

1-d-1 Valuation and Tax Implications

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A Little About What We Do

- Appraise property for taxation by the school, county, city and special districts
- Administer exemptions, such as homesteads, disabled veterans, etc.
- Administer special valuations, such as open-space land, timber land, etc.
- Create and keep tax maps



What is Qualified Agricultural Land ?

- What most people mean when they say “**ag exemption**”
- Commonly called **1-d-1** ag (Texas Constitution, Article VIII, section 1-d-1) or **open space land** (Texas Property Tax Code)
- Special valuation tied to use of land that meets certain requirements
- Only pertains to the land, not buildings
- Only land being used is eligible for special appraisal

Qualifications and Requirements for Ag Valuation

- Primary Use
- Current Devotion
- Degree of Intensity
- History
- Application Filed



Primary Use Test

Land must be devoted principally to agriculture use.
If the tract of land is used for more than one use, which one is primary?



Current Devotion Test

The land must be currently devoted to agricultural use.



Degree of Intensity Test

The land must be used for an agricultural purpose to the level of production that is typically found in the county.



Time Period Test

The land must have been used principally for agriculture for five of the preceding seven years.



Application

- The landowner must file an application with the appraisal district where the land is located.
- Application must be submitted between January 1 and April 30.
- Late applications may be submitted from May 1 to mid-July, but there is a substantial penalty.
- After appraisal roll is approved the appraisal district cannot accept agriculture use applications. If a valid application is not submitted to the appraisal district before the appraisal roll is approved, the land is ineligible for an agriculture appraisal for that year.

Approval

- Once an application is submitted and approved the land will receive agriculture use valuation. You do not need to file again until the ownership changes, the land's eligibility changes, or the chief appraiser requires a new application.
- If the land's ownership, eligibility, or use-type changes, the property owner must notify the appraisal district in writing before the following May 1st.

Agricultural Uses

- Growing crops for feed, seed, or fiber
- Floriculture, viticulture, and horticulture
- Raising or keeping livestock
- Raising or keeping horses that is a breeding operation
- Raising or keeping exotic animals for commercial use
- Participating in a governmental program
- Wildlife management
- Raising or keeping bees

Domestic Livestock

- Appraisal districts set minimum levels and determine typical intensities
- Gillespie CAD has a minimum operation size of 2 animal units (AU)
- Gillespie CAD uses a typical intensity of 1 AU per 20-25 acres



Exotic Animals

- Exotics are game that are not indigenous to Texas
- Include axis deer, nilgai antelope, red sheep, other cloven-hoofed ruminant mammals, or exotic fowl as defined by the Agricultural Code
- Raising or keeping exotic animals for the production of human food or of fiber, leather, pelts or other tangible products having a commercial value
- Appraisal districts set minimum levels and determine typical intensities
- Gillespie CAD has a minimum operation size of 2 animal units (AU) and uses a typical intensity of 1 AU per 20-25 acres



Cropland, Orchards, and Vineyards

- Appraisal districts set minimum levels and determine typical intensities
- Gillespie CAD has a minimum operation size of 3 acres
- Gillespie CAD uses typical plant spacing for each type of operation



Wildlife Management

- Must have agricultural use value on land before switching
- Propagate a sustaining breeding, migrating, or wintering population of indigenous wild animals
- Must complete activities in 3 of 7 categories each year
 - habitat control,
 - erosion control,
 - predator control,
 - providing supplemental water,
 - providing supplemental food,
 - providing supplemental shelter,
 - census counts
- Annual reports to the appraisal district may be required



Keeping Bees

- Newest category of Agricultural Use (effective January 2012)
- Acreage used must be between 5 and 20 acres
- Most appraisal districts use a minimum of six colonies (beehives) as a standard. This is based on the definition of an apiary under Texas bee law in the Agriculture Code
- Gillespie CAD uses a range of 6 to 12 hives depending on the tract size



What Tax Difference Does Ag Make to a Landowner ?



What Tax Difference Does Ag Make to a Landowner ?

2015	Market	Agriculture Use
Average value per acre	\$5,550	\$78.50
Taxes per acre	\$87.07	\$1.23
Smaller tract value per acre	\$15,000	\$78.50
Taxes per acre	\$235.33	\$1.23

What Tax Difference Does Ag Make to a Tax Entity ?

2015 Gillespie County Values	
Market Value of Ag Land	\$ 3,592,710,334
Productivity (Ag) Value	\$ 49,914,390
Difference in Values	\$ 3,542,795,895
Potential Tax Loss (county, school, and special districts combined)	\$ 55,582,925



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