

**COLORADO COUNTY APPRAISAL DISTRICT
AG GUIDELINES**

**APPLICATION REQUIREMENTS
AND
AGRICULTURAL INTENSITY STANDARDS
FOR 1-d-1 OPEN-SPACE LAND VALUATION**

**A SUPPLEMENT TO THE STATE OF TEXAS PROPERTY TAX MANUAL FOR
THE APPRAISAL OF AGRICULTURAL LAND AND WILDLIFE MANAGEMENT
ACTIVITIES AND PRACTICES**

Effective January 1, 2023

Introduction

The Colorado County Appraisal District has established 1-d-1 agricultural guidelines. It is the opinion of the Colorado County Appraisal District and the Agricultural Advisory Board that Agricultural Land Qualification Guidelines are valid for mass appraisal purposes and can be applied uniformly throughout Colorado County.

*****PLEASE NOTE***These guidelines are used as a general guide for qualifying land. There may be circumstances in your agricultural operation which allow it to qualify based upon its own merit. Exceptions to the general rule will be handled on a case-by-case basis.**

For more information and statutory requirements regarding Appraisal of Agricultural Land, please refer to Subchapter D of Chapter 23 Of the Texas Property Tax Code.

General Information/Definitions

- Although commonly referred to by many as an “EXEMPTION”, (Ag Exemption), agricultural appraisal is a **SPECIAL-USE VALUATION** based on Productivity Value, rather than an exemption of an actual dollar amount from the market value.
- Productivity Value: A value based solely on the land’s capacity to produce agricultural products
- Market Value: the price at which a property would transfer for cash or its equivalent under prevailing market conditions if exposed for sale in the open market with a reasonable time for the seller to find a purchaser; both the seller and purchaser know of all the uses and purposes to which the property is adapted and for which it is capable of being used and of the enforceable restrictions on its use; and both the seller and the purchaser seek to maximize their gains and neither is in a position to take advantage of the other.
- **Colorado County Appraisal District staff is not responsible for completing applications for any property owner.** It is important for property owners to understand that appraisal district staff are merely checking and confirming agricultural use and will not advise owners on appropriate agricultural practice selection. Appraisal staff can direct property owners to appropriate subject matter experts for additional resources and advisement.
- **These guidelines merely present minimum standards and practices for qualification.**
- **TOKEN AGRICULTURAL USE, WHICH OCCURS IN AN EFFORT TO OBTAIN TAX RELIEF, IS NOT A VIABLE AGRICULTURAL PRACTICE AND WILL NOT BE GRANTED AS SUCH.**
- **Intensity of agricultural production generally accepted** in the area is the central issue or standard of agricultural use qualification. Intensity of use for our area is based on information gathered from several local sources.

- **Area is interpreted** to be that land inside the jurisdiction boundaries of the Colorado County Appraisal District.

Application Process

The property owner must file a completed application to qualify the land for agricultural appraisal. If an incomplete application is submitted, it may result in the denial of the special appraisal. The deadline for filing an application form is April 30th. Late applications may be filed before the Appraisal Review Board approves the records for that year. As stated in Section 23.541(b) of the Property Tax Code

“if an application for agricultural designation is approved when the application is filed late the owner is liable for a penalty of 10 percent of the difference between the amount of tax imposed on the property and the amount that would be imposed without the agricultural designation.”

Applications should be filled after January 1 and by April 30th. If the application is approved you will not be required to refile again, unless the ownership has changed, the agricultural use has changed, or it is requested.

Action on an Application:

The chief appraiser must act on each application within 90 days of receipt. When the chief appraiser receives the application, he/she must review it and take one of the following actions: approve, deny, ask for additional information. The chief appraiser has 30 days from receipt to notify the property owner of the need for additional information. The property owner will have 30 days from the date of the notification request to provide the information. If the information is not provided by the 30 day deadline the special appraisal will be denied. If the application is denied the chief appraiser must notify the property owner by certified letter and as a courtesy regular mail. **A property owner may appeal a denial to the Appraisal Review Board by filing a protest within 30 days of the denial notice Information on this is provided in the notice.**

Verification of Use:

The agricultural use will be verified, which may include inspections of the land either onsite or by aerial photographs. Any property or portion of the property that is not used agriculturally and does not meet the guidelines provided by Colorado County may result in a request for a new application, removal of the agricultural appraisal, or rollback tax, depending on the situation.

