



**Shelby County Appraisal District  
Guideline for Special Use Appraisal  
2016**

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## **Introduction**

Special use appraisals have commonly been known as “*ag exemptions*”. While the productive value does lower a person’s taxable value, it is not a true “exemption”. Instead, it is a value that is based on the ability of the land to produce marketable products.

The purpose of the special use valuation for land in agricultural, timber or wildlife production is intended to promote productive use of land in Texas. Originally developed as a means to preserve the family farm, this valuation concept has grown to include timber and wildlife management.

The special use valuation was never intended to be an entitlement for rural land ownership. This means that no rural land owner in Texas is entitled to a reduced taxable value based on rural land ownership or token agricultural, timber or wildlife enterprises. The reduced valuation is meant solely to foster viable income production from ag, timber or wildlife pursuits.

The district’s primary responsibilities in this effort are to establish guidelines that fit Shelby County, develop valuations based upon realistic net income estimates from production enterprises and to administer the application process for property owners to obtain this special use value.

This guide has been written as a tool to provide local property owners with detailed information regarding requirements and standards for qualified production operations.

## Qualifying your Property

### *General points to consider when applying ...*

First and foremost, if you are trying to apply for special use appraisal in order to reduce your tax bill, you probably won't qualify. Attempting to stretch a situation to fit your property in order to get a lower taxable value is not encouraged.

Agricultural or timber enterprises must be intended to be viable income producing operations and not something done strictly for pleasure or as a hobby. While it is commonly known that making a profit through these pursuits is often elusive, one of the purposes of this guide is to educate the public that token or hobby enterprises will not qualify.

The district has adopted standards used by the IRS for determining whether an enterprise is intended for profit or as a hobby. These standards are covered in the appendix of this document.

Finally, you should be prepared to provide the district with evidence of production if it is requested. This evidence will be used to determine the validity of the application and can include such things as:

- Leasing agreements
- Invoices for seed, feed, fertilizer, etc.
- Bills of sale
- Invoices for equipment

### *Property included in the productive appraisal ...*

Basically, land used in the production of a qualifying enterprise is included in the special use appraisal. This will cover land underneath structures that support the productive use of the property, i.e. barns, silos or other farm outbuildings. These structures are valued separately at their market value. Also, any mineral interest related to the property is also valued separately at market value. Appurtenances to the land are not valued separately however and are considered a part of the productive valuation. Appurtenances to the land are things such as roads, dams, water wells, terraces, irrigation canals, fences or water reservoirs to name a few.

### *Consideration for Droughts ...*

From the state comptroller's website: "Tax Code 23.522 provides that the eligibility of land for open space appraisal does not end because the land ceased to be devoted principally to agricultural use to the degree of intensity generally accepted in the area if: (1) a drought declared by the Governor creates an agricultural necessity to extend the normal time the land remains out of agricultural production; and (2) the owner intends to resume to use the land in the manner and to the degree of intensity at the end of the declared drought."

*Qualifying Tests - What you need to know ...*

There are three separate tests that must be passed in order for a property to qualify for special use appraisal. These tests are required by law. All must be sufficiently passed in order to receive special use appraisal.

The district realized the difficulty of setting a “one size fits all” standard. Because of this, our appraisers are directed to apply these standards with a measure of common sense on a case by case basis. However, they are limited in the amount of discretion they are allowed to use. Any situation beyond their limits of authority must be referred to management prior to approval. This means that if an appraiser feels an operation should qualify on its merits, but does not meet a specific standard, they are required to submit the application for management approval. It is our hope that this method of reviewing your application balances the spirit of the law with the letter of the law.

*Qualifying Tests – The intensity of use of your enterprise ...*

Level of intensity is provided for in the law and is specific to our area. One of the ways to measure level of intensity is by looking at the size of your operation. For livestock, the district has established standards for the minimum number of head and minimum stocking rates in terms of acres per head. For non-livestock operations, standards for minimum acreages have been established. These minimums are based on the local area and are intended to be large enough to support a viable, for profit enterprise. Additionally, we also look at the intensity of management. This can be reviewed in terms of seeding or fertilizer application rates frequency of certain management activities or the levels of capital invested in an operation. We realize there will be a range of effort in this regard so we are looking for what can be described as typical, prudent management efforts.

