

Productivity Appraisal Reduces Property Taxes on Farms and Ranches

Farmers and ranchers may be eligible for property tax relief on their land. They may apply to the Lavaca County Appraisal District for agricultural productivity appraisal, a lower appraisal of their land based on what it will produce, rather than what it would sell for on the open market.

There are two types of agricultural productivity appraisal, 1-d-1 and 1-d, named for the sections of the Texas Constitution that authorize them. Most property owners apply for 1-d-1 appraisal. To qualify, the owner must use the land for agriculture or growing timber. This form of appraisal does not restrict ownership to individuals and does not require agriculture to be the owner's primary business. The land's use in a qualifying agricultural or timber purpose must meet the degree of intensity generally accepted in the area. Owners must show that the land has been devoted principally to the qualifying use for at least five of the preceding seven years.

The qualifications for 1-d are more stringent. Under 1-d, the owner must file an application for productivity appraisal each year. The owner must be an individual — not a corporation, partnership, agency or organization. The land must have had an agricultural use for at least three years. The owner's primary job and source of income must be agriculture.

The law provides penalties, in the form of a rollback tax, for taking qualified land out of agriculture or timber production. The rollback tax is 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. Rollback taxes include interest charges. Under 1-d-1, an owner triggers a rollback by changing the land's use to a nonagricultural use. Rollback taxes are based on the five tax years preceding the year of the change. Under 1-d, if the owner sells the land or changes its use, the rollback extends back for the three years before the sale or change of use.

The law also allows a property owner to use land for wildlife management and still receive the special appraisal, if the land qualified for agriculture use in the preceding year. Land under wildlife management must meet acreage size requirements and special use qualifications.

The deadline to apply for productivity appraisal is April 30. 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 Lavaca County Appraisal District, 908 N Glendale St, Hallettsville, TX (361) 798-4396. Information is also available on the state Comptroller's Web site at www.window.state.tx.us/taxinfo/proptax/ or by calling the Comptroller's Property Tax Assistance Division at (800) 252-9121, ext. 1.