INTENSITY STANDARDS FOR OPEN SPACE LAND

Intensity standards are derived from what is typical in the local area for the different agriculture operations. In order to help the Appraisal Districts define these standards, the State Legislature provided for an outside advisory committee to be formed for this purpose. In order to qualify, open-space land must meet or exceed these minimum standards for Colorado County. The tract must have at least seventy (70) percent use to qualify the entire tract and the tract must be used a minimum of six months of the year for grazing if applicable

Note: *Most properties that are less than five (5) acres and include a residence are considered principal use residential and will not qualify for agricultural value. The chief appraiser may make exceptions for tracts that are used in conjunction with other agricultural land and/or for operations that can prove adequate intensity.*

Operational Definitions: Only those operations that are truly commercial in nature were considered for defining these standards. The “Manual for the Appraisal of Agricultural Land” tasks the Appraisal Districts with eliminating casual agricultural operations in Colorado County. These categories are Cropland, Pastureland and Special Operations. Within each category there are subcategories as follows:

<i>Cropland Operations</i>	<i>Grazing Operations</i>	<i>Special Operations</i>
Row Crop Orchard Hay Crop Truck Farm Vineyards Irrigated-Cropland	Improved Pasture Native Pasture Brush Land Wasteland	Dairy Feedlot Hog Operations Bee/Honey Permaculture Floriculture Domesticated Fowl Christmas Trees Aquaculture Turf Grass Farm Timber

The three categories are separated primarily by use; cropland assumes soil cultivation, fertilization, and harvesting; pastureland will involve some type of grazing operation. Special operations are those endeavors that do not fall into cropland or pastureland categories.

Cropland Operations: The following subcategories for cropland are listed below with a brief description of each activity:

Row Crop – This operation involves the cultivation of the soil for planting grain crops with the intent of harvest for sale or for feed such as corn, wheat, milo, cotton, soybeans, and other grains. A high degree of cultivation must be evident in order to qualify. Cropland that is not being farmed and is in the Federal Program to receive subsidies is still classified as row cropland.

Orchards / Vineyards – This operation is in the business of cultivation and growing of trees or grapevines that produce crops of nuts or fruits. A regular schedule of pruning and spraying and cultivation or close mowed turf grass as brush and weed control must be evident. This operation like truck farming can yield good harvests off small acreage, thus a minimum size requirement would be ten acres.

Hay Crop – This operation involves the cultivation (fertilizing) of planted or maintained grasses such as hybrid Sorghum grasses or coastal Bermuda. These grasses are then cut, baled, and marketed or used for personal livestock feed. Weed and brush control are usually evident. Ten acres is a minimum size requirement for this type of operation. Proof of sales of hay crop, proof of ownership of livestock and baling receipts may be required.

Truck Farming – This operation is in the business of cultivation the soil for planting vegetables. This type of operation depends on a reliable source of water; thus, some type of irrigation equipment should be evident. This type of operation typically requires a minimum of ten acres.

Irrigated Cropland – This operation involves the cultivation of the soil for rice production, with the intent to harvest for sale. The tract must be prepared for controlled flood irrigation with a series of levees, and a large reliable source of water. During the dry seasons, rice straw may be cut and baled for livestock feed. Irrigated cropland that is not being farmed and is in the Federal Program to receive subsidies is still

considered irrigated cropland. 3-year crop rotation is the most typical being 1 year in rice production and 2 years in pasture.

Grazing Operation: Grazing operations may fall into one or more of the following subcategories:

- 1) Improved pastures – are composed of grasses that are not native to the area such as coastal Bermuda, Alicia, Bahia, Jiggs, Tifton etc. High intensity management practices such as fertilization, weed control, shredding, rotated grazing, or harvesting grass for hay are common. Stocking rates for intensely managed improved pastures may be as great as one grown head per acre.
- 2) Native pasture – are composed of grasses that are native to the area. A low level of management is common. Native pastures that are intensely managed are considered to be equivalent to improved pasture. Stocking rates will vary greatly. Some weak soil areas such as the piney woods may need as much as 50 to 60 acres to graze a grown cow and the better soils may graze 1 cow to 2 acres.

