



CAMERON APPRAISAL DISTRICT

2015

AGRICULTURAL APPRAISAL
SCHEDULE

AGRICULTURAL APPRAISAL SCHEDULE

TABLE OF CONTENTS

CAD AGRICULTURAL ADVISORY BOARD MEMBERS	3
TAX RATE FORMULATION	4
AG-USE POLICY AND PRODUCTIVITY VALUATION	5
PROPERTY TAX CODE SECTIONS 23.51.....	6
ALLOWABLE TAX EXPENSES	7
TYPICAL LEASE RATES FOR IC1	8
TYPICAL LEASE RATES FOR IC2	11
TYPICAL LEASE RATES FOR IC3	13
TYPICAL LEASE RATES FOR DC1	15
TYPICAL LEASE RATES FOR DC2	17
TYPICAL LEASE RATES FOR DC3.....	18
TYPICAL LEASE RATES FOR IP	19
TYPICAL LEASE RATES FOR NP1	20
TYPICAL LEASE RATES FOR NP2	21
TYPICAL LEASE RATES FOR NP3	22
TYPICAL LEASE RATES FOR OR1	23
TYPICAL LEASE RATES FOR OR2	24
BEE KEEPING DEGREE OF INTENSITY.....	25
BEE KEEPING PRODUCTIVITY VALUE	26
AG VALUE CALCULATION TABLE	27
AG VALUES COMPARED TO 2014	28
STATE COMPTROLLER AG MANUAL	APPENDIX

**CAMERON APPRAISAL DISTRICT
AGRICULTURAL ADVISORY BOARD**

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Francis Phillipp	12941 FM 3067, La Feria, TX 78559-6125
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2013-2014	(956) 423-6344 Cell: (956) 367-6344
Adrian De Los Santos	17256 Jimenez Rd., San Benito, TX 78586
2014-2015	(956) 536-2152

Tax Rate Formulation

Ag- Use Schedule

The tax rate formulation used for calculation the taxes deducted for each of the Ag-use categories is derived by using the following process:

- | | |
|-------------------------------------|----------------------------|
| 1. Cameron County Tax Rate | :All Categories |
| 2. Drainage Districts Tax Rate | :Irrigated Categories Only |
| 3. South Texas ISD Tax Rate | :All Categories |
| 4. Texas Southmost College Tax Rate | :All Categories |
| 5. Median ISD Tax Rate | :All Categories |
| 6. Cameron County EMS | :All Categories |
| 7. Median Water District Tax Rate | :Irrigated Categories Only |

The total combination of these tax rates are used for calculating the tax expense for each category.

City tax rates are not used because these are not considered typical for the majority of the farm & ranch land. Flat rates are obtained by contacting each irrigation district and are used in irrigated categories only.

MANAGEMENT

Pastures received a 3% management practice deduction for keeping records, finding a tenant etc.

DROUGHT ALLOWANCE

For 2009, 2011, 2012 and 2013 calculations Cameron CAD recommends adding drought allowance to all categories. Irrigated row crops and pastures were allowed 1% to 5% deductions for drought allowance, and Dry land row crop categories will receive drought allowance of 5.5% to 7.5%. This recommendation is due to the U.S. Drought Monitor Map Archives from the National Drought Mitigation Center. You may visit <http://droughtmonitor.unl.edu/mapsanddata/maparchive.aspx>

PERCENT APPLIED TO DROUGHT LEVEL FOR EACH YEAR

IRRIGATED CROPS & PASTURE

D2 Severe Drought = 1%
D3 Extreme Drought = 3%
D4 Exceptional Drought = 5%

DRY CROP CATEGORY

D2 Severe Drought = 5.5%
D3 Extreme Drought = 6.5%
D4 Exceptional Drought = 7.5%

CAMERON APPRAISAL DISTRICT AG-USE POLICY LAND PRODUCTIVITY VALUATION

Two amendments to the Texas Constitution permit agricultural and open-space land to be taxed on its agricultural use or productivity value. This means taxes would be assessed against the productive value of and instead of its market value.

The legal basis for special valuation is found in the Texas Constitution Article VIII, Section 1-d and 1-d-1. The two types of land and valuation are commonly called "Ag-use" or "open-space." The corresponding provision of the Property Tax Code can be found in Chapters 23.41 Thru 23.57.

While the purpose of the two special valuations is similar, they must be in agricultural use and valued in the same manner, however the qualifying procedures are different.

1. AG-USE, 1-D, QUALIFICATIONS:

- a. The land must be owned by a natural person. Partnerships or corporations may not qualify.
- b. The land must have been in agricultural use for three years prior to application of this special valuation.
- c. The owner must apply every year and sign a sworn statement about the use of the land.
- d. The agricultural business must be the owner's primary occupation and source of income.

2. OPEN-SPACE, 1-D-1, QUALIFICATIONS:

- a. The land must not be owned by a non-resident alien, corporations controlled by non-resident alien or foreign governments.
 1. The Texas Supreme Court has held that non-resident aliens can now qualify for agricultural valuation.
- b. Devoted principally to agricultural use to a degree of intensity generally accepted in the area.
- c. The land must have been devoted to a qualifying use for at least 5 of the past 7 years-consecutive if inside city limits.
- d. The agricultural business need not be primary.
- e. A one-time application and approval is required unless the Chief Appraiser requests another application.

The possibility of a "Rollback Tax" exists under either form of special valuation. Liability for additional taxes is created under 1-d by either by the sale of the land or a change of use. A prior three year envelope exists from the date of sale or change use occurs.

Open-Space 1-d-1 rollback is triggered by a change in use of the land to a non-agricultural use. The recapture period is five years preceding the year the change occurs.

The additional tax is calculated by taking the difference between taxes paid under special valuation and taxes that would have been paid if the land were appraised at market value, plus an annual interest penalty of seven percent.

The window for filing an application is between January 1 and May 1. A late penalty is imposed if the application is filed after May 1 and before ARB approval of appraisal rolls.

Guidelines have been established by the Cameron Appraisal District for the implementation of these provisions. It is also the opinion of the Chief Appraiser the guidelines are valid for mass appraisal purposes and can be applied uniformly throughout Cameron County.

**CAMERON APPRAISAL DISTRICT
PROPERTY TAX CODE
SECTION 23.51**

SECTION 23.51. Definitions

1. Qualified "open-space land" means land that is currently devoted principally to agricultural use to the degree of intensity generally accepted in the area and that has been devoted principally to agricultural use or to production of timber or forest products for five of the preceding seven years or land that is used principally as an ecological laboratory by a public or private college or university. Qualified open-space land includes all appurtenances to the land. For the purpose of this subdivision, appurtenances to the land means private roads, darns, reservoirs, water wells, canals, ditches, terraces, and other reshaping of the soil, fences, and riparian waters rights.
2. "Agricultural use" includes but is not limited to the following activities: cultivating the soil, producing crops for human food, animal feed, or planting seed or for the production of fibers; floriculture, viticulture, and horticulture; raising or keeping livestock; raising or keeping exotic animals for the production of human food or of fiber, leather, pelts or other tangible products having a commercial value; and planting cover crops or leaving land idle for the purpose of participating in any governmental program or normal crop or livestock rotation procedure. The term also includes the use of land to produce or harvest logs and posts for the use in constructing or repairing fences, pens, barns, or other agricultural improvements on adjacent qualified open-space land having the same owner and devoted to a different agricultural use. The term also includes the use of land for wildlife management.
3. "Category" means the value classification of land considering the agricultural use to which the land is principally devoted. Categories of land may include but are not limited to irrigated cropland, dry cropland, improved pasture, native pasture, orchard, and waste and may be further divided according to soil type, soil capability, irrigation, general topography, geographical factors, and other factors which influence the productive capacity of the category. The chief appraiser shall obtain information from the Texas Agricultural Extension Service, Soil Conservation Service, and other recognized agricultural sources for the purposes of determining the categories of production existing in the appraisal district.

ALLOWABLE TAX EXPENSES

Entity	2013	2012	2011	2010	2009
	Tax Rates	Tax Rates	Tax Rates	Tax Rates	Tax Rates
IBR	1.142155	1.092300	1.092300	1.092300	1.092300
IHG	1.218000	1.218000	1.218000	1.219000	1.125000
ILA	1.299100	1.300000	1.336000	1.336000	1.336000
ILO	1.190000	1.190000	1.190000	1.200000	1.200000
ILY	1.220000	1.330000	1.330000	1.330000	1.200000
IPI	1.081634	1.081640	1.081634	1.081634	1.061634
IRH	1.309100	1.309100	1.309100	1.289100	1.289100
ISB	1.304900	1.304900	1.304900	1.304900	1.304900
ISM	1.280000	1.280000	1.280000	1.280000	1.254941
ISR	1.372200	1.372200	1.372200	1.372220	1.293000
Avg School	1.241709	1.247814	1.251413	1.250515	1.215688
SD1	0.029700	0.030600	0.031100	0.031400	0.031535
SD3	0.147218	0.147218	0.147218	0.147218	0.147218
SD4	0.041320	0.041320	0.041320	0.041320	0.041320
SD5	0.137364	0.137364	0.137364	0.137364	0.137364
Avg Drainage	0.088901	0.089126	0.089251	0.089326	0.089359
SES	0.100000	0.100000	0.100000	0.100000	0.100000
SST	0.049200	0.049200	0.049200	0.049200	0.049200
STS	0.162935	0.162935	0.164026	0.162423	0.161924
GCC	0.384291	0.384291	0.384291	0.364291	0.363191
Irrigated Tax Rate	2.027035	2.033366	2.038181	2.015755	1.979362
Non-Irrigated Tax Rate	1.938135	1.944240	1.948930	1.926429	1.890003

The tax rate for irrigated land is calculated by taking the sum of the average school tax rate, average drainage districts, and the Emergency Service district #1 (SES), South Texas I.S.D. (SST), Texas Southmost College District (STS), and Cameron County tax rate.

