

KLEBERG COUNTY APPRAISAL DISTRICT
AGRICULTURAL STANDARDS

REVISED: December 2019

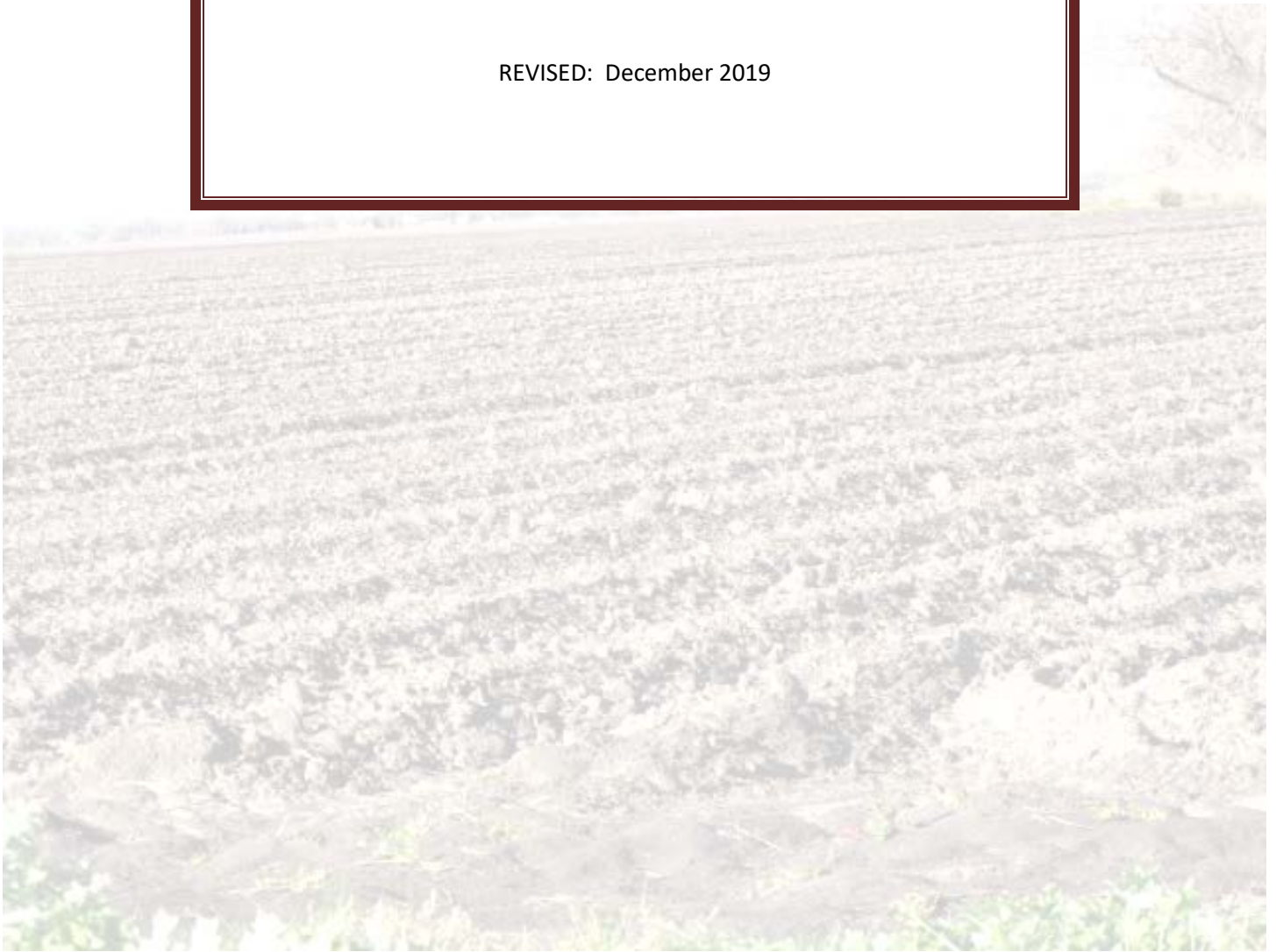


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INTRODUCTION

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 Kleberg County Appraisal District Office. If the property owner requires more time, they may file a written request with the chief appraiser for up to 60 days if they have a good reason for needing extra time. If the taxpayer misses the April 30 deadline, they may file an application for late agriculture evaluation 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. **If a person does not file a valid application before the appraisal review board approves the appraisal roll, the land is ineligible for an agricultural appraisal in that year.**

