

MASON CENTRAL APPRAISAL DISTRICT



Open-Space Land Special Appraisal

Agriculture / Wildlife Management Policy Manual

Qualification Standards; Application,
Recertification & Reporting
Requirements

Revised Date: 11-9-21
Agricultural Advisory Board

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Agricultural Advisory Board

Sec. 6.12 of the Texas Property Tax Code, requires chief appraisers to appoint an agricultural appraisal advisory board. The legislature created this advisory board to help improve communications between the farming and ranching community and the appraisal district. The Agricultural Advisory Board is responsible for approving the following open-space special appraisal policy manual.

The board's primary purpose is to advise the chief appraiser on the appraisal and use of agricultural land. By appointing the required agricultural board members and conducting the required annual meetings, the board and chief appraiser support the CAD in improving its appraisal and classification of agricultural land.

Ag Advisory Board

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1 Overview

Effective January 1, 2022: The Mason Central Appraisal District will utilize the following policy/guidelines to perform a uniform mass appraisal of open-space (ag-use) land throughout the taxing jurisdictional boundaries of Mason County. Under the rule-making authority of the Comptroller's Property Tax Assistance Division (PTAD), the Texas State Comptrollers publications 96-300 & 96-354 "*Manual for the Appraisal of Agricultural Lands*" and "*Guidelines for Qualification of Agricultural Land in Wildlife Management Use*" provide the foundations for these Mason County specific guidelines.

Although commonly referred to as "ag exemption" it is not an exemption. The Texas Constitution permits qualified open-space land to be appraised using a productivity value instead of market value. The Texas Constitution, Article VIII, Section 1-d and 1-d-1 provide the legal basis for this special method of appraisal. Texas Property Tax Code Sections 23.51 -23.60 provide provisions for implementation of this method of appraisal.

Sec. 6.12 of the Texas Property Tax Code requires chief appraisers to appoint an agricultural appraisal advisory board. The legislature created this advisory board to help improve communications between the farming / ranching communities and the appraisal district. The board's purpose is to advise the chief appraiser on the productivity appraisal value and use of agricultural land. By appointing the required agricultural board and conducting the required annual meetings, the board and chief appraiser support the CAD in improving its appraisal and classification of agricultural land. The Agricultural Advisory Board must approve this policy document and changes each year.

In estimating a uniform productivity appraisal of land, the chief appraiser considers only those factors associated with the land's capacity to produce marketable agricultural products. A modified income appraisal approach converts an estimate of the property's income into an estimate of the property's value that excludes any appreciation in the market value of the land.

The appraiser first estimates the property's annual net income, then divides the income by a capitalization rate. The result is an estimate of the property's value. The capitalization rate is published and provided by the Texas comptroller as part of the agricultural information available on PTAD's website. By law, the capitalization rate is the greater of 10 percent or the interest rate specified by the Farm Credit Bank of Texas or its successor on Dec. 31 of the preceding year, plus 2 1/2 percentage points.

It is not practical to individually appraise each tract of land. Working with the Ag advisory board, the chief appraiser creates an effective productivity appraisal system that classifies land, estimates net income to land, determines the value per acre using the current year's capitalization rate, classifies all qualified land using the system, and develops a mass appraisal schedule for the classes.

The open-space valuation for each year is applied as a mass appraisal to all qualifying tracts of land. The chief appraiser has the authority to consider each property on an individual basis in order to uniformly apply the rule. Exceptions to this policy will be handled on a case by case basis.

Land qualified for Wildlife Management is placed in a specific wildlife management class, however it retains the same appraised value as before its conversion to wildlife management use based on the land's previous agricultural class.

2 Qualification Standards

2.1 Sec. 23.51. Qualified Open-Space Appraisal Overview

“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 and that has been used principally in that manner by a college or university for five of the preceding seven years.

If the land is used for more than one purpose, the most important or primary use must be agricultural. Generally, small acreage tracts less than 20 acres, with a residence, will be considered principally residential. Per the Texas Parks & Wildlife tax appraisal guidance for Mason County, the minimum tract for Wildlife Management is 20 acres. (See Appendix D. TPW Wildlife Appraisal Regions by County)

2.2 Sec. 23.52. Appraisal of Qualified Agricultural Land

The mass appraised value of qualified open-space land is based on the “Use Classification” of the land and the comptroller approved income capitalization appraisal method. The appraised value, so determined, may not exceed the market value as determined by other appraisal methods.

2.3 Sec. 23.521. Appraisal Based on Wildlife Management Use

Tax Code Chapter 23, Subchapter D addresses the requirements for landowners to qualify their land for agricultural appraisal and also instructs county appraisal districts in how to appraise qualified agricultural land. Land used for wildlife management must meet all the legal requirements of land qualified for agricultural appraisal. Land on which the owner engages in wildlife management and that meets other requirements for agricultural appraisal is qualified for agricultural appraisal and is technically in agricultural use.

2.4 Improvements

Agricultural value applies only to the land and not to structures. The land beneath the structures or buildings used in agricultural production will qualify for the agricultural appraisal due to their use in connection or association to the agricultural process.

2.5 Appurtenances

Appurtenances to the land include water wells, ditches, stock tanks, roads and other similar re-shaping of the soil are indicated in the value of the land and are not appraised separately.

2.6 Products of Agriculture

Products in the hands of the producer are generally exempt from taxation as described in Section 11.16 of the Property Tax Code. Farm and Ranch equipment designed and used primarily for agricultural husbandry activities are also exempt as described in Section 11.161 of the Property Tax Code.

2.7 Qualifying Uses of the Land

The land must be devoted principally to an agricultural use. If the land has more than one use, the most important or primary use must be agriculture.