The tax rate for non-irrigated land is calculated by taking the sum of the average school tax rate, the Emergency Service district #1 (SES), South Texas I.S.D. (SST), Texas Southmost College District (STS), and the Cameron County tax rate.

Typical Lease Rates for Cameron County IC1

Year	Lease Rates Obtained From	Lease Rates	Typical Rate	Total Typical Expenses	Typical Net To Land		
2009	STEVE BAUER	\$100	\$70.00	\$6.83	Taxes	\$42.36	
	RANDY MCMURRAY FARMS	\$100		\$17.31	W.D. Flat Rate		
	BAUER	\$85		5%	\$3.50		Drought
	BJ SIMPSON	\$85			\$27.64		Total Deductions
	MCLEMORE ZACHARY	\$70					
	STEVE WOLF	\$70	*				
	ALBERT GARZA	\$60					
	LENARD SIMMONS FARMS	\$80					
	RANDY MCMURRAY FARMS	\$70					
	BILLY D SIMPSON	\$65					
	BRUCE WATERS	\$80					
	RAMIRO REYNA	\$50					
	ALBERT PEREZ	\$90					
	J & R OLIVAREZ FARMS	\$65					
RENE RANGEL	\$50						
2010	STEVE BAUER	\$100	\$70.00	\$7.32	Taxes	\$45.37	
	RANDY MCMURRAY FARMS	\$100		\$17.31	W.D. Flat Rate		
	BAUER	\$85		0%	\$0.00		Drought
	BJ SIMPSON	\$85			\$24.63		Total Deductions
	MCLEMORE ZACHARY	\$70	*				
	LENARD SIMMONS FARMS	\$80					
	ALBERT GARZA	\$60					
	STEVE WOLF	\$70					
	RANDY MCMURRAY FARMS	\$70					
	BILLY D SIMPSON	\$65					
	DON WATERS	\$65					
	J & R OLIVAREZ FARMS	\$65					
	ALBERT PEREZ	\$90					
	RAMIRO REYNA	\$50					
RENE RANGEL	\$50						
2011	STEVE BAUER	\$100	\$70.00	\$6.66	Taxes	\$42.40	
	RANDY MCMURRAY FARMS	\$100		\$17.44	W.D. Flat Rate		
	BAUER	\$85		5%	\$3.50		Drought
	BJ SIMPSON	\$85			\$27.60		Total Deductions
	MCLEMORE ZACHARY	\$70					
	STEVE WOLF	\$70	*				

RANDY MCMURRAY FARMS	\$70
ALBERT GARZA	\$60
LENARD SIMMONS FARMS	\$80
BILLY D SIMPSON	\$65
DON WATERS	\$65
RAMIRO REYNA	\$50
BRUCE WATERS	\$80
ALBERT PEREZ	\$90
RENE RANGEL	\$50
WESLEY VALERIOUS	\$50
J & R OLIVAREZ FARMS	\$70

2012	STEVE BAUER (SC)	\$100	\$70.00	\$8.58	Taxes	\$42.91
	RANDY MCMURRAY FARMS (SC)	\$100		\$17.81	W.D. Flat Rate	
	BAUER	\$85		1%	\$0.70	Drought
	BJ SIMPSON	\$85			\$27.09	Total Deductions
	MCLEMORE ZACHARY	\$70				
	STEVE WOLF	\$70	*			
	RANDY MCMURRAY FARMS (SC)	\$70				
	LENARD SIMMONS FARMS	\$80				
	ALBERT GARZA	\$60				
	BILLY D SIMPSON	\$65				
	ALBERT PEREZ	\$90				
	BRUCE WATERS	\$80				
	RAMIRO REYNA	\$50				
	J & R OLIVAREZ FARMS	\$70				
	RENE RANGEL	\$50				
	WESLEY VALERIOUS	\$50				

2013	STEVE BAUER (SC)	\$100	\$80.00	\$8.70	Taxes	\$51.09
	RANDY MCMURRAY FARMS (SC)	\$100		\$17.81	W.D. Flat Rate	
	BAUER	\$85		3%	\$2.40	Drought
	BJ SIMPSON	\$85			\$28.91	Total Deductions
	SPARKS	\$85				
	MCLEMORE ZACHARY	\$70				
	STEVE WOLF	\$70				
	RANDY MCMURRAY FARMS (SC)	\$70				
	LENARD SIMMONS FARMS	\$80	*			
	ALBERT GARZA	\$60				
	BILLY D SIMPSON	\$65				
	ALBERT PEREZ	\$90				
	BRUCE WATERS	\$80				
	RAMIRO REYNA	\$50				
	J & R OLIVAREZ FARMS	\$70				

RENE RANGEL	\$50
WESLEY VALERIOUS	\$50
JOHNSON BROTHERS PTN (SC)	\$115
BURNS LEVI	\$90
NEUHOUS & SONS	\$110
TAMM LANE VENTURES (SURVEY)	\$55

-
-
- 1.) $44.826 / 10\% \text{ Cap Rate} = \448.26
 - 2.) \$448 (2015 Ag Rate)

Total	\$224.13
5 Year Average	\$44.826
Cash Lease	
<hr/>	
Ag Value/ acre	\$448

Typical Lease Rates for Cameron County

IC2

Year	Lease Rates Obtained From	Lease Rates	Typical Rate	Total Typical Expenses		Typical Net To Land
2009	BRUCE WATERS	\$80.00	\$65.00	\$6.41	Taxes	\$38.03
	DON WATERS	\$65.00	*	\$17.31	W.D. Flat Rate	
	ERNESTO GONZALES	\$55.00		5%	\$3.25	Drought
	LEONARD SIMMONS FARMS	\$80.00			\$26.97	Total Deductions
	ALBERT PEREZ	\$70.00				
	MATHERS FARMS	\$45.00				
	ROBERT ATKINSON	\$65.00				
2010	BRUCE WATERS	\$80.00	\$65.00	\$6.79	Taxes	\$40.90
	DON WATERS	\$65.00	*	\$17.31	W.D. Flat Rate	
	ERNESTO GONZALES	\$55.00		0%	\$0.00	Drought
	RAMIRO REYNA	\$50.00			\$24.10	Total Deductions
	MATHERS FARMS	\$45.00				
	ROBERT ATKINSON	\$65.00				
	ALBERT PEREZ	\$70.00				
LEONARD SIMMONS FARMS	\$80.00					
2011	BRUCE WATERS	\$80.00	\$65.00	\$6.11	Taxes	\$38.20
	DON WATERS	\$65.00	*	\$17.44	W.D. Flat Rate	
	ERNESTO GONZALES	\$55.00		5%	\$3.25	Drought
	RAMIRO REYNA	\$50.00			\$26.80	Total Deductions
	ALBERT PEREZ	\$70.00				
	ROBERT ATKINSON	\$65.00				
	MATHERS FARMS	\$45.00				
LEONARD SIMMONS FARMS	\$80.00					
2012	BRUCE WATERS	\$80.00	\$65.00	\$7.89	Taxes	\$38.65
	DON WATERS	\$65.00	*	\$17.81	W.D. Flat Rate	
	ERNESTO GONZALES	\$55.00		1%	\$0.65	Drought
	RAMIRO REYNA	\$50.00			\$26.35	Total Deductions
	ALBERT PEREZ	\$70.00				
	ROBERT ATKINSON	\$65.00				
	MATHERS FARMS	\$45.00				
LEONARD SIMMONS FARMS	\$80.00					

2013	BRUCE WATERS	\$80.00	\$70.00	\$7.93	Taxes	\$42.16
	DON WATERS	\$65.00		\$17.81	W.D. Flat Rate	
	ERNESTO GONZALES	\$55.00	3%	\$2.10	Drought	
	RAMIRO REYNA	\$50.00		\$27.84	Total Deductions	
	ALBERT PEREZ	\$70.00	*			
	ROBERT ATKINSON	\$65.00				
	PAUL FLOYD	\$75.00				
	COATES E M	\$75.00				
	MATHERS FARMS	\$45.00				
	LEONARD SIMMONS FARMS	\$80.00				
	THOMAS WIESMAN	\$80.00				

					Total	\$197.93
1.)	\$39.587 / 10% Cap Rate = \$395.87				5 Year Average	\$39.587
2.)	\$395 (2015 Ag Rate)				Cash Lease	
					Ag Value/ acre	\$396