*Qualifying Tests – The current use of the property ...*

As of January 1<sup>st</sup>, the use of the land must be principally devoted to a qualifying productive enterprise. It is important to understand that the principal use of the land must be in a qualified productive pursuit. Ag, timber or wildlife use cannot be the secondary or incidental use of the property. The law provides this principal devotion as a means to exclude properties primarily used to produce non-ag related income.

*Qualifying Tests – History of production ...*

State law also requires that the land you are qualifying have a history of production. Specifically, you must be able to prove the land has been principally devoted to an ag or timber qualifying use for five (5) of the preceding seven (7) years.

Keep in mind that the law is looking at the actual use of the land. It is not looking to see if it has been on the appraisal rolls under productive valuation.

New owners often have a difficult time understanding how to respond to the history test especially if they have no knowledge of the property's previous use. In those cases, the owner can try to obtain information from neighbors or other persons with personal knowledge of the property.

## Applying for a Special Use Appraisal

### *The application ...*

In order to receive a special use appraisal, you must complete the state approved application. This application is available at the appraisal district or on the comptroller's website. If you need assistance in completing the form, you can contact the district for help. There is no charge to apply.

You may have a copy of the application that was sent to you. If you do not, you can contact the district and we will mail you a copy or you can obtain one online on our website, shelbycad.com. When you go to the website, under 'Forms', click on Application for Special Use (1-d-1) Appraisal. The completed form may be mailed, faxed or emailed to us.

### *Notice concerning wildlife applications ...*

The application for Special Use (1-d-1) Appraisal located on our website also includes sections for wildlife appraisal.

### *Notice concerning restricted timber applications ...*

This form, Application for Restricted-Use Timberland appraisal, is also located on our website, shelbcad.com. See the timber operation section of this guide for more information.

### *Who should apply ...*

- New owners of property previously allowed special use appraisal who believe they qualify
- Owners with a special use appraisal that have made **any** change to their deeded ownership name(s)
- Owners of qualified productive property upon request of the appraisal district
- Property owners who believe their property qualifies and who desire a special use appraisal

### *Deadline to apply – APRIL 30<sup>TH</sup> ...*

*The deadline for applying is April 30<sup>th</sup>. If that date falls on a weekend or a holiday, the deadline is moved to the next business day. The district will accept applications after April 30<sup>th</sup> until the date of certification which is sometime in the month of July. However, there is a penalty assessed for a late application. This penalty is 10% of the difference between property taxes based on market value and property taxes based on special use appraisal.*

### *Failing to make the deadline ...*

Failure to apply before the certification of the appraisal roll will prevent you from receiving the special use valuation for that year. Therefore, it is very important to meet the deadlines. The certification of the appraisal roll is the final step for the district to certify value to each taxing authority. The date set by law is no later than July 25<sup>th</sup>. However, that date can be earlier if the district completes its work earlier. Additionally, the time to inspect and process your application will prevent you from applying on the absolute last day. This is why you do not want to wait to apply!

### *Processing the application ...*

The district will review each application submitted. A field inspection to determine the validity of the production may be performed. The appraisers reviewing your application will use aerial photographs and on-site inspections combined with the application and any other supporting evidence to reach a decision. They will use the standards established by this guide to determine if a property qualifies.

### *Possible outcome – Request for information ...*

One possible outcome of the application review is that the district may request additional information. Or, if the application is incomplete, we will request that you resubmit the supplication with the completed data.

The district reserves the right to request evidence to assist in determining the validity of the production operation. The documents that can be provided include but are not limited to:

- Copies of lease agreements
- Sworn affidavits
- Bills of sale
- Invoices for capital improvements such as barns, fences, etc.
- Management plans
- Expense receipts
- Invoices for equipment purchases

### *Possible Outcome – application granted ...*

The district also can grant the special use application based on the review process. You will receive a letter by regular mail if your application is granted. You should retain this letter for your records.

### *Possible Outcome – application denied ...*

If the district determines that your property or your operation does not meet the qualification standards, it will deny your application. This denial can be all or in part. For example, the district may grant some of your acreage but deny a part of it.

