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 (NAME) Appraisal District for agricultural productivity appraisal and for a lower appraisal based on typical production, versus market value.

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 for 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 landowners apply for the 1-d-1 appraisal.

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

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 landowner switches the land's use to non-agricultural. These rollback taxes are based on the three tax years preceding the year of change.

Texas law allows farmers and ranchers to use land for wildlife management and still receive special appraisal, but the land must be qualified for agriculture use in the preceding year. Land under wildlife management must also meet 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 (NAME) Appraisal District at (INSERT APPRAISAL DISTRICT CONTACT INFORMATION). Property owners can find more information on the Comptroller's Property Tax Assistance Division's website: comptroller.texas.gov/taxes/property-tax/.