- Cultivating the Soil
- Production of crops for human consumption, animal feed, or the production of fibers
- Cultivation of ornamentals and flowering plants
- Cultivation of grapes or viticulture
- Cultivation of fruits, vegetables, flowers, herbs and other plants
- Raising of livestock such as meat or dairy cattle, horses, goats, swine, poultry, and sheep
- Raising exotic game for a commercial use other than hunting
- Land used 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
- Land participating in a Governmental agricultural program and normal crop rotation. Land left idle for crop rotation qualifies until left idle for longer than the typical period.
- Land used for wildlife management

2.7.1 Time Period Test

Land must have carried the agricultural valuation for it to meet the history requirement and time tests:

- Land located outside of an incorporated city limit must have qualified and received agricultural valuation for five (5) out of the last seven (7) years;
- Land located within an incorporated city limit must have qualified and received the agricultural valuation for five (5) out of the last five (5) years continuously.
- If a tract of land does not meet the appropriate time test it will be considered to not have a history of agricultural value on the property. If this occurs the owner must either account for or build an agricultural history on the property in order to qualify for the agricultural value.

2.7.2 Accounting for the History

If an owner desires agricultural appraisal on land which the district does not reflect an agricultural use history, the owner must complete the “Affidavit in Support of Open Space Valuation Application” attesting to the prior agricultural use. The affidavit must be completed by the person directly involved in the farming or ranching operation. That person must also supply supporting information relating to the productivity of the land which demonstrates the land was farmed or ranched to the degree of intensity standards during those years. (Supporting information may be the IRS Schedule (F) for each of the previous years, FSA enrollment documents, receipts etc.). Failure of the applicant to supply the required documentation will result in a disapproval or denial of the application.

2.7.3 Building an Agricultural History

In order to build a history an owner must be engaged in an appropriate agricultural activity to the degree of intensity standards for a consecutive five (5) year period. The owner will file an agricultural application to begin

the history and to account for the agricultural activity that year. The District will code the account and each year the District will send the owner a letter to complete certifying continued use in the agricultural activity originally applied for. Any change of use must be identified. The property will be field checked and an annual certification must be filed each year the history is being established. If the owner fails to submit the certification back to the District for the year, the district will not recognize that year as being in agricultural use for the purposes of building history and the owner will then be required to restart the process.

Example: 2015 is the first year of application to build history. 2016-2019, the district sends the History Certification to the owner and the owner completes and returns the letter. 2020, the property receives agricultural productivity valuation. Inability to accomplish the agricultural activity due to declared drought or disaster during a particular year is considered productive use that year for the purposes of building history.

2.8 Non-Qualifying Uses of the Land

- Token agricultural use which occurs in an effort to obtain tax relief
- Personal consumption of crops or livestock produced by owner.
- Harvesting native plants or wildlife
- Processing of plants and animals - Processing constitutes activities that take place after the crop or animal has been raised and harvested and any activity a non-producer carries out on agricultural products. Processing begins at the first level of trade beyond production or when activities occur that enhance the value of the primary agricultural product.
- Pleasure and or personal use gardens
- Exotic game used primarily for hunting
- Land used to train, show or race horses, or to ride horses for recreation or to keep or use in some other manner that is not strictly incidental to the business of breeding and raising of horses
- Keeping livestock for purpose other than raising livestock

2.9 Primary and Current Devotion to Use

The land must be currently devoted to a qualifying agricultural use and must qualify on January 1 of the year of application. The land must stay in a qualifying use throughout the year. The agriculture valuation can be removed at any time due to non-compliance. This is a productivity value and therefore the property needs to be producing either livestock, livestock offspring or crops. Simply maintaining livestock will not qualify the property.

2.10 Degree of Intensity Qualification

Degree of intensity describes whether the land is being farmed or ranched to the extent typical for agricultural operations specific to Mason County. This qualification is intended to exclude land on which token agricultural use occurs in an effort to obtain tax relief.

The intensity and land classification tables are to be used as guidelines to ensure the equitable valuation of agricultural use of land in Mason County. These guidelines have been developed using information provided by the Mason County Extension Office, Natural Resource Conservation Service, the Central Appraisal District of Mason County, the Agricultural Advisory Board and information obtained through landowner surveys.

2.11 Ineligibility

Some Land is automatically ineligible for qualification.

- a. Land Located Within the Boundaries of a City or Town - Land located within a city must meet one of the following criteria to be considered for qualification:
 - i. The city must not provide the land with general services comparable to those provided in other part of the city.
 - ii. The land must have been devoted principally to agricultural use continuously for the preceding five (5) years.
- b. Land Owned by a Non-Resident Alien or Foreign Government - If the Property owner is a non-resident alien, the land cannot qualify. A corporation cannot qualify its land if non-resident aliens, foreign government, or both control the corporation.
- c. Land which 1-D-1 Appraisal is Waived - An owner may waive his right to 1-D-1 appraisal. A 1-D-1 waiver is effective for twenty-five (25) years and applies to the land even if ownership changes.

3 Mason County Land Classifications

Terrain, soil type, brush canopy and water availability are just a few of the conditions that could affect what constitutes a minimal level of agricultural intensity for a given geographic area. There are six classifications of land use in Mason County; Dry Crop, Irrigated Crop, Native Pasture, Improved Pasture, Orchard, and Barren.

- a. **Dry Crop** - Refers to land that is primarily used to producing crops for human food, animal feed, planting seed or the production of fibers.
- b. **Irrigated Crop** - Refers to area equipped to provide water (via artificial means of irrigation such as by diverting streams, well water, flooding, or spraying) to the crops.
- c. **Native Pasture** - Land foraged by grazing animals. A field covered with grass or herbage which is suitable for grazing by livestock.
- d. **Improved Pasture** - is defined as those pastures, with native and improved vegetation, including but not limited to fertilizer application, weed and brush control (mechanical or chemical) or over seeding with winter grass.
- e. **Orchard** - Land devoted to the cultivation of grapes, fruit, or nut trees.
- f. **Barren** - This classification includes land that the typical operator would/could not use. The amount of barren allowed open space designation is normally restricted to less than 20% of the total tract of land. The land can consist of creeks, draws, or other areas that are not financially feasible to utilize.

This can also apply to small tracts that have been split by roads, creeks, and rivers. This land must be an integral part of one or more of the other land classifications.