Beef Cow/Calf – This operation is in the business of raising beef for sale to either processors or to other operators as breeding stock. These operators include the purebred operations, also the commercial breeder who sells calves to the local stock markets. Typical requirements include a minimum herd size of five grown head of breeding age animals. One cow/calf pair or a mature individual is considered to be equivalent to one animal unit.

Feeder/Stocker Calf – This operation is in the business of raising beef for processors. This operation involves acquiring calves at a certain weight from cow/calf operators and raising the calves until they gain weight (feed lot or slaughter weight). Although both heifer and steer calves can be found in these types of operations, steer calves are the most prevalent. Typical requirements include a minimum herd size of ten head. Two calves are equal to one animal unit.

Sheep/Goats – This operation is in the business of providing two by-products, wool/mohair, and meat. Commercial operations would not require any particular type of breed and is usually in the business of meat production only. Purebred operations are normally primarily in the business of producing wool/mohair, meat or animals for sale to other producers as breeding stock. Typical requirements include a minimum herd size of twenty-five head.

Horse Farm – This operation is directed to breeding operations. The by-products are colts and fillies. This operation involves having brood mares and either stud (stallion) on location or A/I service. This operation will involve facilities for the care, breeding, and raising of brood stock and their offspring together with intensive training of colts or fillies if operation involves any number of breeds and is not limited to thoroughbred and quarter horse breeds. Typical pastures are of the improved variety such as coastal and alfalfa. Typical requirements include a minimum of three head, with at least two being brood mares.

Working Horses – Acreage used to graze horses that are used in conjunction with ranching or farming qualifies for open-space ag valuation. The minimum number of animal units and the minimum acreage sizes are not required as long as the horse or horses are used in ranch or farm work.

Miniature Horses/Shetland Horses – Refer to the above section on horse breeding operations. Typical requirements are six miniature horses or four Shetland horses. Two miniature horses equal one animal unit; one Shetland horse is equal to one animal unit.

Exotics – This operation involves the raising of deer breeds that are not native to Texas for supplying meat and/or leather for the specialty markets. Production and sale of breeding stock can also qualify, but proof of sales may be required. The pastures that are involved in this type of operation require a seven to eight-foot perimeter fence. This fence is made up of wire mesh and may have barbed wire at the top. In order to qualify, the operator should be able to provide the district a harvesting schedule. Typical requirements include fifteen grown deer minimum.

Special Operations: These special operation subcategories are as follows: (Note: These operations are intensive in nature thus requiring special handling from a value standpoint.)

Dairy Cow/Calf – This operation is the business of producing milk/cheese products. This operation involves dairy type breeds such as Holstein and Jersey. Typical operation involves a bull on location or A/I service to several head of breeding age cows. Calf production is necessary for the continual production of milk, and thus also is a secondary crop for the dairy producer. Calves are weaned early from mother cows and fed out to sell to processors as veal or to local stock markets to supply the stocker calf operators. Heifer calves are returned to the herd as milk producers. Dairy herds are confined to improved pastures and in substantial numbers that requires a great amount of supplemental feeding. Dairies have also involved some cultivating of grain crops or fodder to support this supplemental food need. Typical requirements include a minimum of twenty-five head. One cow/calf or one mature individual is equal to one animal unit.

Feedlot – These operations that take calves and feed them for finishing purposes before slaughter. On the part used for this operation would qualify.

Hog Operations – This operation involves the raising of hogs for the pork meat market. Typically, the hogs are confined to small pen areas. Also, large numbers of hogs can be kept on small acreage. Minimum intensity requirement is five breeding sows or thirty feeder pigs. Only the land involved with the pen area will qualify.