Typical Lease Rates for Cameron County

IC3

Year	Lease Rates Obtained From	Lease Rates	Typical Rate	Total Typical Expenses	Typical Net To Land	
2009	LEVI BURNS	\$60.00	\$60.00	\$4.91	Taxes	\$34.78
	JUAN GARCIA	\$55.00		\$17.31	W.D. Flat Rate	
	MATHERS FARMS	\$45.00	5%	\$3.00	Drought	
	MARCUS WICK	\$45.00		\$25.22	Total Deductions	
	J & R OLIVAREZ FARMS	\$65.00				
	BRUCE WATERS	\$80.00				
	ALBERT GARZA	\$60.00	*			
	LENARD SIMMONS	\$60.00				
2010	LEVI BURNS	\$60.00	\$60.00	\$5.24	Taxes	\$37.45
	JUAN GARCIA	\$55.00		\$17.31	W.D. Flat Rate	
	RAMIRO REYNA	\$50.00		\$0.00	Drought	
	MATHERS FARMS	\$45.00		\$22.55	Total Deductions	
	LENARD SIMMONS	\$60.00	*			
	BRUCE WATERS	\$80.00				
	J & R OLIVAREZ FARMS	\$65.00				
	ALBERT GARZA	\$60.00				
MARCUS WICK	\$45.00					
2011	LEVI BURNS	\$60.00	* \$60.00	\$4.56	Taxes	\$35.00
	JUAN GARCIA	\$55.00		\$17.44	W.D. Flat Rate	
	RAMIRO REYNA	\$50.00	5%	\$3.00	Drought	
	MATHERS FARMS	\$45.00		\$25.00	Total Deductions	
	LENARD SIMMONS	\$60.00				
	BRUCE WATERS	\$80.00				
	ALBERT GARZA	\$60.00				
	J & R OLIVAREZ FARMS	\$65.00				
MARCUS WICK	\$45.00					
2012	LEVI BURNS	\$60.00	* \$60.00	\$5.63	Taxes	\$35.96
	JUAN GARCIA	\$55.00		\$17.81	W.D. Flat Rate	
	RAMIRO REYNA	\$50.00	1%	\$0.60	Drought	
	MATHERS FARMS	\$45.00		\$24.04	Total Deductions	
	LENARD SIMMONS	\$60.00				
	BRUCE WATERS	\$80.00				
	J & R OLIVAREZ FARMS	\$70.00				
	ALBERT GARZA	\$60.00				
MARCUS WICK	\$45.00					

2013	LEVI BURNS	\$60.00	*	\$60.00	\$5.63	Taxes	\$34.76
	JUAN GARCIA	\$55.00			\$17.81	W.D. Flat Rate	
	RAMIRO REYNA	\$50.00		3%	\$1.80	Drought	
	MATHERS FARMS	\$45.00			\$25.24	Total Deductions	
	LENARD SIMMONS	\$60.00					
	BRUCE WATERS	\$80.00					
	TEOFILO FLORES JR	\$70.00					
	J & R OLIVAREZ FARMS	\$70.00					
	ALBERT GARZA	\$60.00					
	MARCUS WICK	\$45.00					

					Total	\$177.96
1.)	\$35.591 / 10% Cap Rate = \$355.91				5 Year Average	\$35.591
2.)	\$356 (2015 Ag Rate)				Cash Lease	
					Ag Value/ acre	\$356

Typical Lease Rates for Cameron County DC1

Year	Lease Rates Obtained From	Lease Rates	Typical Rate	Total Typical Expenses	Typical Net To Land		
2009	ROBERT ATKINSON	\$50	* \$50.00	\$4.63	Taxes	\$41.62	
	OVI ATKINSON	\$65		7.5%	\$3.75		Drought
	ALBERT PEREZ	\$50					
	DON WATERS LA CUESTA	\$55			\$8.38		Total Deductions
	J & R OLIVAREZ FARMS	\$50					
	ALBERT GARZA	\$50					
	BILLY MAC SIMPSON (600ac)	\$65					
	LUPE & BODE ARGUILLIN	\$65					
	EDWARD MATHERS	\$45					
2010	ALBERT PEREZ	\$50	\$50.00	\$4.97	Taxes	\$45.03	
	EDWARD MATHERS	\$45		\$0.00	Drought		
	ALBERT GARZA	\$50					
	DON WATERS/LA CUESTA	\$55			\$4.97		Total Deductions
	OVI ATKINSON	\$65					
	BILLY MAC SIMPSON (600ac)	\$65					
	J & R OLIVAREZ FARMS	\$50					
	ROBERT ATKINSON	\$50	*				
	LUPE & BODE ARGUILLIN	\$65					
OVI ATKINSON	\$55						
2011	ALBERT PEREZ	\$50	\$50.00	\$4.37	Taxes	\$41.88	
	EDWARD MATHERS	\$45		7.5%	\$3.75		Drought
	DON WATERS/LA CUESTA	\$55					
	OVI ATKINSON	\$65			\$8.12		Total Deductions
	BILLY MAC SIMPSON (600ac)	\$65					
	J & R OLIVAREZ FARMS	\$50					
	ALBERT GARZA	\$50					
	ROBERT ATKINSON	\$50	*				
	LUPE & BODE ARGUILLIN	\$65					
2012	ALBERT PEREZ	\$50	\$50.00	\$6.86	Taxes	\$39.89	
	EDWARD MATHERS	\$45		6.5%	\$3.25		Drought
	DON WATERS/LA CUESTA	\$55					
	BILLY MAC SIMPSON (600ac)	\$65			\$10.11		Total Deductions
	OVI ATKINSON	\$65					
	J & R OLIVAREZ FARMS	\$50	*				
	ROBERT ATKINSON	\$50					

ALBERT GARZA	\$50
LUPE & BODE ARGUILLIN	\$65

2013	ALBERT PEREZ	\$50	\$52.50	\$6.73	Taxes	\$42.89
	EDWARD MATHERS	\$45		5.5%	\$2.89	Drought
	DON WATERS/LA CUESTA	\$55				
	BILLY MAC SIMPSON (600ac)	\$65			\$9.61	Total Deductions
	OVI ATKINSON	\$65				
	J & R OLIVAREZ FARMS	\$50	*			
	ROBERT ATKINSON	\$50				
	ALBERT GARZA	\$50				
	LUPE & BODE ARGUILLIN	\$65				
	USDA FSA SOIL MAINTENANCE	\$60				

		Total	\$211.31
1.) \$42.261 / 10% Cap Rate = \$422.61		5 Year Average	\$42.2615
2.) \$423 (2015 Ag Rate)		Cash Lease	
		Ag Value/ acre	\$423

Typical Lease Rates for Cameron County DC2

Year	Lease Rates Obtained From	Lease Rates	Typical Rate		Total Typical Expenses		Typical Net To Land
2009	ROBERT ATKINSON	\$40	\$43.00		\$3.93	Taxes	\$35.84
	OVI ATKINSON	\$45		7.5%	\$3.23	Drought	
	EDWARD MATHERS	\$40					
	ALBERT & SANDRA PEREZ	\$43	*		\$7.16	Total Deductions	
	ALBERT GARZA	\$35					
	BILLY MAC SIMPSON (600ac)	\$55					
	LUPE & BODE ARGUILLIN	\$50					
2010	ROBERT ATKINSON	\$40	\$43.00		\$4.28	Taxes	\$38.72
	OVI ATKINSON	\$45			\$0.00	Drought	
	ALBERT GARZA	\$35					
	EDWARD MATHERS	\$40			\$4.28	Total Deductions	
	ALBERT & SANDRA PEREZ	\$43	*				
	BILLY MAC SIMPSON (600ac)	\$55					
	LUPE & BODE ARGUILLIN	\$50					
2011	ROBERT ATKINSON	\$40	\$43.00		\$3.76	Taxes	\$36.01
	OVI ATKINSON	\$45		7.5%	\$3.23	Drought	
	ALBERT GARZA	\$35					
	EDWARD MATHERS	\$40			\$6.99	Total Deductions	
	ALBERT & SANDRA PEREZ	\$43	*				
	BILLY MAC SIMPSON (600ac)	\$55					
	LUPE & BODE ARGUILLIN	\$50					
2012	ROBERT ATKINSON	\$40	\$43.00		\$5.46	Taxes	\$34.74
	OVI ATKINSON	\$45		6.5%	\$2.80	Drought	
	ALBERT & SANDRA PEREZ	\$43	*				
	EDWARD MATHERS	\$40			\$8.26	Total Deductions	
	BILLY MAC SIMPSON (600ac)	\$55					
	ALBERT GARZA	\$35					
	LUPE & BODE ARGUILLIN	\$50					
2013	ROBERT ATKINSON	\$40	\$47.50		\$5.29	Taxes	\$39.60
	OVI ATKINSON	\$45		5.5%	\$2.61	Drought	
	ALBERT & SANDRA PEREZ	\$43	*				
	EDWARD MATHERS	\$50			\$7.90	Total Deductions	
	BILLY MAC SIMPSON (600ac)	\$55					
	ALBERT GARZA	\$35					
	USDA FSA SOIL MAINTENANCE	\$56					
	LUPE & BODE ARGUILLIN	\$50					

1.) \$36.983 / 10% Cap Rate = \$369.83

2.) \$370 (2015 Ag Rate)