If you are denied, you will receive a letter notifying you of the denial by certified mail. The information in the letter will advise you of your right to appeal the decision. You

will have 30 days from the date of the letter to apply for a formal hearing with the appraisal review board (ARB). The application to request an ARB hearing will be mailed with the denial letter. You can also find the form on our website, shelbycad.com. It is located under ‘forms’ and it is called a Notice of Protest form. You can mail, fax or email the form to us before the 30-day deadline.

The ARB is a panel of five local property owners who hear appeal cases. They have the authority to order the district to make a change to the appraisal roll. If you feel your property has been denied in error, you can make your arguments to the ARB. The district will also present their arguments in the matter. The ARB will hear both sides, deliberate and make a decision during the open meeting in the presence of all parties involved.

If the ARB upholds the district’s decision, you have the right to appeal to district court. But, by law, you must first have the ARB hearing before taking the step to appeal to the court.

*Completing the application ...*

One of the most nerve racking tasks for some owners to do is filling out the application. Most owners are concerned about filling something out incorrectly or just not understanding what to put on the application. The district hopes the following information will assist you in filling out the form.

The examples that follow are taken from the district’s current in-house form. It differs in format from the comptroller’s form but the sections, the questions and the desired information are the same. Remember that you can always contact the district for assistance in completing the form or answering questions.

*Give us your information ...*

<b>Step 1:</b>  <b>Owner’s name and address</b>	Owner’s Name	Birth Date (if owned by an individual) **
	Current mailing address (number and street)	
	City, town or post office, state, zip code	Phone (area code and number)

If you received an application from the district, your name and address will already be on the form. If you use the online application, please fill in your name, address and phone number. If we have questions or concerns, contacting you by phone can expedite the review process. You can also make a note of the best time to call you.

**Step 2: Describe your property ...**

<b>Step 2:</b>	Give legal description, abstract numbers, field numbers or plat numbers. (You may attach last year's tax statement or notice of appraised value, or other correspondence identifying the property.)		
<b>Describe the property</b>			
	Prop ID	Geographic ID	Number of acres

Once again, if you received your application from the district, the legal description, Property ID, Geographical ID and number of acres will be on the application. Otherwise, you will have to fill this information in. This information can be found on a previous year's tax statement or notice of appraised value. Or you can go to our website, shelbycad.com, and search the records for your property. When you find the property you are applying for, you will find the property id, geographic id and the legal description. You can always call the district and have us look up the information for you.

**In any event, it is critical that you let us know what property you are applying for by giving us our account or geographic id numbers. Otherwise, we will not know what property to review.**

**Step 3: Describe the land's use ...**

**Question 1.** List the principal use of the land under the legal description for the past seven years.

<b>Step 3:</b>	1. List the principal use of the land listed under the legal description for the past seven years.				
<b>Describe the land's use</b>	Year	Timber Use	Acres	Agricultural Use*	Acres
	2014				
	2013				
	2012				
	2011				

In this section, you will need to tell us about the historical use of the property. Remember that one of the tests of qualification is that it must have been in a qualifying use for five of the preceding seven years.

For each of the previous seven years, you must note the use of the land *and the number of acres associated with that use*. If a property fallow in a particular year, write in "fallow". If it was not in production due to drought condition, write in "drought". However, if you note no production due to drought, we also ask that you specify what type of operation you were involved in that did not produce due to the drought.

If you are a new owner and have no knowledge of the previous use, you can obtain sworn affidavits from persons with firsthand knowledge of the property. The affidavits should be written in a way that activity for each of the seven prior years can be determined.

Examples of types of uses:

Year	Timber Use	Acres	Agricultural Use*	Acres
2014	Pine	50		

Year	Timber Use	Acres	Agricultural Use*	Acres
2014	Hardwood	20		

Year	Timber Use	Acres	Agricultural Use*	Acres
2014	Mixed Hardwood & Pine	150		

Year	Timber Use	Acres	Agricultural Use*	Acres
2014			Pasture	200

**Question 2.** Is the property described above a part of a larger tract of land qualified for 1-d-1 appraisal on January 1 of the previous and ownership of the tract is different from ownership of the previous?

**Question 3.** Is the land under legal description currently and actively devoted principally to the production of timber and/or agricultural products?

If you answered no to this question, your property does not qualify.

