

How Land Qualifies for Timber Special Valuations



Six Timberland Eligibility Requirements



1. Application to land and all appurtenances (not improvements).
2. Current and active devotion to timber use.
3. Timber production must be primary use.
4. Passed the degree of Intensity Test.
5. Intent to produce income.
6. Passed Historical Test.

Application for 1-d-1 (Open-Space)

Timberland Appraisal 50-281

Application for 1-d-1 (Open-Space) Timberland Appraisal Form 50-167

San Jacinto Appraisal District Tax Year 2023

Appraisal District's Name Appraisal District Account Number (if known)

GENERAL INFORMATION: Texas Constitution, Article VIII, Section 1-d-1, and Tax Code, Chapter 23, Subchapter E, provide for appraisal of open-space land devoted principally to producing timber and forest products based on its capacity to produce these products.

FILING INSTRUCTIONS: This form must be filed with the appraisal district office in each county in which the property is located. Do not file this document with the Texas Comptroller of Public Accounts.

SECTION 1: Property Owner/Applicant

The applicant is the following type of property owner:

Individual Partnership Corporation Other (specify): _____

Name of Property Owner

Physical Address, City, State, ZIP Code

Primary Phone Number (area code and number) Email Address*

Mailing Address, City, State, ZIP Code (if different from the physical address provided above)

SECTION 2: Authorized Representative

If you are an individual property owner filing this application on your own behalf, skip to Section 3; all other applicants are required to complete Section 2. Please indicate the basis for your authority to represent the property owner in filing this application:

Officer of the company General Partner of the company Attorney for property owner

Agent for tax matters appointed under Tax Code Section 1.111 with completed and signed Form 50-162

Other and explain basis: _____

Name of Authorized Representative

Title of Authorized Representative Primary Phone Number (area code and number) Email Address*

Mailing Address, City, State, ZIP Code

SECTION 3: Property Description and Information

Provide the descriptive information requested below for the property that is the subject of this application or attach last year's tax statement, notice of appraised value or other correspondence identifying the property.

Number of Acres (subject to this application)

Legal Description, abstract numbers, field numbers and/or plat numbers:

A person claiming that his land is eligible for appraisal must file a valid application with the chief appraiser.

The form must be filed before May 1st. However, for good cause the chief appraiser may extend the filing deadline for not more than 60 days

Be on a form provided by the appraisal office and prescribed by the comptroller.

Contain the information necessary to determine the validity of the claim without containing false statements.

Have a signature!!!!!!!

Application for Restricted-Use

Timberland Appraisal Form 50-281

Application for Restricted-Use Timberland Appraisal

Form 50-281
Tax Year 2023

San Jacinto County Appraisal District
Appraisal District's Name

Appraisal District Account Number (if known)

GENERAL INFORMATION: Land qualifies for restricted-use timberland appraisal if it is an aesthetic management zone, critical wildlife habitat zone or streamside management zone or if timber was harvested from the land when it was qualified for timberland appraisal and has been regenerated for timber production to the intensity that is typical in the area.

FILING INSTRUCTIONS: This form must be filed with the appraisal district office in each county in which the property is located. Do not file this document with the Texas Comptroller of Public Accounts.

SECTION 1: Property Owner/Applicant
The applicant is the following type of property owner:
 Individual Partnership Corporation Other (specify):

Name of Property Owner

Physical Address, City, State, ZIP Code

Primary Phone Number (area code and number) Email Address*

Mailing Address, City, State, ZIP Code (if different from the physical address provided above)

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If you are an individual property owner filing this application on your own behalf, skip to Section 3; all other applicants are required to complete Section 2.
Please indicate the basis for your authority to represent the property owner in filing this application:
 Officer of the company General Partner of the company Attorney for property owner
 Agent for tax matters appointed under Tax Code Section 1.111 with completed and signed Form 50-162
 Other and explain basis:

Name of Authorized Representative

Title of Authorized Representative Primary Phone Number (area code and number) Email Address*

Mailing Address, City, State, ZIP Code

SECTION 3: Property Description and Information
Provide the descriptive information requested below for the property that is the subject of this application or attach last year's tax statement, notice of appraised value or other correspondence identifying the property.

Account Number (if known) Number of Acres (subject to this application)

Legal description, abstract numbers, field numbers and/or plat numbers:

Form developed by: Texas Comptroller of Public Accounts, Property Tax Assistance Division For additional copies, visit: comptroller.texas.gov/taxes/property-tax
50-281 • 02-23/7

Streamside Management Zone (SMZ)-
Helps manage erosion and protects water quality. 50% of the regular timber use

Aesthetic Management Zone (AMZ)-
Right of Ways, unique due to archaeological sites, rare geological formations, scenic beauty, plant or animal communities or other attributes that suggest a special importance to society. 50% of the regular timber use.

Critical Wildlife Management Zone (CRMZ)- Protect endangered species or endangered plants. 50% of the regular timber use.

Regeneration Zone-beginning process of reforestation, is given the special appraisal for only 10 years after harvest. 50% of the regular timber use.

Indications of Current and Active Devotion



- Timber activity records.
- Forest management plan.
- Timber cost-sharing programs.
- Efforts to sell timber.
- Salvage activity.
- Certified tree farm.
- Memberships in associations.
- Assistance programs.
- Participation in forestry extension activities.
- Consulting foresters.

Timber Production Must Be The Land's Primary Use

Land that is currently and actively devoted to timber production does not qualify for productivity appraisal unless timber production is the land's primary use.