Table 1. Mason County Land Class, Type, and Minimum Pastureland Stocking Rate

Land Class	Land Type	Abbreviation	Description	Minimum Stocking Rate
Irrigated Crop	Tillable Irrigated	TI	Food, Feed, seed, or fibers.	NA
Orchard	Orchard/Vineyard	OP	Fruit Trees, Pecans, Grapes, etc...	NA
Dry Crop	Tillable Dry Land	TD	Food, Feed, seed, or fibers.	NA
Improved Pasture	Irrigated Grasses	IG	Hay, Coastal, etc.	NA
Improved Pasture	Range Improved	RI	Field Improved Grasses	1AU per 5 Acres
Native Pasture	Range Improved 2	RI2	Pasture Improved Grasses	1 AU per 15 Acres
Native Pasture	Range Native	RN	Best Native Range Land	1 AU per 15 Acres
Native Pasture	Range Native 2	RN2		1 AU per 20 Acres
Native Pasture	Range Brushy	RB		1 AU per 25 Acres
Native Pasture	Range Brushy 2	RB2	Heavy Cedar Breaks	1 AU per 30 Acres
Native Pasture	Range Rocky	RR	Rough Canyons	1 AU per 40 Acres
Barren	No Feasible Use	NFU	Not financially feasible to utilize	NA

4 Pastureland Livestock Intensity

In order to define what a typical livestock grazing operation looks like in Mason County it is necessary to normalize some of the variables in the calculation. Animal Units (AUs) are used in defining stocking rates for all of the pastureland in Mason County. (1) animal unit is equivalent to a 1,000-pound cow with calf. The daily forage consumption of one animal unit is approximately 20 pounds. The number of animal units grazed determines the amount of forage that will be consumed each day and over the entire grazing period.

4.1 Stocking Rates

Stocking rate is defined as the number of animals on a given amount of land over a certain period of time. Stocking rate is generally expressed as animal units per unit of land area. Carrying capacity is the stocking rate that is sustainable over time per unit of land area. The table below converts typical Mason County livestock into Animal Units.

When used by the landowner, the stocking rate determines animal performance, financial return and the long-term condition of the range. Proper stocking rates will: 1) produce optimum animal performance; 2) make the ranch profitable; and 3) sustain or improve the range resource. In order to be profitable, the landowner must balance all factors of intensity.

In qualifying for open-space agricultural appraisal a “minimum” stocking rate as defined in Table 1, provides the landowner with specific Mason County rules for the minimal intensity of use in order to qualify for a 1-D-1 open-space appraisal.

Table 2. Animal Unit Equivalency Table

Animal Type	Animal Unit	Animal Type	Animal Unit
Mature Cow and Calf	1.00	Mature Bull	1.35
Cattle – 1 year of age	0.60	Cattle – 2 years of age	0.80
Mature Horse	1.25	Miniature Horse	0.50
Donkey or Mule	1.25	Min. Donkey/Burro	0.75
5 Ewes	1.00	4 Rams or Buck Sheep	1.00
8 Lambs	1.00	6 Nanny Goats	1.00
5 Billy Goats	1.00	10 Kid Goats – weaned 1 yr old	1.00
6 Mature Mutton Goats	1.00	Bull Elk	0.60
5 Axis or Fallow Deer	1.00	5 Aoudad or Mouflon Sheep	1.00
7 Sika Deer	1.00	2.5 Red Deer	1.00
1 Eland	1.00	3 Emu	1.00
2 Ostrich	1.00	7 White Tail Deer	1.00
10 Blackbuck Antelope	1.00	3 Llama	1.00

4.2 Mason County Minimum Stocking Rate for Agricultural Appraisal

The Mason County Appraisal District has determined a commercial livestock operation must consist of four (4) Animal Units to be considered for special valuation or the land must be actively participating in, adjacent to, and in conjunction with a larger livestock operation that meets or exceeds the minimum number of Animal Units.

If the land is functioning as a portion of a larger livestock operation, the land owner applying for the special valuation will provide the Mason County Appraisal District either a written lease or a statement signed and dated by the lessee containing the extent and duration of the lease.

It will be the landowner's responsibility to keep the appraisal district updated of any changes in the lease agreement including any renewals, subleases, terminations or new lessee. Lease agreements will be reviewed by the Chief Appraiser to determine if the leases are typical to Mason County.

Livestock Operations must comprise at least (4) Animal Units (AUs) to be considered for 1-D-1 open-space appraisal.

4.3 Typical Grazing Operations

4.3.1 Cow/Calf

This operator raises beef for sale to either processors or other operators as breeding stock. These can have purebred or commercial stock. Some small operators may lease a bull or artificially inseminate their cows rather than keeping a bull full time. The perimeter must be permanently fenced. One strand electric wire is not acceptable. A typical fence for permanent pasture is either six-strand barbwire, woven & knotted field fence, or a combination of the two typically 50” high or taller.

4.3.2 Stocker/Feeder

This operation raises beef for processors or feedlots. It involves acquiring calves typically weaned, less than one year old, from cow and calf operators or the livestock auction and raising the calves until they grow large enough for the feedlot, slaughter, or replacement heifers. Both heifers and steer are found in this type of operations. This also requires proper fencing. A typical fence for permanent pasture is either six-strand barbwire, woven & knotted field fence, or a combination of the two, typically 50” high or taller.

4.3.3 Sheep

This type of operation produces wool and meat. It can be either purebred or commercial. Proper fencing is required. A typical fence for permanent pasture is either six-strand barbwire, woven & knotted field fence, or a combination of the two typically 50” high or taller.

4.3.4 Goats

This operation produces meat, mohair, and/or milk. Typical mohair production is usually limited to Angora goats, although there also are cashmere goats. Nubian goats are typically involved in milk production. Most other breeds of goats (including Spanish and Boer) are for meat production. Some purebred owners provide replacement stock to other producers for breeding. A typical fence for permanent pasture is either six-strand barbwire, woven & knotted field fence, or a combination of the two, typically 50” high or taller.

4.3.5 Equine

All equine operations must be for breeding to be considered agricultural use. A breeding operation involves having brood mares and either a stud on location or the use of artificial insemination for breeding. Any breed of horses, donkeys, or other equine may be included. Land used primarily to train, show, or race horses, to ride horses for recreation, or to keep and use horses in some other manner that is not strictly incidental to breeding or raising horses does not qualify. Supplemental feeding is a given fact of a breeding horse operation. Typical fences will not have barbwire, but have smooth wire or rail. Breeding associations have suggested that a minimum amount of acreage for typical breeder is fifteen to twenty acres. The Mason County Appraisal District requires that the minimum amount of acreage is 20 acres.