**Question 4.** Did you convert this land to timber production after September 1, 1997?

(Texas has an incentive program to promote the conversion of agricultural land to timber. To qualify, a property must have been appraised on the tax rolls under special use appraisal for five years prior to being converted to timber. The conversion to timber must have been after September 1, 1997. If you turned your cropland or pasture into a managed timber tract and you meet these requirements, you can benefit from this program. You can have the property appraised as though it were still ag land. Typically, the productive value of timberland is higher than ag land. So the benefit of this program is to allow you to continue paying taxes on the lower ag value for a period of 15 years after planting. This does not apply to timber tracts that were harvested and then replanted.)

**Question 5.** Is this property located within the corporate limits of a city or town?

**Question 6.** Is any part of the property described above managed through a wildlife management property association?

(If you answered yes, see page 17 for further instructions.)

**Question 7.** Is any part of the property managed in an area designated by the Texas Parks and Wildlife Department as a habitat for an endangered species, a threatened species or a candidate species?

(If you answered yes, see page 23 for explanation of Critical Wildlife Habitat Zones.)

Once you have completed the application(s), you should make a copy for your records. Note the date you mailed it and the name of any district employee you dealt with. If you turned it into our office in person, get a copy with the 'date received' and note the person who received it. This will assist you if the application is lost to prove you submitted it to the district.

Make sure to check your notice of appraised value that you will receive in May. Make sure the special use appraisal was applied.

It is your responsibility to be sure that your application has been received and applied to your property tax account.

If you have any questions or need help filling out the applications, please call our office at (936) 598-6171.

## Penalty for Changing Ag/Timber Use – The Rollback

### *General Information ...*

Since a productivity appraisal is a type of tax “break” meant to encourage production on Texas lands, there is a hefty penalty in the law to prevent or discourage abuse of the system. This penalty is called a Rollback Tax.

### *Change of Use ...*

If a property receives a special use appraisal and then later is converted from a qualified use to a non-qualified use, this penalty can be assessed. The process begins with an event known as a “**Change of Use Determination**”. A change of Use Determination is processed by the district when there is cause to believe that a property has been converted from ag/timber use to something else. Consider these typical examples:

- A tract has been in pasture and appraised as special use productive ag land. The land is converted to a commercial development.
- A tract has been appraised as timberland on the appraisal rolls and is converted to a residential subdivision.

Either of these situations, or similar situations, can prompt a change of use investigation. A determination of change of use will be sent by certified mail to the owner of record by the district. The owner has 30 days from the date of notice to respond. If the owner can prove no change has occurred, the determination will be reversed. If, however the district is unconvinced, the owner can appeal to the ARB by making a protest application within 30 days of the determination notice.

### **The Penalty ...**

The Rollback tax will capture the difference between what was paid at productive value and what would have been paid at market value. This will cover a five (5) year period of time prior to the year the use was changed.

Interest will be applied to the difference at the statutory rate of 7% per annum. This can amount to very large tax imposition. Therefore, owners should be careful about applying for special use appraisals if there is a possibility of converting the property in the near future. Additionally, owners who already have a special use appraisal should be cautious about changing the use of the property to a non-qualified use.

If you need assistance in analyzing how the rollback penalty might affect your property, contact the district for help.

## **Types of Special Use Operations**

In general, the district considers five different categories of special use operations:

- Hay Production
- Wildlife Operations
- Other Operations
- Timber Operations
- Livestock Operations

This guide will take each category in turn and explain the various types of operations typical for our area and the general requirements for qualification for each type of enterprise. If you have a productive enterprise that is not mentioned in this guide, please contact the district to discuss the matter.

Keep in mind that your property can have multiple types qualifying uses. For example, you could have hay production and grazing production combined with an area set aside for row crops. For each type of use, you should consult the following requirements.

Also, a qualified productive use of land can be performed on leased property. This means that the producer might not be the land owner. If you are an owner who leases property to a producer for livestock, exotics or a growing operation, you should provide a copy of your written lease agreement with your application for special use appraisal. The land owner is still responsible for completing the “history” and “description of operation” sections of the application so cooperation with your lessee may be necessary in the application process.