Total	\$184.92
5 Year Average	\$36.9838
Cash Lease	

Ag Value/ acre **\$370**

Typical Lease Rates for Cameron County DC3

Year	Lease Rates Obtained From	Lease Rates	Typical Rate	Total Typical Expenses	Typical Net To Land
	ALBERT PEREZ	\$40	\$40.00	\$4.03	Taxes \$32.97
	EDWARD MATHERS	\$40	*	7.5%	\$3.00 Drought
	ALBERT GARZA	\$35			
	LUPE & BODE ARGUILLIN	\$40		\$7.03	Total Deductions
	BILLY MAC SIMPSON	\$35			
2009					
	LUPE & BODE ARGUILLIN	\$40	\$40.00	\$4.24	Taxes \$35.76
	EDWARD MATHERS	\$40	*	0%	\$0.00 Drought
	ALBERT PEREZ	\$40			
	ALBERT GARZA	\$35		\$4.24	Total Deductions
	BILLY MAC SIMPSON	\$35			
2010					
	LUPE & BODE ARGUILLIN	\$40	\$40.00	\$3.70	Taxes \$33.30
	ALBERT PEREZ	\$40		7.5%	\$3.00 Drought
	EDWARD MATHERS	\$40	*		
	ALBERT GARZA	\$35		\$6.70	Total Deductions
	BILLY MAC SIMPSON	\$35			
2011					
	ALBERT PEREZ	\$40	\$40.00	\$4.69	Taxes \$33.11
	LUPE & BODE ARGUILLIN	\$40		5.5%	\$2.20 Drought
	EDWARD MATHERS	\$40	*		
	ALBERT GARZA	\$35		\$6.89	Total Deductions
	BILLY MAC SIMPSON	\$35			
2012					
	ALBERT PEREZ	\$40	\$37.50	\$4.59	Taxes \$30.47
	LUPE & BODE ARGUILLIN	\$40		6.5%	\$2.44 Drought
	EDWARD MATHERS	\$40	*		
	ALBERT GARZA	\$35	*	\$7.03	Total Deductions
	BILLY MAC SIMPSON	\$35			
	USDA FSA SOIL MAINTENANCE	\$31			
2013					
				Total	\$165.62
1.) \$33.120 / 10% Cap Rate = 331.20				5 Year Average	\$33.12
2.) \$331 (2015 Ag Rate)				Cash Lease	
				Ag Value/ acre	\$331

Typical Lease Rates for Cameron County IP

Year	Lease Rates Obtained From	Lease Rates	Typical Rate	Total Typical Expenses		Typical Net To Land	
2009	ZEKE CISNEROS	\$88	\$50.00	\$4.37	Taxes	\$24.32	
	JOYCE KETCHAM	\$50	*	\$17.31	W.D. Flat Rate		
	ANASTACIO CAVAZOS	\$100		5%	\$2.50		Drought
	OVI ATKINSON	\$15		3%	\$1.50		Management
	JORGE GARZA	\$10			\$25.68		Total Deductions
2010	ZEKE CISNEROS	\$88	\$50.00	\$4.47	Taxes	\$26.72	
	JOYCE KETCHAM	\$50	*	\$17.31	W.D. Flat Rate		
	ANASTACIO CAVAZOS	\$100		0%	\$0.00		Drought
	OVI ATKINSON	\$15		3%	\$1.50		Management
	JORGE GARZA	\$10			\$23.28		Total Deductions
2011	ZEKE CISNEROS	\$88	\$50.00	\$4.63	Taxes	\$23.93	
	JOYCE KETCHAM	\$50	*	\$17.44	W.D. Flat Rate		
	ANASTACIO CAVAZOS	\$100		5%	\$2.50		Drought
	OVI ATKINSON	\$15		3%	\$1.50		Management
	JORGE GARZA	\$10			\$26.07		Total Deductions
2012	ZEKE CISNEROS	\$88	\$50.00	\$4.70	Taxes	\$25.49	
	JOYCE KETCHAM	\$50	*	\$17.81	W.D. Flat Rate		
	ANASTACIO CAVAZOS	\$100		1%	\$0.50		Drought
	OVI ATKINSON	\$15		3%	\$1.50		Management
	JORGE GARZA	\$10			\$24.51		Total Deductions
2013	ZEKE CISNEROS	\$88	\$75.00	\$4.56	Taxes	\$48.13	
	JOYCE KETCHAM	\$50		\$17.81	W.D. Flat Rate		
	ANASTACIO CAVAZOS	\$100		3%	\$2.25		Drought
	OVI ATKINSON	\$15		3%	\$2.25		Management
	JORGE GARZA	\$10			\$26.87		Total Deductions
	TOMMY WEBER	\$65	*				
	JOE ORTEGA	\$85	*				
JACK HOWEL	\$89						
1.) \$29.717 / 10% Cap Rate = \$297.17					5 Year Average	\$148.59	
2.) \$297 (2015 Ag Rate)					Cash Lease	\$29.717	
					Ag Value/ acre	\$297	

Typical Lease Rates for Cameron County NP1

Year	Lease Rates Obtained From	Lease Rates	Typical Rate	Total Typical Expenses		Typical Net To Land	
2009	JORGE GARZA	\$10	\$27.50	\$3.06	Taxes	\$22.24	
	ZEKE CISNEROS	\$40	*	5%	\$1.38		Drought
	OVI ATKINSON	\$15	*	3%	\$0.83		Management
	FRANK GONZALEZ	\$40					
					\$5.26		Total Deductions
2010	JORGE GARZA	\$10	\$27.50	\$3.10	Taxes	\$23.57	
	ZEKE CISNEROS	\$40		0%	\$0.00		Drought
	OVI ATKINSON	\$15	*	3%	\$0.83		Management
	FRANK GONZALEZ	\$40	*				
					\$3.93		Total Deductions
2011	JORGE GARZA	\$10	\$27.50	\$3.16	Taxes	\$22.14	
	ZEKE CISNEROS	\$40		5%	\$1.38		Drought
	OVI ATKINSON	\$15	*	3%	\$0.83		Management
	FRANK GONZALEZ	\$40	*				
					\$5.36		Total Deductions
2012	JORGE GARZA	\$10	\$27.50	\$3.05	Taxes	\$23.35	
	ZEKE CISNEROS	\$40		1%	\$0.28		Drought
	OVI ATKINSON	\$15	*	3%	\$0.83		Management
	FRANK GONZALEZ	\$40	*				
					\$4.15		Total Deductions
2013	JORGE GARZA	\$10	\$16.00	\$3.04	Taxes	\$12.00	
	ZEKE CISNEROS	\$40		3%	\$0.48		Drought
	OVI ATKINSON	\$15	*	3%	\$0.48		Management
	FRANK GONZALEZ	\$40	*				
	WILLAMAR OPERATING, LP	\$6			\$4.00		Total Deductions
	CORTEZ SURVEY	\$17					
1.) \$20.660 / 10% Cap Rate = \$206.60					5 Year Average	\$103.30	
2.) \$207 (2015 Ag Rate)					Cash Lease	\$20.660	
					Ag Value/ acre	\$207	

Typical Lease Rates for Cameron County NP2

Year	Lease Rates Obtained From	Lease Rates	Typical Rate	Total Typical Expenses	Typical Net To Land
2009	JORGE GARZA	\$10	\$15.00	\$2.23	Taxes
	BILLY MAC SIMPSON	\$7		5%	\$0.75
	FRANK GONZALEZ	\$40		3%	\$0.45
	ZEKE CISNEROS	\$40			Management
	OVI ATKINSON	\$15	*		\$3.43
				Total Deductions	\$11.57
2010	JORGE GARZA	\$10	\$15.00	\$2.27	Taxes
	BILLY MAC SIMPSON	\$7			0%
	FRANK GONZALEZ	\$40		3%	\$0.45
	ZEKE CISNEROS	\$40			Management
	OVI ATKINSON	\$15	*		\$2.72
				Total Deductions	\$12.28
2011	JORGE GARZA	\$10	\$15.00	\$2.34	Taxes
	BILLY MAC SIMPSON	\$7		5%	\$0.75
	FRANK GONZALEZ	\$40		3%	\$0.45
	ZEKE CISNEROS	\$40			Management
	OVI ATKINSON	\$15	*		\$3.54
				Total Deductions	\$11.46
2012	JORGE GARZA	\$10	\$15.00	\$2.12	Taxes
	BILLY MAC SIMPSON	\$7		1%	\$0.15
	FRANK GONZALEZ	\$40		3%	\$0.45
	ZEKE CISNEROS	\$40			Management
	OVI ATKINSON	\$15	*		\$2.72
				Total Deductions	\$12.28
2013	JORGE GARZA	\$10	\$15.00	\$2.11	Taxes
	BILLY MAC SIMPSON	\$7		3%	\$0.45
	FRANK GONZALEZ	\$40		3%	\$0.45
	ZEKE CISNEROS	\$40			Management
	OVI ATKINSON	\$15	*		\$3.01
	WILLAMAR OPERATING, LP	\$6			Total Deductions
	CORTEZ SURVEY	\$17			
				Total	\$59.58
1.) \$11.915 / 10% Cap Rate = \$119.15				5 Year Average	\$11.915
2.) \$119 (2015 Ag Rate)				Cash Lease	
				Ag Value/ acre	\$119