4.3.6 Exotic Animals

This involves the raising of non-native animals not listed in preceding sections. Exotic animal producers raise the animals (including exotic deer, antelope, and ratites) for meat or other commercially viable products such as leather, feathers, or by-products used in cosmetics or medicine. Some exotic animal operations produce breeding stock for other exotic operations. Proof of commercial use is required to qualify for agriculture use

valuation with exotic animals. This type of operation, depending on the species of animal, usually requires a "deer-proof" high fence. Usually a management program is in place to closely monitor animal numbers. Animal unit equivalents for exotics are described section 4.1. Hunting is not considered a commercial product of exotics - it is considered a recreational activity.

5 Typical Cropland Operations

Cropland in Mason County usually is one of four categories: row crops, horticulture, improved pastureland, and orchards/vineyards. Typically, row crops would involve raising wheat, oats, sorghum, peanuts, or other standing grains. Horticulture includes nurseries, green houses, turf grass. These operations cultivate plants or nursery stock in pots on top of the ground. The stock is then sold wholesale. Improved pastureland would include native and improved grasses such as Bermuda or Klein grass used for hay production. Vineyards and orchards are used for the production of grapes and fruit bearing trees such as peaches, pecans and apples.

5.1 Production of Grain Sorghum, Com, Peanuts, and other row crops

1. Minimum Ten (10) Acres
2. Land must be free of brush
3. Deep broke, chiseled and/or plowed three times per year
4. Apply fertilizer according to soil test or typical for area
5. Apply herbicides and pesticides as needed
6. Plant
7. Cultivate
8. Must try to harvest average county yield
9. Shred and/or disk to destroy stalks and form a mulch

5.2 Production of Wheat, Oats, Rye, etc.

1. Minimum Ten (10) Acres
2. Land preparation – chisel or plow. Disk as needed to keep land clean (Conservation till is acceptable with proof of chemicals used)
3. If wheat is planted for grain, must plant 50 – 100lbs of seed per acre, If wheat is planted for forage, must plant 80 – 100lbs of seed per acre
4. Apply fertilizer according to soil test or typical for area
5. Apply herbicides and pesticides as needed
6. If harvested, must try to harvest average county yield
7. If grazed, must support 1 animal unit per 1 ½ acres

5.3 Nursery Stock and/or Nursery Greenhouse

1. Minimum three (3) acres
2. Sufficient stock planted

3. Weeds and insects controlled
4. Proper equipment used
5. Managed and harvested for commercial sale

5.4 Organic Farming

1. Minimum three (3) acres
2. Organic gardening should be State Certified by TDA
3. Land preparation - 1 acre minimum, plowed and turned
4. Weeds and insect controlled
5. Organic acceptable fertilizers
6. Managed and harvested for commercial sale

5.5 Orchards – Peach, Pecan, Apple, etc.

1. Minimum five (5) acres
2. Minimum density: Pecan trees-14 trees per acre minimum
3. Peach and apple - 70 trees per acre minimum
4. Managed to maximize fruit production sales. Home use does not qualify
5. Spraying as recommended by Texas Agricultural Extension Service
6. Mechanical or chemical weed control
7. Drip or some other means of adequate irrigation for establishment
8. Harvesting techniques to maximize yields for commercial sales

5.6 Truck Farming

1. Minimum three (3) acres
2. Soil must be cultivated
3. Drip or some other means of adequate irrigation
4. Weeds and insects controlled
5. Proper fertilization
6. Managed and harvested to maximize yields for commercial sales

5.7 Coastal Bermuda and Other Improved Grasses

1. Minimum ten (10) acres
2. Weeds and insects controlled
3. Fertilized according to soil test or typical for area
4. Cutting and baling: Dry land - minimum 2 times per year

5. Cutting and baling: Irrigated - minimum 3 times per year
6. If cut less than minimum, should be used for grazing for remaining growing season
7. Minimum yield: Dry land - 1 ½ tons per acre

5.8 Vineyards

1. Minimum five (5) acres
2. Minimum density - 680 vines per acre
3. Weeds and insects controlled
4. Fertilized according to soil test or typical for area
5. Irrigation is usually drip system
6. Managed and harvested to maximize yields for commercial sales

6 Bee Keeping

Beekeeping is an agricultural use and can qualify for agricultural use productivity value if used for pollination or for the production of human food or other tangible products having commercial value. The State of Texas limits beekeeping to areas not less than five acres and not more than twenty acres.

The minimum qualifying use intensity is six colonies on (5) acres.

For every additional 2.5 acres of land an additional hive is required. If a landowner wanted to qualify 20 acres through beekeeping, a minimum of 12 colonies (hives) are required. The hives must be active and must be located on the property for a minimum of seven months of the year.

7 Wildlife Management Program

Outlined by Property Tax Code Section 23.521, the Texas Parks and Wildlife Department in coordination with the Office of the State Comptroller designs forms and the qualification processes for this program.

7.1 Program Overview

- Land must have been qualified and appraised as open-space agriculture land or as timber land in the year prior to conversion to wildlife management use.
- The primary use of the land must be for managing wildlife.
- Property must be “actively managed” to propagate a sustaining breeding, migrating, or wintering population of indigenous wild animals for human use, including food, medicine, or recreation
- Land owner must perform at least 3 of the following 7 management practices each year.
 1. Habitat Control

2. Erosion Control
 3. Predator Control
 4. Provide Supplemental Water
 5. Provide Supplemental Food
 6. Provide Shelter
 7. Conduct Census Counts to Determine Population
- Must submit an application and a management plan between January 1 and April 30 of the tax year.
 - Management plan must be submitted on the Texas Parks and Wildlife form: “TPWD 885-W7000”.

7.2 Wildlife Management Application Forms

The Texas Comptroller’s form 50-129 and the Texas Parks and Wildlife’s Wildlife Management Plan, form 885-W7000 are the initial forms that must be submitted to the chief appraiser. In addition to these forms, include any related supporting documentation such as maps, photos, planning grids and check points or goals for each tax year.