Finally, for each operation, a minimum acreage size is listed. Be aware that we are looking at the operation as a whole. If you have a tract smaller than the minimum that is used in conjunction with a larger qualified operation, the smaller tract will most likely qualify. The district will review these instances on a case by case basis.

## Growing Operations

Growing operations encompass agricultural activities that generally involve the preparation of soil beds, the planting of feeds or seed stock and the eventual harvest of a mature crop. This category will not include timber operations. A growing operation can be conducted jointly with other qualified productive uses of the land.

The growing operation must be intended to produce products for commercial sale or for used in other qualified production operations. For example, a producer could grow corn to be fed to their livestock or grow it to sell commercially.

You should be aware that a personal garden or orchard is not a qualified use by itself.

For each of the following growing operations, a minimum acreage is given and for some, levels of production or planting are set out. Each category assumes prudent management in the application of fertilizers, lime other soil amendments, as well as, labor and capital inputs.

Also be aware that some wooded areas may be classified with agricultural land. However, the size of the wooded part of an open tract must be relatively small in comparison to the entire tract. The district will review each on a case by case basis.

Finally, the district understands that drought years significantly affect planting and harvesting. We understand for example, that hay cuttings will vary with rainfall. A drought year, by law, cannot be held against your production cycle.

### *Hay Production ...*

Minimum Acreage	Approximate Production
4 acres	5 round bales/yr/acre 60 – 70 square bales/yr/acre

Hay operations will vary in production from the type of grass to the level of management involved. Various degrees of fertilizer and lime applications are found across our county. The district will review a hay operation for prudent management and production. Hay operations can be conducted with livestock or other types of qualified agricultural enterprises.

A minimum amount of acreage is set by this guide at four (4) acres. Smaller tracts with common ownership as part of a larger operation may qualify. Round bales specified above are medium size bales and square bales are approximately 18"x36". We understand that round bales and square bales can vary in size. Therefore, the general pounds of forage baled can be reviewed.

The district will consider these activities/items when reviewing this type of operation:

Fertilizer and lime applications	Weed control
Production records	Contracts for sale or invoices for inputs

*Row Crops ...*

Minimum Acreage	Approximate Production
4 acres	

Row crop operations will be those designed to produce a harvestable product such as peas, watermelons, corn, etc. Row crops are typically large tract operations that are predominately mechanically harvested. However, manual harvesting of row crops may also be performed.

The district will consider these activities/items when reviewing this type of operation:

See and fertilizer records	Records of product sales
Type of machinery and equipment	Application of herbicides and/or pesticides

*Produce Truck Farms ...*

Minimum Acreage	Approximate Production
4 acres	

Produce truck farms are smaller growing operations that involve the planting and harvesting of vegetables or other products for commercial sale. Truck farm operations typically harvest manually but some mechanical harvesting can also be used.

Gardens planted for personal use do not qualify for truck farming.

The district will consider these activities/items when reviewing this type of operation:

See and fertilizer records	Records of product sales
Type of machinery and equipment	Application of herbicides and/or pesticides

*Orchards ...*

Minimum Acreage	Approximate Production
4 acres	

Orchards for fruit or nut trees should be managed for commercial sale of products. Pecans and peaches have been common varieties for Shelby County, but qualified operations may include other varieties of trees.

Orchards planted for personal use do not qualify.

The district will consider these activities/items when reviewing this type of operation:

Type of trees	Application of herbicides or pesticides
Production and management records	Records of product sales

*Plant Nurseries ...*

Minimum Acreage	Approximate Production
2 acres	

Nurseries that are engaged in the production of flowers, shrubs, trees, seed stock or other related products for commercial sale fall into this category. Nursery operations for smaller varieties will have hot houses or other types of weather covers combined with open growing areas as applicable. The operation can hold product for either retail and/or wholesale purposes.

Type of houses, machinery & equipment	Records of product sales
Production and management records	Invoices for expenses

## Livestock Operations

Livestock operations are most typical for the East Texas area. And within the types of livestock, cattle are the most prevalent. However, this guide will look at several specific types of livestock operation. Each type will have different minimum herd sizes and different stocking rates.