Typical Lease Rates for Cameron County NP3

Year	Lease Rates Obtained From	Lease Rates		Typical Rate	Total Typical Expenses		Typical Net To Land
2009	JORGE GARZA	\$10	*	\$8.33	\$1.49	Taxes	\$6.17
	BILLY MACK SIMPSON	\$7	*	5%	\$0.42	Drought	
	FRANK GONZALEZ	\$1.43		3%	\$0.25	Management	
	OVI ATKINSON	\$15					
					\$2.16	Total Deductions	
2010	JORGE GARZA	\$10	*	\$8.33	\$1.50	Taxes	\$6.57
	BILLY MACK SIMPSON	\$7	*		\$0.00	Drought	
	FRANK GONZALEZ	\$1.43		3%	\$0.25	Management	
	OVI ATKINSON	\$15					
					\$1.75	Total Deductions	
2011	JORGE GARZA	\$10	*	\$8.33	\$1.52	Taxes	\$6.14
	BILLY MACK SIMPSON	\$7	*	5%	\$0.42	Drought	
	FRANK GONZALEZ	\$1.43		3%	\$0.25	Management	
	OVI ATKINSON	\$15					
					\$2.19	Total Deductions	
2012	JORGE GARZA	\$10	*	\$8.33	\$1.42	Taxes	\$6.57
	BILLY MACK SIMPSON	\$7	*	1%	\$0.08	Drought	
	FRANK GONZALEZ	\$1.43		3%	\$0.25	Management	
	OVI ATKINSON	\$15					
					\$1.75	Total Deductions	
2013	JORGE GARZA	\$10	*	\$8.33	\$1.41	Taxes	\$6.41
	BILLY MACK SIMPSON	\$7	*	3%	\$0.25	Drought	
	FRANK GONZALEZ	\$1.43		3%	\$0.25	Management	
	OVI ATKINSON	\$15					
	WILLAMAR OPERATING, LP	\$6			\$1.91	Total Deductions	
	CORTEZ SURVEY	\$17					
						Total	\$31.86
1.) \$6.372 / 10% Cap Rate = \$63.72						5 Year Average	\$6.372
2.) \$64 (2015 Ag Rate)						Cash Lease	
						Ag Value/ acre	\$64

Typical Lease Rates for Cameron County OR1

Year	Lease Rates Obtained From	Lease Rates	Typical Rate	Total Typical Expenses		Typical Net To Land
2009	KARLES FARMS	\$200.00	\$100.00	\$8.06	Taxes	\$69.63
	LIEVENS STEVE	\$82.77		\$17.31	W.D. Flat Rate	
	STEVE LIEVENS FARMS, LLC	\$100.00	5%	\$5.00	Drought	
				\$30.37	Total Deductions	
2010	KARLES FARMS	\$200.00	\$100.00	\$8.35	Taxes	\$74.34
	LIEVENS STEVE	\$82.77		\$17.31	W.D. Flat Rate	
	STEVE LIEVENS FARMS, LLC	\$100.00	0%	\$0.00	Drought	
				\$25.66	Total Deductions	
2011	KARLES FARMS	\$200.00	\$100.00	\$8.55	Taxes	\$69.01
	LIEVENS STEVE	\$82.77		\$17.44	W.D. Flat Rate	
	STEVE LIEVENS FARMS, LLC	\$100.00	5%	\$5.00	Drought	
				\$30.99	Total Deductions	
2012	KARLES FARMS	\$200.00	\$100.00	\$8.87	Taxes	\$72.32
	LIEVENS STEVE	\$82.77		\$17.81	W.D. Flat Rate	
	STEVE LIEVENS FARMS, LLC	\$100.00	1%	\$1.00	Drought	
				\$27.68	TTL Deductions	
2013	KARLES FARMS	\$200.00	\$100.00	\$8.73	Taxes	\$70.46
	LIEVENS STEVE	\$82.77		\$17.81	W.D. Flat Rate	
	STEVE LIEVENS FARMS, LLC	\$100.00	3%	\$3.00	Drought	
				\$29.54	TTL Deductions	
					Total	\$355.75
1.) \$71.15 / 10% Cap Rate = \$711.50					5 Year Average	\$71.15
2.) \$712 (2015 Ag Rate)					Cash Lease	
					Ag Value/ acre	\$712

Typical Lease Rates for Cameron County

OR2

Year	Lease Rates Obtained From	Lease Rates	Typical Rate	Total Typical Expenses		Typical Net To Land
2009	KARLES FARMS	\$200.00	\$100.00	\$6.83	Taxes	\$70.86
	LIEVENS STEVE	\$82.77		\$17.31	W.D. Flat Rate	
	STEVE LIEVENS FARMS, LLC	\$100.00	5%	\$5.00	Drought Total Deductions	
				\$29.14		
2010	KARLES FARMS	\$200.00	\$100.00	\$7.32	Taxes	\$75.37
	LIEVENS STEVE	\$82.77		\$17.31	W.D. Flat Rate	
	STEVE LIEVENS FARMS, LLC	\$100.00	0%	\$0.00	Drought Total Deductions	
				\$24.63		
2011	KARLES FARMS	\$200.00	\$100.00	\$6.66	Taxes	\$70.90
	LIEVENS STEVE	\$82.77		\$17.44	W.D. Flat Rate	
	STEVE LIEVENS FARMS, LLC	\$100.00	5%	\$5.00	Drought Total Deductions	
				\$29.10		
2012	KARLES FARMS	\$200.00	\$100.00	\$8.58	Taxes	\$72.61
	LIEVENS STEVE	\$82.77		\$17.81	W.D. Flat Rate	
	STEVE LIEVENS FARMS, LLC	\$100.00	1%	\$1.00	Drought Total Deductions	
				\$27.39		
2013	KARLES FARMS	\$200.00	\$100.00	\$8.70	Taxes	\$70.49
	LIEVENS STEVE	\$82.77		\$17.81	W.D. Flat Rate	
	STEVE LIEVENS FARMS, LLC	\$100.00	3%	\$3.00	Drought TTL Deductions	
				\$29.51		
					Total	\$360.23
1.) \$72.046 / 10% Cap Rate = \$720.46					5 Year Average	\$72.046
2.) \$720 (2015 Ag Rate)					Cash Lease	
					Ag Value/ acre	\$720

**Cameron Appraisal District
Degree of Intensity for Beekeeping**

Beekeeping is an agricultural use and shall qualify for agricultural use productivity valuation if used for pollination or for the production of human food or other tangible products having a commercial value. (Sec. 23.51(2) Tax Code)

Acreage Requirement: the State of Texas has set a minimum of 5 acres and a maximum of 20 acres to qualify beekeeping as an agricultural use.

Our degree of intensity standard is set at a minimum of six colonies and 5 acres. The minimum degree of intensity was established using Section 131.001 Texas Agriculture Code's definition of an apiary, which is a place where six or more colonies of bees or nuclei of bees are kept. A colony is the hive and its equipment and appurtenances including bees, comb, honey, pollen and brood.

For each additional 2.5 acres one additional hive is required. If additional acreage is less than 2.5 acres, no additional hive is required. For example, if a property owner has 14.6 acres of land used for beekeeping nine hives would be needed to qualify.

First 5 acres 6 hives
Additional 7.5 acres 3 hives
Remaining 2.1 acres 0 hives
Total Hives required 9 hives

When property owners initially qualify for agricultural appraisal they must show proof of history for agricultural use/beekeeping for any of the five preceding seven years. One way to do this is to ask for export, import or intra-state permits, which are required by the Texas Apiary Inspection Service to transport hives.

Cameron Appraisal District Productivity Value for Beekeeping

Under Open-Space productivity valuation, values are calculated using a modified income approach to determine the per acre value. This is done using cash lease rates that are collected each year through surveys mailed to lessees. The challenge with determining a productivity value for beekeeping using the cash lease method is usually beekeepers do not lease the land on which the hives are located. In most instances, a property owner who has hives located on his land has an open-space valuation on their property.

Using the basic Income/Rate/Value (IRV) formula for developing an income approach to value, we developed a productivity value in beekeeping.

In Texas it is estimated that a hive will produce an average of 74 pounds of honey per year. With the assistance of local beekeepers we estimated an average of \$60 per hive of expenses per year. The average wholesale price for honey in 2014 was \$3.78 per pound.

The following is Cameron Appraisal District's 2015 calculation.

Total Income per Hive	74 lbs. x \$3.78 = \$279.72
Total expenses per Hive per year	\$60.00
Net Operating Income (NOI)	\$279.72 - \$60.00 = \$219.72
Productivity Value per Hive	\$219.72 / .10 cap rate = \$2,197.20

Cameron Appraisal District's degree of intensity is 6 hives on the first 5 acres with 1 hive for every 2.5 acres up to 20 acres. This would give you a range of 6-12 hives minimum requirement. The productivity value is applied on a per-acre basis: therefore, the following formula was used

Cameron Appraisal District's minimum requirement on 20 acres is 12 hives.

Therefore, the average hives per acres is $12 / 20 = .60$ hives.