Bee/Honey – This operation involves the placing of hives in order for the honeybee to produce honeycomb. This honeycomb is processed into pure honey food product for human consumption. The hives are placed in groups in an open pasture. A minimum of six (6) mainframe hives to be placed on the minimum five (5) acres. A minimum of twelve (12) mainframe hives to be placed on the maximum (20) acres.

Permaculture – This operation is in the business of cultivating herbs and medicinal type plants not native to this area using the native plant cover to protect the budding plants. This operation is intensive on small acreage; there are no minimum acreage requirements.

Floriculture – This operation is in the business of cultivating plants or nursery stock in pots on top of the ground. This stock is then sold wholesale to nurseries. Intensive conditions exist on small acreages; there are no minimum acreage requirements for these tracts.

Domesticated Fowl – This operation involves the raising of domesticated fowl, such as: chickens, turkeys, and quail, as meat for human consumption. Chicken operations may involve also the harvesting of eggs as well. This operation involves raising the birds in large barns holding thousands of birds.

Exotic Birds – This operation involves the raising of exotic birds for breeders, zoo, or specialty markets. To qualify for open-space these cases must be reviewed on an individual basis by the chief appraiser.

Christmas Trees – This operation is in the business of cultivating evergreen trees to market as Christmas trees. A regular schedule of pruning and spraying and cultivation, along with mowed turf grass as brush and weed control must be evident. Some reliable source of water should be present. Intensive conditions exist on small acreages; a minimum size requirement would be three acres.

Aquaculture – This operation involves the raising and harvesting of fish, shrimp, crayfish, or other aquatic animals for human consumption. Intensive conditions exist on small ponds. Raising fish is a qualified agricultural land use when all the elements of a bulk harvest are present. Taking fish by individual line is clearly a recreational activity.

Turf Grass Farms – This operation is in the business of cultivating turf type grasses for wholesale to landscapers and builders. A high degree of weed and pest control must be evident. This operation always involves irrigation and thus should be evident as well. The minimum acreage is ten acres.

Procedures for Qualifying Timber Productivity

*****As timber production is not common in Colorado County, a written timber management plan will be required for qualification purposes.**

Sec. 23.72. Qualification for Productivity Appraisal.

(b) In determining whether land is currently and actively devoted principally to the production of timber or forest products to the degree of intensity generally accepted in an area, a chief appraiser may not consider the purpose for which a portion of a parcel of land is used if the portion is:

- (1) used for the production of timber or forest products, including a road, right-of-way, buffer area, or firebreak; or
- (2) subject to a right-of-way that was taken through the exercise of the power of eminent domain.

Sec. 23.9802. Qualification for Appraisal As Restricted-Use Timber Land.

(b) Land qualifies for appraisal as provided by this subchapter if:

- (1) timber was harvested from the land in a year in which the land was appraised under Subchapter E; and
- (2) the land has been regenerated for timber production to the degree of intensity generally accepted in the area for commercial timber land and with intent to produce income.

Timberland – Land where softwoods or evergreen trees comprise more than two-thirds of the stems that are free to grow. This operation is currently and has been devoted principally to the production of timber or forest products with the intent to produce income for five of the last seven years.

Standard Practices for Timber:

- a. A written Forest Management Plan prepared by a professionally trained forester.
- b. Records of improvements and Forest Management. Treatments as prescribed in the plan (Cost Records)
- c. Commercial Timber Stocking (Pine or Cedar)
- d. Document Timber Harvest
 1. As prescribed in Forest Management Plan
 2. Approximately 7 to 10-year intervals
 3. Exception for Immature Stands
 4. On Immature Stands, must have 300 stems of commercial timber per acre that not overtopped, that is being released
- e. Must have a soil site index of 65 or greater for pine trees
- f. Evidence of harvesting, marketing, and replanting should be supplied on request

Temporary Interruption – If a tract shows no activity and this lack of activity is because of:

- A) Disaster (drought, flood, no water source for livestock etc.) reasons, these standards may be set aside for the year that the disaster occurs. Prudent management during extreme drought conditions may dictate that all grazing animals be removed for short periods. It is recommended that the CAD office be notified if this drought situation is for a period greater than 12 months. The open-space ag value can continue under the above circumstances.