QUALIFICATIONS 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. An agricultural 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 agricultural use. A tract of land may be used as a part of a larger operation with another tract in order to meet minimum acreage requirements. The proximity of the two tracts should be in line with what is typical for a producer that uses leased land in his operation. 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 (if grazing is part of the wildlife management plan) in the Kleberg County Appraisal District 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 minimum acreage chart is found on page 8 of this guideline.

CURRENT USE TEST

The land must be in agricultural use as of January 1 of the tax year or is planned on being used for agricultural purposes for the bulk of the calendar year for one or more of the agricultural purposes that 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.**

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 qualified 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 value for the 2011 tax year a property was used for agriculture for 2010, 2009 and not for 2008, then again in 2007 and 2006 and again was not used in 2005 and was used for agriculture in 2004, the land would pass the time period test. 2011 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 Kleberg County. Some of these operations include one or more types of operation. Agricultural operations include cultivating the soil, producing crops for human food, animal feed, or planting seed or for the production of fibers, floriculture, viticulture, horticulture, raising or keeping livestock, raising exotic game for commercial use, participation in a government program, wildlife management, and beekeeping 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 the Kleberg County Appraisal District 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 in Kleberg County.

CROPLAND OPERATIONS

Cropland operations can be classed as dry crop or irrigated crop. The most common type of cropland operation in Kleberg County is dry crop sorghum and cotton. Cropland requires supplemental fertilization and is usually a part of the typical operator’s farming operation. Landowners should follow practices that are typical for Kleberg County. The same qualifications for 1-D-1 Productivity apply to cropland operations. A typical size field in Kleberg County has a minimum of **twenty acres**. But smaller tracts can qualify if they are used in conjunction with other tracts.

IMPROVED PASTURE HAY OPERATIONS

Improved pastureland 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. Landowners should follow practices that are typical for Kleberg County. The same qualifications for 1-D-1 Productivity apply to improved pasture operations. A typical size field in Kleberg County has a minimum of **5 acres**. But smaller tracts can qualify if they are used in conjunction with other tracts.

CATTLE GRAZING OPERATIONS

This type of operation is the most commonly found agricultural operation in the Kleberg County Appraisal District. A typical operation in Kleberg County will include a minimum of **three cows or five calves**. Kleberg County’s typical heard size is 3 animal units. Please refer to the Animal Unit Equivalency Chart on [page 8](#) of this guideline for a complete list of animals. For minimum grazing acreage requirements refer to the minimum acreage chart on [page 8](#).

GOAT OPERATIONS

This operation is in the business of producing primarily three products being mohair, meat, and milk. Milk is sold for human consumption or fed to orphan goats or sheep. 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 **eighteen breeding age animals** with at least one Billy (sire) goat. 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 and minimum grazing acreage requirements on [page 8](#) of this guideline.

HORSE OPERATIONS

This type of operation is limited to breeding horses. A breeding operation involves having brood mares and either a stud (stallion) on location or using artificial insemination for breeding the mares. 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. At least **three head of breeding age mares** are required to be considered a typical horse breeding operation in Kleberg County. Supplemental feeding is a given fact of a breeding horse operation. Breeding associations have suggested that a minimum amount of acreage for a typical breeder is in the **15 to 20 acre** range in order to support a breeding operation. Donkeys, mules and burros are also included under horse operations and the same guidelines pertain to these animals. Miniature or dwarf horses 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 8](#) of this guideline. Land used primarily to train, show, or race horses, to ride horses for recreation, or to keep or use horse in some other manner that is not strictly incidental to breeding or raising horses does not qualify. Similarly, land used as a stable, where horses are kept, fed, and cared for, is not being used primarily for an agricultural purpose, unless the stable is incidental to breeding and raising horses. **Breeding documentation such as registration papers and or veterinarian documentation of insemination is required.**

FISH OPERATIONS

Raising fish is a qualified agricultural land use when all elements of a bulk harvest are present. Taking fish by individual line is clearly a recreational activity.