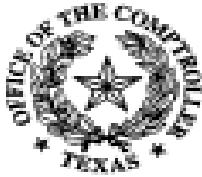
**Productivity Value per acre \$2,197.20 x .6 (minimum hives) = \$1,318.32
or \$1,318.00 per acre.**

**CAMERON APPRAISAL DISTRICT
AG VALUE CALCULATION TABLE
TAX YEAR 2015**

LAND CLASS	AVERAGE GROSS INCOME	AVERAGE TOTAL EXPENSE	NET TO LAND	CAP RATE	AG VALUE
IC1	\$72.00	\$27.17	\$44.83	10.00%	\$448
IC2	\$66.00	\$26.41	\$39.59	10.00%	\$396
IC3	\$60.00	\$24.41	\$35.59	10.00%	\$356
DC1	\$50.50	\$8.24	\$42.26	10.00%	\$423
DC2	\$43.90	\$6.92	\$36.98	10.00%	\$370
DC3	\$39.50	\$6.38	\$33.12	10.00%	\$331
IP	\$55.00	\$25.28	\$29.72	10.00%	\$297
NP1	\$25.20	\$4.54	\$20.66	10.00%	\$207
NP2	\$15.00	\$3.08	\$11.92	10.00%	\$119
NP3	\$8.33	\$1.95	\$6.37	10.00%	\$64
OR1	\$100	\$28.85	\$71.15	10.00%	\$712
OR2	\$100	\$27.95	\$72.04	10.00%	\$720
MU	FLAT RATE FOR ALL ACREAGE				\$50
SF1	FLAT RATE FOR ALL ACREAGE				\$10,000
SF3	FLAT RATE FOR ALL ACREAGE				\$3,000
SF3	FLAT RATE FOR ALL ACREAGE				\$1,500

2015 AG VALUES COMPARED TO 2014

CLASS	2014 VALUE	2015 VALUE	DIFFERENCE
IC1	\$419	\$448	\$29
IC2	\$390	\$396	\$6
IC3	\$352	\$356	\$4
DC1	\$394	\$423	\$29
DC2	\$352	\$370	\$18
DC3	\$319	\$331	\$12
IP	\$244	\$297	\$53
NP1	\$228	\$207	-\$21
NP2	\$119	\$119	\$0
NP3	\$68	\$64	-\$4
OR1	\$437	\$712	\$275
OR2	\$429	\$720	\$291
MU	\$50	\$50	\$0
SF1	\$10,000	\$10,000	\$0
SF2	\$3,000	\$3,000	\$0
SF3	\$1,500	\$1,500	\$0
BEE KEEPING	\$0	\$1,318	\$1,318



**TEXAS PROPERTY TAX
MANUAL FOR THE APPRAISAL
OF AGRICULTURAL LAND**

**April 1990-Printing
Effective March 1988
Amended February 1990**

Texas State Comptroller of Public Accounts

Table of Contents

Part I.	INTRODUCTION	1
	The Agricultural Appraisal Laws	2
Part II.	QUALIFICATION OF LAND UNDER SEC. 1-d-1	5
	1-d-1 Land	6
	Agricultural Use	6
	Harvesting and Processing	7
	Primary Use	8
	Exotic Game	8
	Fish	8
	Horses	8
	Current Devotion to Agricultural Use	9
	Degree of Intensity Test	9
	Setting Degree of Intensity Standards	9
	Time Period Test	10
	Ineligibility	10
	Cities or Towns	10
	Nonresident Aliens or Foreign Governments	11
	Ecological Laboratories	12
	Application	12
	Filing Deadline	13
	Late Applications	13
	Failure to File the Application Form	13
	One-Time Application	13
	Notification of Changes	13
	Chief Appraiser's Action	14
	Additional Information	14
	When an Application is Denied	15
	A Summary of the 1-d-1 Application Process	15
Part III.	AGRICULTURAL APPRAISAL PROCESS	19
	Sources of Information	20
	Establishing Land Classes	22
	Determining Net-to-Land Values	23
	Cash Lease Method	23
	Terms of Lease	23
	Additional Costs	23
	Steps in a Typical Cash Lease Approach	24
	Share Lease Method	25
	Calculating Net Income for a Typical Share Lease	26
	Unavailable Leases—Alternative Methods	27
	Developing the Appraisal Schedule	28
	Classifying Individual Parcels	28
	Appraising Individual Parcels	28
	A Word About Federal Farm Programs	29
	The Conservation Reserve Program	29
	Deficiency Payments	30
	Other Federal Programs	30

class or sub-class. These few acres should be placed in a more typical use-class with the same or similar productivity.

Where available, soil surveys can be extremely helpful in establishing classes and sub-classes. Surveys can reveal the major soil types. Grouping soil types to reflect a reasonable range of productive capacities will limit the number of sub-classes established.

The slope of the land often influences productivity as much as the soil type. The same soil type may have differing productive capacities under different land slope conditions. This is especially true on irrigated cropland. Appraisers must analyze factors and combine them in a classification system. For example, the system might classify a given soil type as Irrigated Cropland I if it has a Class A Slope, but Irrigated Cropland II if it has a Class B Slope.

The appraiser may base sub-classes for pastureland on typical stocking rates or carrying capacity. Some native pastureland, for example, may have a soil type that produces more feed and can support more livestock than the same native pastureland with a different soil type. As is the case with cropland, districts must establish a reasonable grouping of major differences in carrying capacities or stocking rates. The classification system cannot account for minor differences. Appendix D, page 65, demonstrates development of a classification system and values for agricultural land.

DETERMINING NET TO LAND VALUES

Net to land, remember, is the average annual net income that a class of land would be likely to have generated over the five-year base period. Until 1987, appraisers based net to land primarily on owner-operator budgets. The law now requires appraisers to determine net to land using a cash or share lease method.

Under a lease method, net to land is the rent that would be due to the property owner under a cash lease, share lease, or other typical lease arrangement, less expenses typically paid by the owner. In a cash lease, the rent is a fixed amount. In a share lease, the rent is a share of the gross receipts for the year, less a share of certain expenses.

Cash Lease Method

A cash lease (cash rent) is an agreement between landowner and tenant to lease for a fixed cash payment. This payment is usually in terms of dollars per acre for a period of one year. When the landowner leases on a cash basis, he ordinarily has no labor or operating capital costs. If the landowner has no expenses relating to the agricultural use of the land, the cash lease payment is virtually equivalent to a return to the land. If the prudent owner typically does pay some expenses, appraisers should deduct them from the lease payment to determine net to land.

Terms of Lease

The cash lease used for a specific land class should represent the payment to a prudent property owner. In some cases, the most common or typical lease agreement within an area may not be prudent for either the property owner or tenant. This situation may occur when the most common lease agreements are between family members.

The property owner's expenses typically include certain fixed costs such as property taxes, depreciation on irrigation equipment if the property owner also owns the equipment, depreciation of fences and typical structural improvements, and water depletion. Appraisers should calculate property taxes on the basis of agricultural use appraisal rather than market appraisal.

Additional Costs

The property owner also incurs a cost of management, covering such activities as finding a tenant, keeping records, and making sure that the tenant meets the contract agreement. In many cases the cost of management is insignificant when calculated on a per acre basis.

Although the "typical" cash lease landlord has few or no expenses, some leases may re-

quire him to pay additional expenses. Appraisers should adjust these leases to typical terms before using them to estimate typical net lease payments.

In summary, the net to land value is the typical cash lease rate minus the typical expenses incurred by the landowner. Appendix E, Figure 1 provides a hypothetical example of the cash lease method.

Steps in a Typical Cash Lease Approach

1. Gather cash lease rates from knowledgeable persons in the area. This data is not always readily available. Do not use leases of an unusual nature, long-term leases with options to buy, or leases between family members. Leases of this type are not considered normal arm's-length transactions and may not indicate the actual income-producing capacity of the soil.

2. Gather as many leases as possible for each year of the five-year period. In most cases, you will need at least four to six leases per year to develop a reliable net to land value for a specific land class. Typical leases will usually fall within a narrow dollar range. You must choose one value to serve as a typical lease rate for the year.

For example, assume you discover four grazing leases and four hunting leases for native pastureland. The payments are \$4.50 per acre, \$4.75 per acre, \$4.75 per acre, and \$5.00 per acre for each year, respectively. The four hunting lease rates are \$3.50 per acre, \$3.50 per acre, \$3.50 per acre, and \$3.25 per acre for each year, respectively.

You should not assume that the typical lease rate is an average of the lease rates collected. The typical lease rate is the most common or most likely lease rate. In the previous example, \$8.25 per acre would appear to be typical. This lease rate is based on a \$4.75 per acre grazing lease and a \$3.50 per acre hunting lease.

Use the same procedure to establish a typical lease rate for each of the remaining four years of the five-year qualifying period.

If a lease provides for an unusual owner expense—such as maintaining fences—adjust the payment by subtracting that expense. Suppose, for example, that fence maintenance in one lease costs the owner 40 cents per acre, per year. The nominal lease payment is \$4.75 per acre. After adjustment, the payment is \$4.35 per acre.

Lease rates for grazing land are often a function of livestock carrying capacity. Appraisers measure livestock carrying capacity by the number of acres required to carry or support one animal unit. An animal unit is a standard for comparing different types of livestock that equals 1,000 pounds of live weight. A cow and its calf constitute one animal unit, as do six sheep or seven goats. When carrying capacity varies in the jurisdiction because of soils, topography, or other factors, sub-classes under the native pasture class should reflect the differences.