7.2.1 Texas Parks & Wildlife Form 885-W7000

This form is used initially to apply for approval converting the land from agricultural uses to the Wildlife Management Program. This form, once submitted and approved, need not be filed again unless requested by the Chief Appraiser of the Appraisal District;

7.2.2 Texas Parks & Wildlife Form 888-W7000

This form is an Annual Report that must be submitted once per year by the property owner to the Appraisal District concerning the land under application of Wildlife Management use.

7.2.3 Comptroller Form 50-129 - Application for 1-D-1 (Open Space) Agricultural Appraisal

This form is submitted by the property owner to the appraisal district upon initial application to make a change in agricultural use from the existing activity to Wildlife Management

7.3 Wildlife Management Valuation

To qualify for agricultural appraisal under wildlife management use, land must be qualified for agricultural appraisal under Tax Code Chapter 23, Subchapter D, at the time the owner changes use to wildlife management use.

Land that has been converted to **Wildlife Management Use will receive the same mass appraisal as Native Pasture.**

Two forms are required for submittal to Mason Central Appraisal District when applying for special valuation in wildlife management use. The Texas Comptroller's form 50-129 and the Texas Parks and Wildlife's form PWD 885, Wildlife Management Plan, are the initial forms to submit to the appraisal district. In addition to these two required forms, include any related supporting documentation such as maps, photos, planning grids and check points or goals for each tax year.

7.4 Wildlife Management Minimum Acreage

The standards adopted under Section 23.51(7)(A) may require that a tract of land be a specified minimum size to qualify for appraisal under this subchapter. Because the conversion to wildlife appraisal requires the land to have previously been qualified for agricultural appraisal, the previous land minimum size requirement still applies.

7.4.1 Wildlife Sub-division

Texas Administrative Code Rule 9.2005(b) states any wildlife management valuation property is exempt from the minimum acreage requirement as long as the property is not reduced in size in the previous tax year. This is a rule for the specific case of subdividing a property that already has completed the wildlife management appraisal conversion.

Appendix A contains a Texas Parks and Wildlife map titled Wildlife Appraisal Regions by County which identifies minimum acreages by wildlife geographic regions.

The minimum acreage allowed for wildlife management use is Mason County is (20) Acres and applies through either conversion from agriculture use or subdivision changes of existing use.

7.5 Wildlife Management Annual Reporting Requirements

All properties enrolled in Wildlife Management are required to submit an annual report to the chief appraiser (not TP&W), using form PWD-888-W7000, describing how the management plan was implemented during the year. These properties will be flagged in the appraisal system and sent letters requesting annual reports and new applications when necessary to verify continued agricultural use.

Annual Wildlife Management Reports are due to the chief appraiser no later than April 30th each year.

7.6 Wildlife Annual Reporting with Appraisal Office

7.6.1 January Annual Wildlife Report Request Sent by Appraisal District

A (request for report) letter with form 888-W7000 attached is sent via U.S.P.S. first-class mail to each owner whose property is enrolled in Wildlife Management. The owner must complete and return the annual report in

order to continue receiving agricultural appraisal; this letter is sent in January. On or about March 15th, non-respondents will be sent a second letter.

7.6.2 March Non-Respondent Second Request Letter

A second letter requesting that form 888-W7000 be completed and returned to the appraisal district is sent along with a warning that failure to do so will result in penalties for late filing and removal of agricultural appraisal for failing to timely file. This letter is sent certified. The deadline to submit the application is April 30th. The owner must submit a completed annual report in order to receive continued agricultural appraisal.

7.6.3 Failure to submit form 888-W7000 by April 30th

If the owner fails to return the annual report by the deadline, the agricultural productivity value will be removed and the property will be valued at its market value. The change will be reflected on the notice of value. The owner will still have time to apply but will incur a penalty for a late filed application as prescribed.

7.6.4 Processing the Annual Report

Once received, the annual report is processed and the property use verified. If the parcel still qualifies, the annual report is approved and the owner maintains the agricultural valuation. If the report is incomplete or if the chief appraiser requires additional information, the report is disapproved. The owner will be notified by first class mail and must comply within the deadlines indicated in the letter. If the chief appraiser determines the property no longer qualifies for continued agricultural appraisal the open-space valuation is removed from the land. The owner will be notified by certified and will have the opportunity to protest that determination.

8 1-D-1 Qualified Government Programs

Currently, the only programs that will qualify for 1-d-1 productivity valuation are the Conservation Reserve Program (CRP) and Continuous CRP (CCRP). Other governmental programs, such as brush or cedar control and crop subsidies, are normal and prudent ranch management practices and those programs will not qualify the land for agriculture valuation.

9 1-D-1 Application Process

When the District receives a special agricultural use application, one of three things may happen:

- The application is approved or;
- A request for additional information is submitted by the chief appraiser to the applicant, or the
- Application is denied, and a denial letter is mailed to the applicant with reasons for the denial. The applicant has a 30-day timeframe after the denial letter is mailed in which to protest the determination made by the chief appraiser. When the owner comes to their protest hearing they must bring all of their supporting documentation.

9.1 Summary of the 1-D-1 Process

- A property owner must file a valid application 50-129 - Application for 1-D-1 (Open-Space) Agricultural Use Appraisal with the chief appraiser in the appraisal district where the land is located.
- Taxpayers whose land is appraised by more than one appraisal district must file an application in each district.
- Where the applicant owns several parcels of property within one appraisal district, a single application may be used that references all parcels to be considered.
- The deadline for filing a special agricultural use application is April 30th, without any penalty.
- The chief appraiser may extend the deadline for 60 days for good cause if requested by the landowner prior to April 30th. Good cause is generally a reason outside the control of the taxpayer.
- Late application can be made until the Appraisal Review Board approves the appraisal records, which normally occurs mid-July. If a late application is approved, a penalty will be applied in an amount equal to 10 percent of the difference between the amount of tax imposed on the property and the amount that would be imposed if the property were taxed at market value. Please contact the Mason Appraisal District at 325-347-5989 to verify the date, as this date changes annually.
- Failure to file an application before the records are approved for the year makes the land ineligible for special agricultural use valuation in that tax year.
- The chief appraiser must approve or deny all timely filed applications by May 15th.
- After the land is initially approved for special agricultural use valuation, an updated application may be required periodically at the discretion of the chief appraiser.
- Reapplication may also be required when there is not an agriculture use occurring on the property beyond an acceptable timeframe, when a property changes ownership or when a property changes acreage size. A change in the kind of agricultural use operation will also require an updated application from the property owner.
- If the land is taken from an agricultural use, the land is ineligible for the special agricultural use appraisal.
- If the property erroneously receives the special agricultural use valuation, it is subject to a back assessment.