- B) Fence construction (estate settlements, partition, condition), a temporary interruption may be granted for a maximum of one year except when litigation is pending.

Land Used in Conjunction—with larger tracts may qualify if used to store farm equipment, working ranch horse(s), bull pastures, weaning pastures if there is no residential or commercial endeavor on the property and is used with adjoining agricultural use property owned

Periodic Adjustments – These standards are subject to periodic review by the Agricultural Advisory Board to keep them current with what is typical agriculture practice in Colorado County. Also, from time to time, adjustments will be needed to comply with changes in either Texas Comptroller of Public Accounts appraisal manual or Texas Property Tax Code.

TYPICAL MINIMUM ACREAGE REQUIREMENTS FOR LAND

Type of Land	Minimum # of Acres
Native Pasture	10
Improved Pasture	10
Hay Production	10
Orchards/Vineyards	10
Tree Farms	10
Grass Farm	10
Irrigated Crop (Typically Rice)	10
Aquaculture	10

TYPICAL HERD SIZE REQUIREMENTS

Type of Operation	Minimum Size
Beef Cow/Calf	5
Dairy Cow/Calf	25
Feeder/Stocker	10
Sheep/Goats	25
Horses (24+ mo)	3
Miniature Horse	6
Shetland Horse	4
Exotic Deer	15
Llamas	4

***** These minimum herd size requirements are in-line with our typical minimum acreage standard. Obviously, herd size will vary based upon acreage, land use and environmental conditions. Colorado**

County Appraisal District view this as a scalable requirement base on the above-mention criteria.

MINIMUM TREES PER ACRE REQUIREMENTS

Pecan orchards	14 trees/acre
Peach orchards	40 trees/acre
Timber	400 trees/acre
Christmas tree farm	700 trees/acre

**BEEKEEPING AS AG PRACTICE FOR 1D1 (OPEN-SPACE) AGRICULTURAL USE
APPRAISAL
(Ag Productivity Land Valuation)**

Texas law, effective January 1, 2012, made it possible for beekeeping to qualify for an Ag Valuation on property taxes. This is covered in the Property Tax Code under Chapter 23, Subchapter D, Sect. 23.51 (1) and:

(2) "...The term also includes the use of land to raise or keep 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 or more than 20 acres".

The Colorado County Appraisal District (CAD) allows for Honeybees (***production of human food***) as a viable agricultural practice.

*Note – One Bee Box = One Honeybee Hive

Under Open-Space productivity valuation, values are calculated using a modified income approach to determine the per acre value. This is done using cash lease rates that are collected each year through a survey mailed to landowners. The challenge with determining a productivity value for beekeeping using the cash lease method is usually beekeepers do not lease the land on which the hives are located. In most instances, a property owner who has hives located on the land do not have an open-spaces valuation and are performing the practices to establish the history for an agricultural use valuation.

Using the basic Income/Rate/Value formula for developing an income approach to value, we have developed a productivity value for beekeeping, and it is used for all Beekeeping.

In Texas, it is estimated that a hive will produce an average of 74 pounds of honey per year. With the assistance of local beekeepers, there is an estimated average of \$60.00 per hive of expenses per year. The five-year average wholesale price for honey per pound is used for the Beekeeping agricultural use value calculation. The following is an **EXAMPLE ONLY** of Colorado CAD's Beekeeping agricultural use value calculation:

Five-year average of net to land (V) = \$315.92
 Capitalization Rate (R) = 10.00%
 Gross Productivity Value (V/R) = ($\$315.92 / .1000$) = \$3,159.20
 Maximum Hives per Maximum Acreage = 0.6 (12 hives/20 acres)
 20-acre owner contribution to total bee range = 17.68%
 Productivity Value: $\$3,159.20 \times .6 \times .1768$ = \$335.13 Rounded to \$335.00/acre

Intensity Standards for Beekeeping

Number of Acres	Number of Hives/Nesting Boxes Needed
5	6
6-10	7
11-12	8
13-14	9
15-16	10
17-18	11
19-20	12