3. Determine typical landowner expenses. In the example above, assume that the landowner has a "cost" of 50 cents per acre per year for depreciation of fences, and 47 to 52 cents per acre per year for property taxes (based on agricultural appraisal).

Calculate the depreciation cost of fences by dividing the cost of the fences on a typical operation by their life expectancy, then dividing by the typical number of acres. Half of the cost of property line fences is attributed to the typical parcel; the other half of the cost is attributed to the land across the fences.

Again, the appraiser should determine typical expenses according to actual practice in the area. Isolated unusual expenses in a single lease (like fence maintenance) are handled by adjusting the individual lease. However, if fence maintenance appears to be a typical expense, do not adjust the individual lease rates. Instead, include the fence expense as typical and subtract it from the typical lease rate.

4. For each of the five base years, subtract the expenses from the typical lease rate. The remainder is the net to land value. Average the five net to land values for each of the five years to obtain the overall net to land value for the land class for the five-year period (See Appendix E, Figure 2). Divide this net to land value by the capitalization rate to obtain the agricultural use value for the class.

Sound net to land values for one sub-class can often be adjusted to fit other sub-classes. For example, land with a carrying capacity of one animal unit per 20 acres can support twice as many animals as land with a carrying capacity of one animal unit per 40 acres. If the an-

nual payment is \$3.00 per acre for the better land, one would reasonably expect the annual payment to be \$1.50, or half as much, for land that can support half the animals.

In many areas agricultural land is also leased for hunting and other recreational purposes. The calculation of net to land should include income from hunting leases in areas where native pasture and timberland are commercially leased for deer hunting or where a prudent manager would supplement his agricultural income with hunting lease income (e.g. where native pasture is also leased for hunting).

Like other lease income, hunting income should be net income. You should deduct typical owner's expenses from total income. However, items like property taxes and depreciation, or any expense attributable to both leases, should only be deducted once. Do not subtract them from both hunting and agricultural income.

Share Lease Method

Appraisers must estimate net to land values from share leases as well as cash leases. Under a share lease, the landowner (usually) pays a share of production expenses and receives a prearranged share of the gross receipts rather than a fixed dollar amount. Share leases may vary from location to location and usually vary from crop to crop.

When choosing the sample of share leases to develop a typical share-lease amount for specific land classes, appraisers should pick only leases with terms under which a prudent landowner would lease the land. Leases may vary in terms. Selecting the typical lease is a matter of judgment and careful investigation, not mathematical averaging. In some cases, the most common or typical lease agreement within an area may not be a prudent lease agreement, especially when the most common lease agreements are between family members or are not at arm's length.

For example, suppose one lease provides that an owner receives 40 percent of income, while others in the same land class provide for the owner to receive 33 percent. After investigation, the appraiser discovers that the property owner receiving the higher percentage provides his tenant with irrigation equipment that other owners do not supply. Subtracting annual depreciation and maintenance expense on the irrigation equipment from the owner's 40 percent share brings his net income down to the same 33 percent the other owners are making.

This example shows the need to analyze lease terms. The 40 percent return only seemed higher than the 33 percent return. Returns may also seem higher or lower when a lease requires the owner to pay a greater or lesser share of expenses or to pay expenses that other owners in the area do not. The appraiser must investigate the terms of the leases he chooses to rely on and use careful judgment in making his choices.

To calculate net to land for share leases, appraisers need the following information, gathered from the sources discussed on pages 20 to 22:

- **Typical crops:** Determine the principal and typical crops grown in the area for the land class under consideration.
- **Lease agreements:** Determine the typical lease agreement between property owner and tenant. What percentage of gross income and expenses does the owner share in? What types of expenses are typical? For example, in a common share lease agreement for dry land grain sorghum, the property owner receives one-third of the gross receipts and pays one-third of the fertilizer, harvest, and hauling costs (See Appendix E, Figures 3 and 4).
- **Yield estimates:** Determine the typical yield for the crops and land class being considered. Calculate the estimated yield per planted acre. If a portion of the area's crop is destroyed by a hailstorm or not harvested for some reason, the yield per acre should reflect the acres planted, not the acres harvested. Appraisers can use one of two methods to convert yield per harvested acre to yield per planted acre.

Method 1

$$\frac{\text{Harvested acres}}{\text{Planted acres}} \times \text{Yield per harvested acre} = \text{Yield per planted acre}$$

$$\frac{\text{Total yield for all acres}}{\text{Planted acres}} = \text{Method 2 Yield per planted acre}$$

- **Price estimates:** Determine the typical price farmers receive for the crops under consideration.
- **Government Programs:** Determine whether the crops being considered are typically enrolled in government support programs, such as the deficiency payment program. If they are, then any income the owner received from the programs should be included in the calculation of net to land. If government support programs are typical, you will need further details. In the deficiency payment program, this information includes typical base (five-year average yield), the government payment rate, and the amount of acreage the program requires to be set aside or idled. [NOTE: Do not use income from CRP payments. The CRP program is discussed on pages 29-30.]
- **Cost estimates:** Determine the typical variable and fixed expenses.
- **Additional income:** Determine any additional income farmers typically receive and share with the property owner. For example, this amount would include the income received from grazing cattle on wheat fields as well as any other income incidental to producing crops or raising livestock. In areas where grazing land is commonly set aside to rejuvenate the cover, adjust grazing income to reflect that fact.

After collecting and reviewing the above information, the next step is to choose a method for determining net to land. The two available methods are:

- **Five-year average lease income:** Use five-year averages of crop yields, prices, additional income, and expenses to determine typical net to land for each class.
- **Five yearly leases:** Calculate the annual net to land for each of the five years, then average them.

Because leasing practices and government farm programs change, the second method, using separate calculations for each year, is preferable.

Calculating Net Income for a Typical Share Lease

Calculating net to land for a share lease requires four steps:

1. Calculate the landowner's share of gross income.
2. Calculate the landowner's share of expenses.
3. Subtract the owner's expenses from the owner's gross income.
4. Repeat the preceding steps for the four years remaining in the base period.

The following discussion shows how to complete these steps. It uses the example of dry land grain sorghum and assumes that the owner receives one-third of gross receipts and pays one-third of the fertilizer, harvest, and hauling expenses.

The typical yield for one year in the five-year period was 2,165 pounds per acre. The typical price received on the yield was \$4.35 per hundredweight (cwt.).

The typical property owner shared the following costs with his tenant: \$15.00 per acre for fertilizer, \$10.00 per acre for harvesting, and \$.25 per cwt for hauling.

In this area, farmers typically participate in the grain sorghum deficiency payment program. During the year, the average base for government payments was 2,420 pounds per acre, with a payment rate of \$.79 per cwt. The farmer had to set aside 10 percent of his land to participate. The property owner does not share in the variable expenses associated with the set-aside land but is responsible for 100 percent of the fixed costs.

Property taxes were approximately \$1.75 per acre.

1. Calculate the landowner's share of gross income. Multiply the average price received times the typical yield per planted acre times the landowner's share times the percentage planted. The percentage planted takes into account the land set aside in government programs. In the example, 10 percent of the land is set aside and 90 percent planted. In our example, the gross income for the year in question would be calculated as follows:

Grain Sorghum	=	\$ 4.35 per cwt	x	21.65 cwt	x	.333	x	.90	=	\$ 28.22
Deficiency Payment	=	\$.79 per cwt	x	24.20 cwt	x	.333	x	.90	=	<u>5.73</u>
Gross Income									=	\$ 33.95

2. Calculate the landowner's share of shared expenses. Multiply the cost per unit or acre times the number of units times the owner's share times the percentage planted.

Fertilizer	\$ 15.00 peracre	x	1 acre	x	.333	x	.90	=	\$ 4.50
Harvest	\$ 10.00 peracre	x	1 acre	x	.333	x	.90	=	3.00
Hauling	\$.25 per cwt	x	21.65 cwt per acre	x	.333	x	.90	=	<u>1.62</u>
Share Expenses								=	\$ 9.12

In addition, expenses include the property taxes (based on agricultural use appraisal). The tax was \$ 1.75 per acre.

3. Subtract the owner's shares of expenses and property taxes from the owner's share of gross income. The remainder is the net to land value for the year in question.

$$\$ 33.95 - \$ 9.12 - \$ 1.75 = \$ 23.08$$

4. Repeat these three steps for each of the other four years in the five-year period.

In most cases, more than one crop is typical and prudent in an area, so appraisers must calculate more than one net to land value for each year. To develop a net to land value for a land class, you must combine the net to land values for each crop.

Appraisers combine the net to land values established for each of the crops according to the percentage of crop mix. Suppose the dry land mix was 40 percent grain sorghum, 30 percent cotton, and 30 percent wheat. The net to land value for the individual crops was \$26.25 for grain sorghum, \$27.59 for cotton and \$19.05 for wheat. The net to land value for the class is determined by calculating a weighted average:

	Crop Mix		Crop Net to Land		Combined Net to Land
Grain Sorghum	.40	x	\$26.25	=	\$ 10.50
Cotton	.30	x	\$27.59	=	\$ 8.28
Wheat	.30	x	\$19.05	=	<u>\$ 5.72</u>
					\$ 24.50

The five-year average of the annual net to land values can then be used to determine the productivity value for the land class.