9.2 Routine Agricultural Use Inspections

The Mason CAD staff performs routine site inspections of all properties that are receiving the agricultural valuation. Any property, or portion of property, that is found to be not in compliance with the requirements for the valuation will be dealt with in the appropriate manner. This action could range from a request for a new application, removal of the agricultural value, or initiating a rollback depending on the circumstances.

9.3 Request for New Application

Periodically, the chief appraiser may request a new application for a variety of reasons (such as: questionable or inconsistent use of agriculture, deed filing that splits the land etc.). This request must be sent via certified mail and the owner must complete and submit the application before the stated deadline in order to continue receiving agricultural special appraisal. Failure to complete and submit the application will result in the removal of this special valuation.

9.3.1 New Application Process:

An informational letter along with an agricultural application and a survey is sent to each owner affected by this action.

The owner must submit a completed application in order to receive continued agricultural appraisal. Completion of the survey is voluntary. The application enrolls the property and the survey states the property's productive characteristics which are used for statistical analysis.

If the owner fails to return the application by the deadline, the agricultural productivity value will be removed and the property will be valued at its market value. The change in assessed value will be reflected on the notice of value which is sent to the owner in May. The owner will still have time to apply but will incur a penalty for late filed application as prescribed.

Action on Application: Once received, the application and survey are processed and the property use verified. If the parcel still qualifies, the application is approved and the owner maintains the agricultural valuation. If the application is incomplete or if the chief appraiser requires additional information, the application is disapproved and the owner is notified by first class mail and must comply with deadlines. If the chief appraiser determines the property no longer qualifies for continued agricultural appraisal, the application is denied. The owner will be notified by certified mail and will have opportunity to protest that determination.

9.4 Certified Mailing Requirements

- Section 23.54 requests for new application
- Section 23.541 notification of late filing penalty letter
- Section 23.55 change of use determination notice letter
- Section 23.57 denial notice letters

10 Rollback Procedures

A rollback tax will be imposed on 1-D-1 property when the owner changes the use of the land to something other than agricultural production. If only a portion of the land is changed to a non-agricultural use, then only the portion changed will receive the rollback. The chief appraiser will send a written notice of the determination that a change of use has occurred. If the owner does not agree, they have 30 days to file a protest. If the owner does not file a written protest of the determination or the Appraisal Review Board decides that a change of use has occurred, a tax bill will be created to include the amount of tax and interest that is due.

This rollback tax recaptures the taxes the owner would have paid had his property been taxed at market value for each year covered by the rollback. The tax equals the difference between the taxes the owner actually paid in the three years preceding the change in use and the taxes the owner would have paid on his property's market value. The property owner causes the rollback by diverting the property to a non-agricultural use.

10.1 Changes of Use Qualification that (DO NOT) Trigger a Rollback

- Selling the property.
- The lowering of the intensity level below the qualified level by choice or agricultural necessity, but continued agriculture use.
- Property condemned or sold as right of way.
- Filing of a waiver from special valuation.
- Filing of a homestead on part of the qualified property due to the building of a house.
- Certain exempt uses including homestead, cemetery, religious or charitable uses. *See* Texas Property Tax Code, Section 23.55 for a full list and requirements.

10.2 Changes of Use Qualification that (DO) Trigger a Rollback

- Physical change from agriculture to non-agriculture use.
- The physical act of subdividing property to sell as non-qualifying tracts of land such as the cutting of roads or the installation of utilities.
- The placing of restrictions that limit the use to non-agricultural activities resulting from the free will of the owner.

10.3 Rollback Taxes Due Date

The rollback tax is due the date the tax bill is mailed. It becomes delinquent on February 1 or the date that is at least 20 days after the bill is mailed if February 1 occurs less than 20 days after mailing.

10.4 Rollback on Property Bought by Exempt Organizations

Exemptions that apply to ordinary property taxes may not apply to rollback taxes. Even if the land might be exempt from ordinary taxes in the new owner's hands, the rollback taxes still become due if that owner takes the property out of agricultural use. When a political subdivision buys the land, and changes the use, the rollback is triggered but the lien cannot be enforced. However, the lien against the land continues and could be enforced against a later buyer. *See* Texas Property Tax Code, Section 23.55, for the full text of the applicable statutes.

11 Productivity Appraisal System – Mason County

Working with the Agricultural Advisory Board, the chief appraiser creates an effective productivity appraisal system that classifies land, estimates net income to land, determines the value per acre using the current year's capitalization rate, classifies all qualified land using the system, and develops a mass appraisal schedule for the classes. The open-space valuation for each year is then applied as a mass appraisal to all qualifying tracts of land.

The Texas Comptroller and the Central Appraisal District mass appraisal values must agree within 5% or state funding for the local school district could be affected. Both entities are to use the same methods of market and productivity valuation to arrive at the appraised property values for the county. Refer to the PTAD PVS and MAP sections for more detail on PTAD interaction.

11.1 The Mason Central Appraisal District (MCAD)

An appraisal district in each county, administered by a chief appraiser, appraises the value of your property each year. The appraisal district's board of directors hires the chief appraiser. Local taxing units elect the board directors and fund the appraisal district based on the amount of taxes levied in each taxing unit.

With few exceptions, Tax Code Section 23.01 requires taxable property to be appraised at market value as of January 1.

- Each county appraisal district determines the value of all taxable property within the county boundaries. Tax Code Section 25.18 requires appraisal districts to reappraise all property in its jurisdiction at least once every three years.
- Tax Code Section 23.01 requires that appraisal districts comply with the Uniform Standards of Professional Appraisal Practice if mass appraisal is used and that the same appraisal methods and techniques be used in appraising the same or similar kinds of property. Individual characteristics that affect the property's market value must be evaluated in determining the property's market value.