Good Quality Pasture	Average Quality Pasture
Good quality pasture will be comprised of improved grasses (typically coastal Bermuda) on class 3 soils or better. Good quality pasture will be intensively managed with above average application of lime or fertilizer and a well-developed grazing rotation	Average quality pasture is comprised of native grasses (including bahia) on class 3 soils or better. Average quality pastures will receive average or below average applications of lime or fertilizer and moderate to average levels of management and grazing rotations. Grasses will be sufficient for grazing or hay production purposes.

## Wildlife Operations

Establishing a wildlife operation is not as simple as saying there are deer or migrating birds on your property. Qualifying for wildlife has stricter standards and annual reports that are not found in other qualifying production uses. Therefore, it is not something to be entered into lightly.

### *Minimum Requirements ...*

The district has established a minimum acreage size of ten (10) acres for wildlife operations. For wildlife parcels that are operating under the umbrella of a Wildlife Management Cooperative, all members are required to sign the application, the plan and the annual reports and maintain their property in accordance with the Cooperative Agreement.

### *Previously Assessed at Special Use Value ...*

Your property must be appraised in the previous year as ag or timber land under subchapter D or E on the appraisal rolls. A property that was not qualified and assessed on a special use production basis in the previous year cannot qualify for wildlife appraisal.

IF YOU WERE DENIED AG OR TIMBER USE IN THE PREVIOUS YEAR AND WERE PREVENTED FROM APPLYING FOR WILDLIFE DUT TO THE WILDLIFE 20 ACRE MINIMUM POLICY. AND YOU BELIVE YOU MEET THE WILDLIFE GUIDELINES AND WISH TO APPLY FOR WILDLIFE USE PLEASE CONTACT US.

### *Devotion of Use ...*

Per state law, the property must be actively devoted to the “*propagation of sustained breeding, migrating or wintering population of indigenous wild animals for human use, including food, medicine or recreation.*” This means that all the efforts you undertake must complement, encourage and assist wild animals that are native to our area or that pass through our area naturally. This does not include animals that are not natural to our area. Those are called exotics and they are covered under the “Other Operations” section of this guide.

### *Primary Use ...*

By state law, the primary use of the property must be for wildlife. If the primary use of the property is for commercial or residential use, it will not qualify. If the primary use of the property is for ag or timber production, it will not qualify as wildlife use.

### *Applying with a Plan ...*

You must apply for wildlife use to this district and the application must be accompanied by a written Wildlife Management Plan. The plan can be the Texas Parks and Wildlife form PWD-885 or other written plan that includes all pertinent data

contained on the PWD-885 publication. It must be completed and signed. If the plan is written and completed by the land owner, only the land owner's signature is required. If the plan is prepared by a wildlife professional or consultant for a fee, the plan must be signed by the land owner and the paid consultant.

You can compile the plan with assistance from the Texas Parks and Wildlife department or a wildlife professional. They can assist you in designing your operation and provide valuable information and suggestions to promote the wildlife use on your property.

#### *Activities Required ...*

Texas statutes for wildlife require you to perform at least three (3) activities designed to encourage prudent wildlife management. You may perform more than three of the activities, but you cannot under law do any less than three. The activities set out in the law are:

1. Habitat control;
2. Erosion control;
3. Predator control;
4. Providing supplemental supplies of water;
5. Providing supplemental supplies of food;
6. Providing shelters; and
7. Census counts to determine population

There are currently no guidelines for qualifying particular wildlife enterprises. Each application will be reviewed on a case by case basis focusing on how effective the plan and location are to fulfilling legislative intent of primary use. Plans or locations that will not effectively sustain propagation of wildlife are subject to being denied.

#### *Be Prepared for Annual Reporting ...*

The district requires that wildlife operations submit an annual update to us by April 30<sup>th</sup> of each year. The update should be on the Texas Parks and Wildlife form PWD-888 which details the prior year's activities and shows that the activities were in compliance with your written plan. If there are goals in the plan not accomplished, an explanation of why the goals were not met should be included along with a plan to remediate the issues.

The district will also conduct an annual inspection to assure the operation is in compliance with the law.

## Timber Operations

### *General Information ...*

A timberland appraisal is performed on qualified timber land that is managed for eventual harvest. Having a tract with trees does not automatically qualify you for this tax benefit any more than having an open field with grass would qualify you for hay production.

