the 25 acres would be **\$1,088 (plus 7% per annum interest)**. This is a substantial amount of rollback tax. When applying for 1-d-1 Productivity Use, landowners need to be aware that if the use of the 1-d-1 Productivity land changes to a non-agricultural use they could incur a large rollback tax bill.

STOCKING RATE CHART

<u>LAND TYPE</u>	<u>STOCKING RATE</u>
Cropland Grazing Sorghum Hay	1 Animal Unit to 4 to 6 Acres
Improved Grasses (cleared land)	1 Animal Unit to 10 Acres
Native Pasture (little or no brush)	1 Animal Unit to 25 - 30 Acres
Native Pasture (heavy brush)	1 Animal Unit to 30 - 35 Acres
Wheat Pasture/Corn	1 Animal Unit to 4 Acres dry
Wheat Pasture/Corn	1 Animal Unit to 2 Acres Irrig.

These stocking ratios may be adjusted if land types overlap or soil types dictate a modification. These ratios are based on a typical rainfall year for the area.

ANIMAL UNIT EQUIVALENCY CHART

<u>ANIMAL TYPE</u>	<u>ANIMAL UNIT (AU)</u>
1 Cow or Cow & Calf	1.00
1 Mature Bull	1.25
1 Weaned Calf to one Year	0.60
1 Steer one Year Old	0.70
1 Steer two Year Old	0.90
1 Horse	1.25
1 Miniature Horse	0.50
1 Donkey or Mule	1.25
1 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
5 Barbado Sheep	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
6 Mature Mutton Goats	1.00
7 Whitetail Deer	1.00
6 Mule Deer	1.00
5 Axis Deer	1.00
5 Fallow Deer	1.00
7 Sika Deer	1.00
2.5 Red Deer	1.00
1 Elk	1.00
7 Pronghorn Antelope	1.00
9 Blackbuck Antelope	1.00
1 Eland	1.00
3 Addax	1.00
2 Scimitar-horned Oryx	1.00
2 Gemsbok Oryx	1.00
5 Aoudad Sheep	1.00
5 Mouflon Sheep	1.00
3 Emus	1.00
2 Ostriches	1.00
4 Alpacas	1.00
4 Llamas	1.00