11.1.1 Qualified Agricultural Land Productivity Appraisal

The Tax Code requires CADs to appraise property at market value, unless the law requires otherwise. The law makes an exception for land used for agriculture or timber production. Tax Code Chapter 23, Subchapters C and D, require appraisal of qualified agricultural land at its productivity value. Agricultural land qualified for productivity appraisal is in Category D1.

CADs must classify qualified land according to its agricultural productivity using a modified income approach. Sections 3-7 of this guide describe the Mason County specific classifications and qualifying activities.

The CAD determines income and expenses for each qualified land class productivity estimate. The average productivity estimate over a five-year period is capitalized for each land class. The Tax Code sets the capitalization rate at the greater of 10 percent or 2.5 points above the Farm Credit Bank of Texas' lending rate for December 31 of the prior year.

11.1.2 Modified Income Approach

The income approach is a methodology used by appraisers that estimates the market value of a property based on the income of the property. The income approach is an application of discounted cash flow analysis in finance. With the income approach, a property's value today is the present value of the future cash flows the owner can expect to receive.

The Modified Income Approach uses the tax code fixed capitalization rate of 10% as described above. The capitalization rate, also known as the CAP rate, is normally the return on investment. Its use in this case is to standardize the productivity valuation for all qualified open-space land in Texas.

11.1.3 Productivity Worksheet for Native Pasture Land Class

The Cash Lease method is used in the following worksheet and is typical for Mason County. This payment is in terms of dollars per acre for a period of one year. Net to land means the average annual rental income less expenses, derived from the use of open-space land that would have been earned from the land during the five-year period preceding the year before the current appraisal.

The Chief appraiser is continuously gathering open-space lease rate information, for the active period, in an effort to arrive at the most realistic cash lease rates. The Farm and Ranch Survey administered to the Agricultural Advisory Board as well as lease information gathered from knowledgeable ranchers in the area are used to arrive at the productivity value for the previous year. New rental information about prior years can be used to make the average calculation more accurate.

11.1.4 Land Class Appraisal Schedule

After calculating the average net to land values for each class, the appraiser develops an agricultural appraisal schedule. Dividing the class net to land value by the capitalization rate gives the class's agricultural use value.

Table 5. Land Class Schedule

Capitalization Land Class	Net to Land Value	Capitalization Rate	Appraisal
Irrigated Crop	18.31	10%	183.11
Orchard	29.89	10%	298.90
Dry Crop	6.033	10%	60.33
Improved Pasture	5.798	10%	57.98
Native Pasture	9.143	10%	91.43

11.1.5 Application of Appraisal Schedule

If a land owner owns a section of qualifying land (640 acres) of which 550 acres are classified as Native Pasture, 50 acres are classified as Dry Crop and 40 acres are classified as Barren, the total agricultural value of the land (\$53,303) would be calculated by applying the appraisal schedule to the breakdown of acres as show in Table 6.

Table 6. Application of Appraisal Schedule

Land Class	Total Acres	Ag. Use Value	Total Ag. Use Value
Native Pasture	550	91.43	50,286.50
Dry Crop	50	60.33	3,016.50
Barren	40	0	0
Total	640	156.76	53,303

11.2 Texas Comptroller Property Tax Assistance Division (PTAD)

The Texas Comptroller is required by law to ensure equitable school funding by detecting instances where school property values are inaccurate and adjusting the school funding formula accordingly. The state's formula sends more money to districts that are less able to raise money locally because of insufficient taxable property value. When the local CAD appraisal values fall outside of the state values by more than 5 percent, the school district could receive fewer state dollars. PTAD uses the annual Farm and Ranch Survey, biennial Property Value Study, and Methods and Assistance Program review to continually audit the local appraisal districts activity.

11.2.1 PTAD Farm and Ranch Survey

PTAD calculates open-space land values annually for all counties. Ranch income and expense input are obtained from chief appraisers, agricultural appraisal advisory board members, agricultural extension office personnel and other individuals involved in agriculture through the use of the Texas Comptroller Farm and Ranch Annual Survey. To estimate productivity value, the PTAD uses information gathered from professionals through the Farm and Ranch Survey. PTAD will post the current year's Farm and Ranch survey requesting previous year's production data in September of each year. The responses to this survey feed into the Property Value Study.

The PTAD Farm and Ranch Survey responses will be used by the Comptroller as part of the Property Value Study (PVS), which assigns a value to all property within each school district for state funding purposes. PTAD's PVS and MAP studies are property value audits that affect how much state funding the local school district receives. PTAD appraisal values are used to allocate local school district funding.

11.2.2 PTAD Property Value Study (PVS)

PTAD conducts a biennial Property Value Study (PVS) for each school district for state funding purposes. Sec. 403.302. DETERMINATION OF SCHOOL DISTRICT PROPERTY VALUES. (a) The comptroller shall conduct a study using comparable sales and generally accepted auditing and sampling techniques to determine the total taxable value of all property in each school district. The study shall determine the taxable value of all property and of each category of property in the district and the productivity value of all land that qualifies for appraisal on the basis of its productive capacity and for which the owner has applied for and received a productivity appraisal. The comptroller shall make appropriate adjustments in the study to account for actions taken under Chapter 41, Education Code. For more information refer to The Property Value Study and How to Protest 96-304.

11.2.3 PTAD Methods and Assistance Program (MAP) Review

PTAD performs a Methods and Assistance Program (MAP) review of all appraisal districts every two years. The reviews address four issues: governance, taxpayer assistance, operating standards and appraisal standards, procedures and methodologies. PTAD reviews approximately half of all appraisal districts each year. School districts located in counties that do not receive a MAP review in a year will be subject to a PVS in that year.

11.2.4 PTAD's Open-Space Productivity Ratio Calculation

For each land class, PTAD capitalizes the estimated net income into a value per acre. To develop the productivity ratio, PTAD uses the CAD's report of total acreage in each of the agricultural land classes for each school district studied and information provided by published sources and persons in each county who are

familiar with local agricultural conditions. PTAD staff develops an estimate of net to land over a five-year period and capitalizes the average using the legally mandated rate to reach an estimated value per acre for each land class.