Instead, you must manage the tract with the intent to promote the growth and eventual harvest of timber products. Timber products can be sold for pole logs, chip, pulp or sawn lumber and can include pine or hardwood species of trees or a mix thereof.

Just like agricultural qualifications, a timber property must be primarily devoted to the production of timber or timber products. It cannot be a secondary consideration of the property or a means to pay lower taxes.

### *Timber Management Plans ...*

The district requires current written timber management plans with all applications for timber appraisal. The plan may be written by the Forest Service or a timber consultant. If however you are a land owner with adequate experience in timber management, you may wish to write your own plan. If you do, be aware that the plan must include all commonly recognized elements of management. At a minimum, a timber management operation will include activities and plans for:

- Thinning harvest
- Harvest at maturity
- Maintaining fire lanes
- Preserving waterways
- Underbrush controls
- Maintaining roads & boundaries
- Removal of dead or infected trees
- Plans for post-harvest regeneration

### *Review of Timber Land ...*

Agricultural properties typically have yearly evidence of production that can be seen in a field inspection. Timber on the other hand is a 15 to 25-year process and the district cannot wait that long to confirm a tract is truly a managed timber operation.

Therefore, the district will keep your plan on file and use it to review the activity of the tract over the years. We expect timber producers to follow their management plans as a sign of due diligence. However, we also realize that plans change. Because of this, we will be focusing on the spirit of the plan, and the spirit of your operation. This is the only realistic way for the district to ensure a tract is being managed for timber use and not as a tax break.

### *Qualifying ...*

A minimum acreage size of four (4) acres has been established for timber appraisal. Tracts smaller than four (4) acres that are managed in common ownership with other tracts that are larger than four (4) acres when combined may qualify.

The minimum size is a result of the focus on tracts “principally devoted to the production of timber or timber products”. It is commonly held that there is a minimum effective size for a viable timber production operation. The fact that you can sell trees off of a small tract does not constitute a *viable timber operation*. It just means that you have some trees you can sell to a local mill and get some money. We don’t mean to make light of having trees you can cut and sell. We are just bound by state law to enforce the provision that timber land be principally devoted to timber production.

### *Regeneration of Timber Land ...*

Following harvest, in order to remain in timber appraisal, a tract must be engaged in a managed regeneration activity. This means that you must either leave sufficient mature seed-trees on the property to reproduce naturally or you must set out seedlings. Seedlings and natural regeneration must adhere to the levels of intensity for our area.

For pine timber, the district requires a minimum of six (6) to twelve (12) well-spaced mature seed bearing trees that are not less the 12”dbh per acre. “dbh” means *diameter at base height*. This measurement is taken at 4<sup>12</sup> feet above ground on the tree. If the tree is on a slope, you can take the measurement on the higher side or average between the lower and higher sides of the ground. To find the diameter, you can use a tape measure and measure the circumference of the trunk and divide by 3.14 or you can use calipers that are designed for this purpose. If breast height falls on a swell in the trunk, you should measure below the swell.

### *Tax Incentive for regeneration ...*

If you harvest an existing timber tract, there is a provision in the law to grant a 50% discount for up to 10 years if you regenerate the tract in timber. To qualify for this, the timber tract must have been qualified on the appraisal roll under a timber appraisal and you must regenerate the tract to the degree of intensity found in our area. That does not mean you can clear cut, walk away and let nature take its course, however ...

To receive this, you must submit a ***Restricted Use Timber Land Appraisal*** application. This can be found on our website, [shelbycad.com](http://shelbycad.com).

The 50% discount is calculated by assessing half the normal appraised amount on your class of soil and type of timber. For example, if the productivity value for pine timber on class 3 soil is \$300 per acre, you would be assessed \$150 per acre that year. This scenario continues for ten (10) years after the date of harvest, not the date of the replant. After that period of time, you will be assessed at the full productivity appraised value per acre.

#### *Other Special Provisions for Timber ...*

There are several other programs that work similar to the regeneration program. Each of these programs offer a 50% reduction from the timber appraised value per acre each year. These uses are referred to as Restricted-Use Timber Land.

Each of these zones has several state agency requirements such as the number, age or size of trees left in the zone, the width of the zone or the measurement of basal area per acre. If you are interested in applying for a restricted use zone, it is recommended that you consult with the district prior to making an application.