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 Kleberg County are hunting operations. This type of operation, depending on the type of animal, may require 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. A typical operation in Kleberg County will have **at least three animal units**. A chart with many of the exotic animals typically found in Kleberg County is found on [page 8](#) of this guideline.

GOVERNMENTAL PROGRAMS

Currently, the only governmental program that will qualify for 1-D-1 Productivity on its own is the C.R.P. ten-year set-aside program. This type of program is a federal program that allows producers to put cropland back into grassland. The landowner 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. For further information on Governmental Programs contact the Farm Service Agency (FSA) of Kleberg County.

WILDLIFE MANAGEMENT OPERATIONS

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 landowner 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.

A tract of land qualifies for agricultural appraisal based on wildlife management use if:

- (1) The tract of land is appraised as qualified open space land (1-D-1)
- (2) The landowner's **primary use** of the tract of land is wildlife management
- (3) The tract of land is **actively** being managed to sustain a breeding, migrating, or wintering population of indigenous wildlife through implementation of a wildlife management plan
- (4) The wildlife management plan includes:
 - a. Ownership information, property description and current use
 - b. The landowner's goals and objectives for the tract of land
 - c. The specific indigenous wildlife species targeted for management
 - d. The specific management practices and activities to be implemented in support of the specific indigenous wildlife species targeted for management (the practices and activities shall be consistent with the *Comprehensive Wildlife Management Planning guidelines for the Gulf Prairies and Marshes Ecological region*)
- (5) The land owner is actively implementing **at least 3 of the 7** wildlife management practices, which are:
 - a. Habitat control
 - b. Erosion control
 - c. Predator control
 - d. Providing supplemental supplies of water
 - e. Providing supplemental supplies of food
 - f. Providing shelters
 - g. Making of census counts to determine population
- (6) The landowner manages indigenous wildlife for human use
- (7) Tracts with acreage **not** equal to or greater than the acreage on January 1 of the previous year are subject to minimum acreage requirements. The tract of land must be at least:
 - a. **50 acres** for tracts of land **not** located in a wildlife management association, and **not** designated by Texas Parks and Wildlife as a habitat for endangered species, threatened species, or candidate species for listing as threatened or endangered
 - b. **20 acres** for tracts of land located in a wildlife management property association
 - i. Wildlife management property association is a group of land owners whose tracts of land:
 1. Are contiguous
 2. Are subject to a written agreement that legally obligates the owner of each tract of land to perform the wildlife management practices and activities necessary for each tract of land to qualify for appraisal based on wildlife management use
 - c. **20 acres** for tracts of land located in an area designated by Texas Parks and Wildlife as a habitat for endangered species, a threatened species, or a candidate species for listing as threatened or endangered.

BEEKEEPING OPERATIONS

Beekeeping is an agricultural use and shall qualify for agricultural productivity valuation if used for pollination or for the production of human food or other tangible products having a commercial value. (Sec. 23.51(2) TX Prop Tax Code)

Acreage Requirement: The state of Texas has set a minimum of 5 acres and a maximum of 20 acres to qualify beekeeping as an agricultural use. Appraisal District will grant agricultural use on the total acreage, not just where the hives sit (surrounding vegetation required for pollination).

History: The property needs to have a 5 out of the last 7 year history in agricultural use. The history does not necessarily have to be beekeeping history; it just needs to be open space history. One way to show some bee history is to provide copies of the export/import or intra-state permits, which are required by the Texas Apiary Inspection service to transport hives.