Multiplying the value for each class times the reported acreage in the class yields the total taxable value per land class. The total of the values for each land class is the total taxable value for all acreage receiving productivity appraisal in a school district. School districts report the total appraised value of all land receiving productivity appraisal. PTAD divides this reported value by its own estimate of productivity value. The resulting ratio shows the general level of appraisal of all land receiving productivity appraisal in a school district

PTAD calculates a CAD's ratio similarly and bases it on the sum of the school district calculations. This ratio is not a median derived from a property sample. As a result, PTAD does not calculate measures of appraisal uniformity for land receiving productivity appraisal.

12 Appendix A. Wildlife Appraisal Regions by County

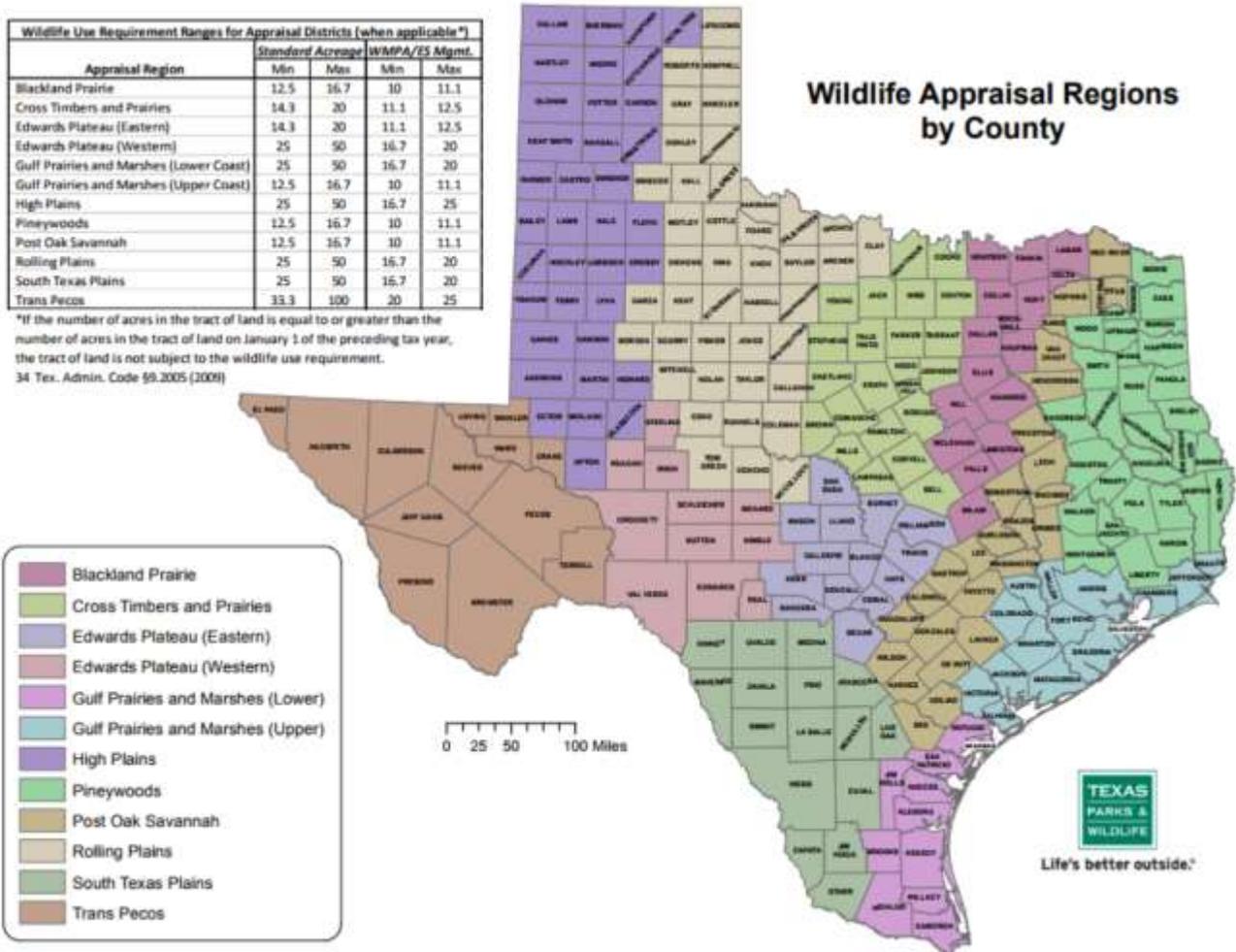


Table 7. Standard acreages by ecoregion and county for wildlife tax valuation in Texas.

Ratios among regions are used by the chief appraiser in each county to determine the minimum acreage size for a property to qualify for wildlife management use if the property has been reduced in size in the year immediately preceding the application for wildlife management use or has subsequently had a reduction in acreage. Ratios are calculated using the formula, $(A-1)/A = R$, wherein A is the total property size in acres and R is the ratio. For the purposes of determining the total property size (defined as a “tract” in the Texas Administrative Code), the property owner should consider the entire area of all contiguous parcels of land under common ownership. The presence of public roads and bodies of water does not affect the contiguity of the parcels of land.

As an example of how the ratios would work, a chief appraiser within the Eastern Edwards Plateau must chose within the range of 93-95% to set minimum acreage requirements for the County.

	Lower Ratio	Acreage	Upper Ratio	Acreage
Trans Pecos	97%	33.3	99%	100
High Plains	96%	25	98%	50
Lower Gulf Prairies and Marshes	96%	25	98%	50
Rolling Plains	96%	25	98%	50
South Texas Plains	96%	25	98%	50
Western Edwards Plateau	96%	25	98%	50
Eastern Edwards Plateau	93%	14.3	95%	20
Cross Timbers and Prairies	93%	14.3	95%	20
Blackland Prairie	92%	12.5	94%	16.7
Post Oak Savannah	92%	12.5	94%	16.7
Pineywoods	92%	12.5	94%	16.7
Upper Gulf Prairies and Marshes	92%	12.5	94%	16.7

Table 8. Ratios and minimum acreages for properties under wildlife tax valuation in Texas