To receive these special appraisal, you must submit a Restricted Use Timber Land Appraisal application. The application can be found on our website, shelbycad.com.

#### Aesthetic Management Zones

For this program, an owner sets aside a band of trees or an area of trees in which harvesting is restricted. Aesthetic means “pleasing in appearance”. So a band of trees alongside a highway or roadway can be set aside so folks don’t realize where houses and paper comes from when they drive through the beautiful countryside. Additionally, an esthetic zone can be set aside as part of an area deemed by the director of the Texas Forest Service for being unique in “natural beauty, topography or historical significance”.

These zones by state agency rule must be at least 100’ wide but no more than 200’ wide, containing trees that are at least 10 years old or 35’ tall.

#### Streamside Management Zones

A streamside management zone is a ‘best practices’ management tool for timber producers. It restricts the harvest of timber that is set aside along a waterway to protect or preserve it. Prudent timber producers understand the dire ramifications of clear cutting a tract in a manner that destroys or damages streams, rivers, lakes or creeks.

This program encourages timber producers to practice best management by allowing a tax break on timber alongside these waterways that should not be cut. The zone is generally 50’ on either side of the waterway bank. However, there can be instances in topography or soil stability where this distance can be different.

### Critical Wildlife Habitat Zones

Timberland that has an endangered species of animal can also see a tax benefit. If the timber land is inhabited by a listed endangered species, the area can be set aside as a critical wildlife habitat and receive the 50% discount off of the timber appraised value in a given year. The statutes list several requirements involved in this program and requires a written agreement with a federal, state or private organization responsible for the preservation of that species. If you believe your tract might qualify you should contact us for more information.

## Other Operations

We have included this category for two other uses of qualified production that we did not feel should be included as livestock. These operations encourage the husbandry of exotic animals and bees...

### *Beekeeping ...*

Beekeeping is acknowledged by the State of Texas as an agricultural use and shall qualify for agricultural use productivity valuation if used for pollination or for the production of human consumption or other tangible products having a commercial value. (Sec. 23.51 (2) Tax Code)

To qualify for beekeeping appraisal, landowners must meet all requirements to be eligible.

There must be at least six hives for the first five acres and one hive for every 2.5 additional acres up to twenty acres. The minimum degree of intensity was established using Section 131.001 Texas Agriculture Code's definition of an apiary, which is a place where six or more colonies of bees or nuclei of bees are kept. A colony is the hive and its equipment and appurtenances including bees, comb, honey, pollen and brood.

Minimum No. of Hives	Minimum Acres	Maximum Acres
6*	5 acres	20 acres*

\*For every 2.5 acres over 5 acres, add 1 hive

To initially qualify, you must show proof of history for agriculture use/beekeeping for any of the five preceding seven years. One way to show history is to ask for export, import or intrastate permits, which are required by the Texas Apiary Inspection Service to transport hives.

The district will consider these activities/items when reviewing this type of operation:

Adequate equipment	Records of product sales
Required permits	Husbandry management plans

**Exotics ...**

Axis or Fallow Deer	Aoudad or Mouflon Sheep
Blackbuck Antelope	Sika Deer
Red Deer	Eland
Whitetail Deer	Emus
Ostriches	

Exotics are animals that are not native to our area. These operations are devoted primarily to producing meat, plumage, pelt and/or breed stock from the specified type of species or for hunting. The exotic category is not intended for native varieties of wildlife, nor intended for migratory animals.

If you have a species of exotic not include in the list above, contact the district for assistance.

The minimum number of acres to qualify for exotics can be calculated by the standard for grazing pasture. For example, a poor quality pasture will support approximately 1 A.U. per 8 acres. Therefore, for 3 A.U., 24 acres would be the minimum.

Poor Pasture 1 A.U. to 8 Acres	Average Pasture 1 A.U. to 5 Acres	Good Pasture 1 A.U. to 2 Acres
24 acres minimum to qualify	15 acres minimum to qualify	6 acres minimum to qualify

This district will consider these activities/ items when reviewing this type of operation:

Adequate pens and fencing	Permits or certificates for interstate transfer
Records regarding the sale of products	Management plans