



# Grayson Central Appraisal District

512 N. Travis Street, Sherman, Texas 75090  
903-893-9673 - Phone 903-892-3835 - Fax  
www.graysonappraisal.org



## GUIDELINES & REQUIREMENTS FOR AGRICULTURAL FILING & APPRAISAL QUALIFICATIONS

The general policy of the Grayson Central Appraisal District is in accordance with the Texas State Comptroller's qualification guidelines for agricultural use. Only those operations that are truly agricultural in nature should be considered for agricultural productivity valuation. The District policy is that in order to qualify for agricultural use valuation, the land must first meet the following criteria based on the degree of intensity of use:

**PLEASE READ CAREFULLY AS ANY MISSED ITEM(S) COULD CAUSE A DENIAL OF YOUR AGRICULTURAL SPECIAL VALUATION**

### GUIDELINES & REQUIREMENTS

**The land must be utilized to the degree of intensity generally accepted in Grayson County.** Degree of Intensity is measured by local farming & ranching practices (stocking rates, planting rates, crop rotation, fertilization methods, harvesting and marketing techniques, etc.) which are those of a typically prudent farm or ranch manager. The land must be producing a product for human or animal consumption, or for commercial trade within the agricultural economy of the State of Texas, and being farmed or ranched to the extent typical for agricultural operations. This test is intended to exclude land on which token agricultural use occurs in an effort to obtain tax relief.

Land must be managed in a typically prudent manner. Typically, prudent may be measured by comparing the actual production of the subject property to the average yields of Grayson County. A prudent manager conducts his farming or ranching operation in a business-like fashion, keeping books, and records, and operates as similar businesses are operated. He uses his management ability, to operate under natural conditions, and as a business venture for profit. Property owners may actually be their own farm or ranch manager/operator, however, they must prove that they are following all the common production steps for their type of operation and putting in the typical amounts of labor, management, and investment. If the taxpayer has personal motives or engages in the agricultural activity for recreational purposes, his overall profit motives will be suspect.

The land must be currently devoted principally to agricultural use. Principally is defined as the most important use in comparison with other uses. Current devotion requires that land be in active agricultural use for the bulk of the calendar year.

**Pursuant to Section 23.51 (1) of the Texas Property Tax Code, land must have been devoted principally to agricultural use for five of the preceding seven years.** Land within the boundaries of a city or town must have been devoted principally to agriculture use continuously for the preceding five years. This five-year use history must first be established before the special agricultural appraisal can be granted. The agricultural use history must be provided on the application to the best of the current owner's knowledge. The applicant may need to contact the previous owner, neighbor, operator, etc. The previous owner's agricultural application is a confidential document as per Section 23.45 of the Texas Property Tax Code. The new owner must supply the information on their application, not the appraisal district.

Per Section 23.54(e) if a person fails to file a valid application on time, the land is ineligible for agricultural appraisal for that year

If additional information is requested, the property owner has 30 days to supply the request. If the property owner does not respond to the request for information upon the 31st day the special appraisal is considered to be denied.

A property owner may appeal a denial to the appraisal review board at a formal hearing by filing a written protest within 30 days of the denial notice.

Agricultural valuation will be applied to the land only and appurtenances such as fencing, ponds, roads, etc. Land beneath farm buildings and other agricultural improvements does qualify. However, the agricultural appraisal cannot be applied to the improvement itself, farm equipment, etc.

If the agricultural appraisal is granted, you will not need to refile each year. However, if property is sold/purchased, it will be necessary for the new owner to make new application and qualify for the agricultural appraisal. Additionally, the Chief Appraiser may require any person allowed this special valuation to make new application to confirm that the land is currently eligible.

## INFORMATION AND EVIDENCE TO SUPPORT AGRICULTURAL USE

Pursuant to the Texas Property Tax Manual for the Appraisal of Agricultural Land published by the Texas Comptroller of Public Accounts, to qualify land for agricultural appraisal, the property owner must show the chief appraiser that his land meets the standard. **To do so, the property owner must apply for the appraisal and the property owner must give the chief appraiser all the information he needs to determine whether the land qualifies. It may be necessary to provide substantial evidence of use, such as a written lease agreement between the owner and the operator, receipts for feed, fertilizer, proof of harvest sales, profit/loss statements, income tax returns, etc. The burden of proof of use is the responsibility of the property owner, they must show evidence that they are following all the common production steps for their type of operation and putting in the typical amounts of labor, management, and investment.** The property owner must also inform the chief appraiser of any changes in the status of the land.

Sections 23.51 –23.57 of the Texas Property Tax Code directs the Texas State Comptroller of Public Accounts formerly known as the State Property Tax Board (SPTB) to develop Agricultural Appraisal Manuals for agricultural land. Section 23.52 also directs the development procedures for verifying that land qualifies for agricultural appraisal. The attached agricultural land qualification requirements are considered valid for mass appraisal purposes and can be applied uniformly throughout Grayson County. These guidelines are supported by (1) Section 183 of the IRS Regulation, (2) The Texas Property Tax Manual for the Appraisal of Agricultural Land published by the Texas Comptroller of Public Accounts, (3) The Texas Property Tax Code, (4) by the opinions of the Grayson County Agricultural Advisory Board established pursuant to Section 6.12 of the Texas Property Tax Code, and (5) data collected from the local area. It should be noted that these guidelines are to be used as a general guide for qualifying agricultural land. Exceptions to the general rule will be handled on a case by case basis as determined by the Chief Appraiser.

When property owners initially qualify for agricultural appraisal they must show proof of history for agricultural use/beekeeping for any of all five out of seven preceding years. One way to do this is to ask for export or intra-state permits, which are required by the Texas Apiary Inspection Service to transport hives. feed. making of census counts to determine population. Additional information can be found through the Texas Parks and Wildlife Department.

## ROLLBACK

The law imposes a rollback tax on 1-d-1 land when it is taken out of agricultural use. A property owner can trigger the rollback by ending agricultural operations or diverting the property to a non-agricultural use such as a commercial use or platting into a subdivision, etc. **The rollback tax equals the difference between the taxes the owner actually paid in the three years preceding the change in the use and the taxes the owner would have paid on the property's market value, plus interest at an annual rate of five percent. The tax is imposed on the date the cessation or change of use occurs.** Additional rollback information may be obtained from the Grayson Central Appraisal District.



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This information is a brief explanation of the requirements/qualifications of obtaining the 1-d-1 (open-space) agricultural appraisal. Should you need further information, please feel free to contact our office, Monday – Friday, 8:30am to 4:00pm for additional information or clarification. Or you may access the website for the Texas State Comptroller at [www.window.state.tx.us](http://www.window.state.tx.us) for information and/or forms.