Unavailable Leases—Alternative Methods

In some cases, neither share nor cash leases will be available for comparison within the immediate area. For example, fish farms and exotic game ranches are rare, and finding five to eight leases within the entire state may be difficult.

If leases are unavailable, the chief appraiser must use alternative methods to determine the amount a reasonable lessee in the area would pay to lease the land on either a cash or share basis. He may go outside the appraisal district to find the nearest comparable lease operations. Using his best judgment, the chief appraiser must decide whether he can reasonably compare these leases with operations in the district.

Appraisers must also decide whether to supplement out-of-district leases with an owner-operator budget. If no reasonably comparable leases are available, the chief appraiser may

rely entirely on the owner-operator budget method to determine what a reasonable lessee would pay to lease the land in question. Owner-operator budgets may provide the only method of estimating lease amounts for intensive or unusual agricultural operations such as truck farms or poultry farms geared toward mass production.

Appendix B on page 53 discusses the owner-operator budget method.

DEVELOPING THE APPRAISAL SCHEDULE

After calculating the average net to land values for each class and sub-class, the appraiser develops an agricultural appraisal schedule. Dividing the class net to land by the capitalization rate gives the class's agricultural use value. Using information from the previous examples, the following chart shows a typical class schedule:

Land class	Net to Land	Cap Rate	Appraisal
Irrigated Cropland I	42.00	.14	\$ 300.00
Dry Cropland I	24.50	.14	175.00
Native Pasture I	4.90	.14	35.00

CLASSIFYING INDIVIDUAL PARCELS

The major problem facing the appraiser is determining the number of acres in each land class for each individual farm or ranch. This problem is especially difficult for districts that have not developed land ownership maps.

Detailed soil surveys contain maps on soils and topography characteristics. Ownership maps incorporating soil survey information provide the most accurate means of determining acreage per land class on an individual parcel. Tracing boundary lines with a planimeter gives a relatively accurate reading of acreage within the land classes.

Districts without ownership maps must develop a procedure for obtaining acreage breakdowns. The ASCS has some information on individual farms whose owners participate in governmental programs. In addition, the Soil Conservation Service has developed conservation plans for many producers and can provide such information.

In many cases it will be necessary to obtain the assistance of the landowner in determining the acreage breakdown. The chief appraiser may consider requesting additional information from an applicant, asking for the breakdown of acres in each land class.

APPRAISING INDIVIDUAL PARCELS

If Farmer A owns a section of qualifying land (640 acres) of which 160 acres are classified as Irrigated Cropland I, 300 acres are classified as Dry Cropland I, and 180 acres are classified as Native Pasture, the total agricultural value of the land would be calculated by applying the appraisal schedule, as shown on this page, to the breakdown of acres:

Land Class	Number of Acres	Ag Use Value	Total Ag Use Value
Irrigated Cropland I	160	x \$300	= \$ 48,000
Dry Cropland I	300	x 175	= \$ 52,500
Native Pasture	180	x 35	= \$ 6,300
Total	640		\$ 106,800

In addition, the appraiser must estimate the market value of the land, based on accepted market appraisal techniques. The appraiser may appraise the total parcel or have a market value schedule that follows the same classes as the special appraisal schedule. The choice

will depend on local market conditions and on the feasibility of a schedule approach. Often a market value schedule considers the size of the tract and its location, rather than its land classification or agricultural use.

Assuming a market schedule based on use classifications is appropriate, appraisers should apply the appropriate market value schedule to the number of acres in each land class. If the market value schedule reflects \$500 per acre for Irrigated Cropland I, \$300 per acre for Dry Cropland I and \$200 per acre for Native Pasture, the calculation of market value would be as follows:

Land Class	Number of Acres		Market Value		Total Market Value
Irrigated Cropland I	160	x	\$ 500	=	\$ 80,000
Dry Cropland I	300	x	300	=	\$ 90,000
Native Pasture	180	x	200	=	\$ 36,000
Total	640				\$ 206,000

A WORD ABOUT FEDERAL FARM PROGRAMS

The federal government aids the agricultural industry through direct grants, low-interest loans, commodity subsidies, and a variety of other measures. In some cases, participation in these programs affects the agricultural productivity value of farm and ranch land. This portion of the manual summarizes the federal subsidy programs that were most common during the mid-1980s and gives information about whether—and how—to adjust net to land calculations to account for federal financial aid.

The two main programs are called the Conservation Reserve Program and "deficiency payments." The Conservation Reserve Program (CRP) provides a ten-year payment in exchange for removing land from agricultural production. Deficiency payments provide an income subsidy based on the USDA-announced target price.

The Conservation Reserve Program

The Conservation Reserve Program (CRP) began in 1985. The program removes land from agricultural production to reduce farm surpluses. Under CRP, the federal government makes a 10-year contract with the property owner. The owner takes the land out of production and plants ground cover to deter erosion and support wildlife. The owner may lease the land for hunting but cannot allow any grazing, harvesting, or other commercial use of any crop from the land covered by the contract.

In return for participation, the federal government makes an annual payment to the property owner. The amount per acre depends on a bid price determined in the original contract. However, no owner can receive more than \$50,000 per year.

Normally, a maximum of 25 percent of any county's total agricultural land may be placed in the CRP. That ceiling can sometimes be exceeded if putting more acreage in the program will not adversely affect the local economy.

Since Section 23.51 of the Code defines agricultural use to include "leaving land idle for the purpose of participating in any governmental program," CRP land can qualify for agricultural appraisal under Sec. 1-d-1. On the other hand, CRP acreage may not receive a special appraisal under the old Section 1-d. Section 23.42 of the Property Tax Code (implementing 1-d) requires that an owner intend to use land for agriculture as an occupation or business venture for profit during the current year. The CRP program is an incentive to not use land for agriculture. There is no way to reconcile these differences; as a result, an owner may not receive 1-d status for his CRP land.

CRP land should be placed in the land class the property was in before it qualified as CRP land. The agricultural use – as well as the principal use – of CRP land is participation in a government program. Although the land is planted with ground cover, it is not in production. The only evidence of the land's classification is the property's land class before it qualified for the CRP program.

Since CRP payments aren't based on farm production, they should not be considered in calculating a net to land—no matter how typical CRP participation may be in the area. CRP land should simply receive the per acre value of other land within its land class.

Deficiency Payments

Deficiency payments are a widely used farm subsidy. About 20 percent of all Texas cropland qualified for deficiency payments in 1986. A deficiency payment is paid whenever the national average market price for a commodity produced in any one crop year falls below the USDA-announced target price for that commodity for that year.

The amount of deficiency payment per unit of proven yield is limited to the difference between the target price and the higher of the national average price or the Commodity Credit Corporation loan price. Beginning with the 1987 crop year, the total deficiency payment per farmer is limited to \$250,000. Prior to that year, the payment was potentially unlimited.

Landowners receiving deficiency payments can qualify their property under either 1-d or 1-d-1. The land itself is still being used for agricultural production—the only difference is another source of income for the commodity.

Unlike a CRP payment, a deficiency payment is attributable to the land's productivity. Appraisers should include deficiency payments in the calculation of gross income when such payments are typical in an agricultural class.

Whether an individual property owner actually received a deficiency payment in any given year does not matter. If an average owner exercising ordinary prudence would have received deficiency payments during the five-year period, the payment income must be included.

Other Federal Programs

Congress is likely to enact new forms of farm subsidies in the coming years. Amendments to this manual will acknowledge significant changes in federal financial aid. Until then, a chief appraiser should review each program carefully to determine whether it affects local productivity value for agricultural lands.

Future subsidies may not reach all classes of land and certainly will not reach all property owners within a specific class. A good rule-of-thumb to use is that the income from a federal subsidy will affect a class' net to land only when the program subsidizes production.

Appendix E

FIGURES

Figure 1
Cash Lease Example

Year	Grazing Lease Rates	Hunting Lease Rates	yields	Typical Rate	-	Typical Owner Expenses	=	Typical Net-to-Land
1980	\$ 5.00	\$ 3.00	} yields	\$ 7.50	-	{ .50 fence .47 taxes }	=	\$ 6.53
	4.75	3.00						
	4.50	3.00						
	4.25	2.75						
1981	5.00	3.00	} yields	7.75	-	{ .50 fence .48 taxes }	=	\$ 6.77
	4.75	3.00						
	4.75	3.25						
	4.50	2.50						
1982	5.00	3.00	} yields	7.75	-	{ .50 fence .48 taxes }	=	\$ 6.77
	4.75	3.00						
	4.75	3.25						
	4.50	2.50						
1983	5.00	3.25	} yields	8.25	-	{ .50 fence .52 taxes }	=	\$ 7.23
	5.00	3.50						
	4.75	3.25						
	5.00	3.00						
1984	5.00	3.00	} yields	8.25	-	{ .50 fence .52 taxes }	=	\$ 7.23
	4.75	3.50						
	4.75	3.50						
	4.50	3.50						

Figure 2
5-Year Average
Net to Land Values

Land Use Category: Native Pasture

Net Income 1977	Net Income 1978	Net Income 1979	Net Income 1980	Net Income 1981	5-year Avg. Net Income
\$2.60	\$2.85	\$3.05	\$3.30	\$3.50	\$3.06
