EVIDENCE OF AGRICULTURAL USE

In order for your property to qualify as 1-d-1 open space land and be granted a special agricultural use appraisal, the land must currently be devoted principally to agricultural use to the degree of intensity accepted in this area and have been devoted principally to agricultural use for at least five of the preceding seven years. A new owner is required to file an application for ag-use appraisal and provide evidence of ag-use. Property owners of land that has previously been approved for ag-use may be asked by the Chief Appraiser to re-file an application and provide evidence if the ag-use is in question.

When filing an application, please provide as much evidence as possible. The following are some types of documentation that will be helpful in proving your case:

- Receipts showing expenses or income found in typical farming operation. These can be for seed, fertilizer, irrigation, purchase of livestock, feed, fencing material and sale of products produced on the property.
- Pictures of the property
- Income tax returns, schedule F
- Lease agreements
- Any other pertinent information documenting ag-use on the property

Please keep in mind that the more information you can provide, the better the chances of being approved for the ag-use appraisal.
QUALIFICATIONS GUIDELINES

The general policy of the Cameron County Appraisal District is in accordance with the State Property Tax Board’s qualification guidelines for agricultural use. The District’s policy is that in order to qualify for ag-use valuation the land must:

1. Be utilized to the degree of intensity generally accepted in Cameron County Appraisal District. Degree of intensity is measured by local farming and ranching practices of a typically prudent manager. This specifically excludes land on which token agriculture of timber use occurs in an effort to obtain eligibility or where agriculture is simply a hobby. (See “Hobby Farm” Guidelines, page 5). Here, the applicant’s management program and factors of production must be reviewed to see if he is typical.

2. 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 Cameron County.

3. Be a substantial tract of land. Substantial means an identifiable tract of land of adequate size to support a typically prudent operation. A minimum of 3 acres is required unless contiguous with additional qualified agricultural property being owned by the same person(s) or family member.

4. Be devoted principally to an agriculture use.
QUALIFYING AGRICULTURAL GUIDELINE 2012

MINIMUM ACRES:
3 ACRES, unless contiguous and used with additional qualified agricultural land.

ORCHARD:
40 TREES PER ACRES – grove must be cleaned, pruned, irrigated and fertilized in a manner consistent with orchard production. Owner must provide receipts for these typical expenses and prove the product is sold in a manner consistent with typical orchard production.

PASTURE:
1 1/2 ANIMAL UNIT PER ACRE (cows, goats, pigs, sheep, etc) Appraiser will do field inspection to verify usage and assure the land is being used to its degree of intensity.

HAY:
IRRIGATED, FERTILIZED, CUT AND BALED AND BE SOLD OR USED. Land owner must provide evidence that the property has been used in a manner consistent with hay farming, such as: receipts for grass planting, irrigation, fertilizer, baling and sale of hay for each of the past five years and harvesting records. Pasture must be planting in hay grass and be clean of any brush or weeds. Non-irrigated land must be harvested at least two times per year and irrigated land must be harvested at least five times per year.

GARDEN:
TRUCK FARM – GROWN FOR SALE OR TRADE

WILDLIFE:
MUST HAVE A WRITTEN PLAN. Texas Parks & Wildlife has the best and it’s on their website.
GUIDELINES FOR AGRICULTURAL VALUATION USE TYPES

NATIVE PASTURE
- Stock Water
- Graze Livestock (A/U. depends on type of livestock)
- Fences Maintained

IMPROVED PASTURE
- Sod or Sow
- Fertilize
- Weed Control
- Stock Water
- Graze Livestock (A/U. depends on type of livestock)
- Fences Maintained

HAY MEADOW
- Sod or Sow
- Fertilize
- Weed Control
- Baling

DRYLAND ROW CROP
- Land Preparation
- Planting
- Fertilizing
- Insect and Weed Control
- Cultivation
- Harvest

ORCHARDS
- Number of trees per acre varies according to type
- Fertilize
- Cultivation
- Water Available
- Insect and Weed Control
- Harvest

**A minimum of 3 acres is required, unless contiguous with additional qualified agricultural use property being owned by the same person(s) or family member.
INTERNAL REVENUE SERVICE

“HOBBY FARM” GUIDELINES
(REFERENCE SECTION 183 OF THE IRS REGULATIONS)

1. Manner in which the taxpayer carries on the activity. Does the taxpayer go about the activity in a business-like fashion keeping books and records, and does he operate as similar businesses are operated?

2. The expertise of the taxpayer and his advisors. Where the taxpayer has not expertise, does he seek it, and once found does he follow it?

3. The time and effort devoted to the farm. Are either the efforts of taxpayer or his qualified assistants consistent with the size of the investment and a profit motive?

4. Are the assets expected to appreciate in value? Lack of current income may be offset by the possibility of asset appreciation.

5. The taxpayer's history of profits and losses with respect to the activity. A long uninterrupted history of losses will be harmful, but the presumption noted above will operate if the taxpayer has a profit in two years out of five (or seven).

6. If the taxpayer has been successful in other activities, that may be helpful.

7. If profits are generated, their size in relation to prior or later losses will be considered.

8. If the taxpayer has sufficient wealth to suffer losses, that may indicate a nonprofit motive.

9. If the taxpayer has personal motives or engages in the activity for recreational purposes, his overall profit motives will be a suspect.