

## **Property Taxes on Farms and Ranches Could Be Reduced with Productivity Appraisal**

Texas farmers and ranchers can be granted property tax relief on their land. They may apply to the Shelby County Appraisal District for agricultural productivity appraisal and for a lower appraisal of their land based on how much they produce, versus what their land would sell for on the open market.

The Texas Constitution authorizes two types of agricultural productivity appraisals, 1-d-1 and 1-d, named after the section in which they were authorized. For 1-d-1 appraisal, property owners must use the land for agriculture or timber and the land's use must meet the degree of intensity generally accepted in the area. Owners must also show that the land was used for this purpose at least five of the preceding seven years. 1-d-1 appraisal does not restrict ownership to individuals and does not require agriculture to be the owner's primary business. Most land owners apply for the 1-d-1 appraisal.

Under 1-d appraisal, the land must have been used for this purpose at least three years and the owner must be an individual versus a corporation, partnership, agency or organization. The land must also be the owner's primary source of income.

Penalties in the form of a rollback tax, or the difference between the taxes paid under productivity appraisal and the taxes that would have been paid if the land had been put on the tax roll at market value, will be imposed if qualified land is taken out of agriculture or timber production.

A rollback tax occurs when a land owner switches the land's use to non-agricultural. These rollback taxes under 1-d-1 are based on the five tax years preceding the year of change. Under 1-d appraisal, the rollback extends back for three years.

Texas law allows farmers and ranchers to use land for wildlife management and still receive the special appraisal, but the land must be qualified for agriculture use in the preceding year. Land under wildlife management must also meet acreage size requirements and special use qualifications.

The deadline to apply for productivity appraisal is April 30. If the last day for the performance of an act is a Saturday, Sunday or legal state or national holiday, the act is timely if performed on the next regular business day. Owners of land qualified as 1-d must file a new application every year. Owners of land qualified as 1-d-1 need not file again in later years unless the chief appraiser requests a new application.

For more information about productivity appraisal and application forms, contact the Shelby County Appraisal District at (936) 598-6171. Information is also available on the state Comptroller's Property Tax Assistance Division's website at [www.comptroller.texas.gov/taxinfo/proptax/](http://www.comptroller.texas.gov/taxinfo/proptax/).