Degree of intensity: Apiary means a place where **six** or more colonies of bees or nuclei of bees are kept. (Sec. 131.001 TX Ag Code)

5.00 acres – 8.00 acres	6 active hives
Above 8.00 acres – 11.00 acres	8 active hives
Above 11.00 acres – 14.00 acres	10 active hives
Above 14.00 acres – 17.00 acres	12 active hives
Above 17.00 acres – 20.00 acres	15 active hives

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

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 three years, if it had productivity value for the full three years. The rollback tax equals the difference between the taxes actually imposed in the three years preceding the change in use and the taxes that would have been imposed on the property's market value. (Texas Tax Code 23.55(a))

Example before adding interest:

TAX YEAR	TAX PAID	TAX ON MARKET VALUE	DIFFERENCE
2018	\$50	\$500	\$450
2017	\$55	\$520	\$465
2016	\$50	\$480	\$430
TOTAL			\$1340

The tax assessor must add 5 percent annual interest to these amounts from the date they would have become due. (Texas Tax Code 23.55(a))

Example interest calculation: (assume Change of Use occurred May 1, 2019 and tax statements when out October 1 in each of the preceding years.) Formula = tax x annual interest rate x (#days / 365)

2018 interest accrues from October 1, 2018 to May 1, 2019 (213 days)
$450 \times .05 \times (213/365) = \13.13 interest $450 + 13.13 = \$463.13$ Total 2018 tax and interest
2017 interest accrues from October 1, 2017 to May 1, 2019 (1 year and 213 days)
$465 \times .05 \times (578/365) = \36.82 interest $465 + 36.82 = \$501.82$ Total 2017 tax and interest
2016 interest accrues from October 1, 2016 to May 1, 2019 (2 years and 213 days)
$430 \times .05 \times (943/365) = \55.55 interest $430 + 55.55 = \$485.55$ 2016 tax and interest
TOTAL ROLLBACK TAXES AND INTEREST DUE IN THE 3 YEAR EXAMPLE = \$1450.50

If a tract had more acres, for example 100 acres, the total rollback can be substantial.

For example, if the taxes on market value are 16,000 for one year and the ag value tax is 480 the difference before interest for this one year is \$15,520. \$15,520 times 3 years times 5% annual interest would be substantial.

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.**

MINIMUM ACREAGE CHART

<u>AGRICULTURAL ACTIVITY</u>	<u>MINIMUM ACRES</u>
Crop land	20 acres
Hay land	5 acres
Horse Breeding	15 acres
Grazing	12 acres

ANIMAL UNIT EQUIVALENCY CHART

TYPES OF LIVESTOCK	NUMBER	ANIMAL UNIT
Bull	1	1.30
Mature Cow	1	1.00
Heifer/Steer	1	1.00
Weener calf	1	.60
Ram (adult male sheep)	5	1.30
Ewes (adult female sheep)	5	1.00
Lambs (weaned to 1 year)	5	.60
Buck Goat	6	1.30
Doe Goat	6	1.00
Kid Goat / Miniature	6	.60
Mare / Stallion (over 4 yrs age)	1	1.00
Filly / Colt (under 4 yrs age)	1	1.00
Yearling Horse / Miniature (1-2 yrs old)	1	.78
Whitetail Deer	6	1.00
Emus	3	1.00
Antelope	9	1.00
Ostriches	2	1.00

Sources of Information Used

Texas Property Tax Code Chapter 23, Subchapter D
Guidelines for the Qualification of Agricultural Land in Wildlife Management Use
Handbook of Texas Property Tax Rules
Comprehensive Wildlife Management Planning guidelines for the Gulf Prairies and Marshes Ecological Region
2003 Board of Directors Meeting Minutes
Agricultural Advisory Board
Surrounding Appraisal Districts
Texas Agricultural Code

Contact Information

Kleberg County Appraisal District

Hours of Operation: M – F 8am to 5pm (with the exception of designated holidays and training days)

Location: 502 E Kleberg Ave

Office Phone: (361) 595-5775

Fax Number: (361) 595-7984

Mailing Address: PO Box 1027, Kingsville, TX 78364