Though timber production must be the primary land use, other compatible uses do not prevent land from qualifying if timber production remains the primary use. For example, if an owner uses land principally to grow timber and leases it for hunting, it will qualify.



Situations In Which Timber Production May Not Be The Land's Primary Use



- Presence of deer-proof fences on the property.
- Land being readied or held for development.
- Presence of homes, vacation facilities, retreats and recreational facilities on the property.

A chief appraiser may establish reasonable and carefully developed guidelines for determining primary use. Establishing guidelines requires the chief appraiser to become familiar with timber activity in the area. The chief appraiser may also rely on the expertise of the agricultural appraisal advisory board in establishing primary use guidelines.

Degree of Intensity



The law does not state what degree of intensity qualifies a particular type of land. In a state as large as Texas, no statutory definition could cover all the possible agricultural uses. The Chief Appraiser is responsible for setting degree of intensity standards for the types of agriculture production in the area, with the assistance of the Agricultural Advisory Board.

Sources a Chief Appraiser and the Agriculture Board use to develop degree of intensity guidelines:

Texas A&M Forestry Services
Local Foresters
Surveys
US Dept. Agriculture Services
Local Advisory Board

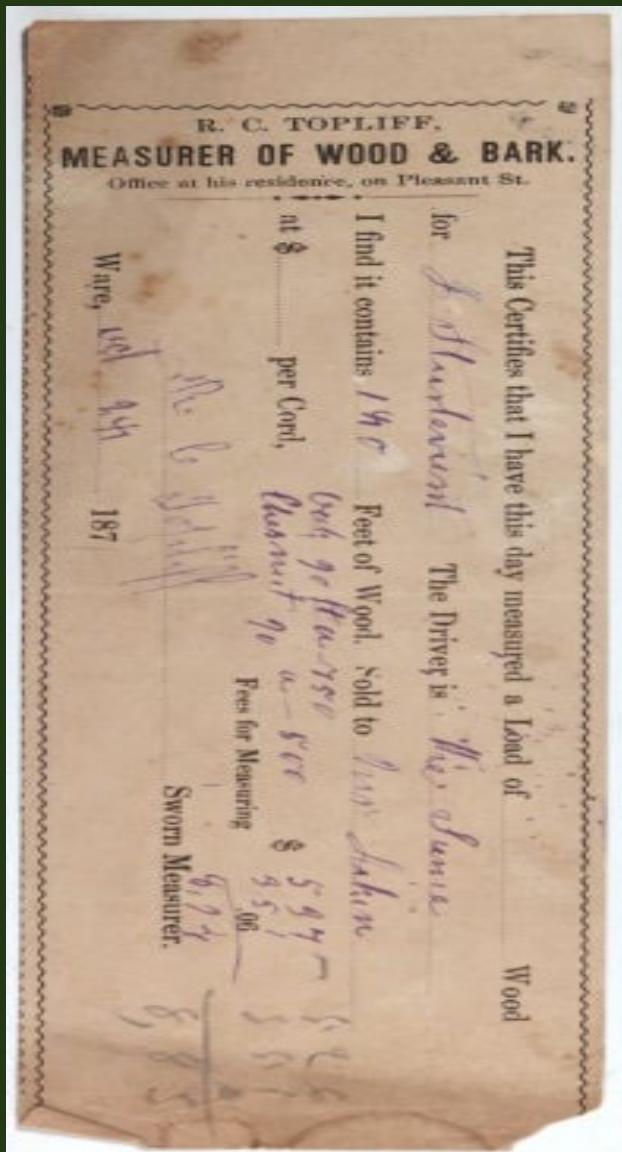
Intent to Produce an Income

The owner must use the land with intent to produce income. To qualify, the owner is not required to prove that the land has produced income in the current year.

Timberland does not produce income regularly because the time between harvests is long. A property owner probably has no real intent to produce income if he or she has had no expenses directly related to the timber operation within the last two decades.



Some Examples of Evidence of Intent to Produce Income Are:



Receipt of revenues through sale of timber;

Letters or other documents showing that the owner attempted to sell the timber;

A contract of sale;

Receipts, canceled checks and other evidence that the owner had expenses ;

Investments in improvements to enhance the existing timber's value;

Purchase of easements to allow loggers access to land-locked tracts;

Using a consulting forester to help manage the land

Historical Use Requirement

Land used primarily for timber production during any five of the previous seven years may qualify for timber productivity appraisal.

How A Property Can Demonstrate History:

- Historical Aerial Views
- CAD records
- Equipment & Product Receipts
- Written Statements
- Managements Plans
- Agriculture History
- Sales Receipt



Land Owned by a Non-Resident Alien or Foreign Government

Some kinds of foreign ownership make the land ineligible for productivity appraisal. If the property owner is a nonresident alien (a non-U.S. citizen who does not reside in the United States), the land cannot qualify.



Land Located Within the Boundaries of a City or Town

Land within a city's boundaries often will not qualify for special appraisal. Land located within an incorporated city or town must meet the productivity appraisal criteria and one of the following additional criteria:

The city or town must not provide the land with general services comparable to those provided in other parts of the city or town.

The land was devoted principally to production of timber, agriculture or forest products continuously for the preceding five years.

Late Application Penalty

Late Approval Letter

Michael Jackson
2009 Beat It Lane
Music Legend, TX

Property ID: 8675309
Account No: 6-25-2009
Legal Desc: Thriller Lane, called Tracts 19, Acres
77.

Dear Property Owner:
This letter is notification that your late application for productivity valuation has been approved for the current tax year on the property described above.

Due to your application being filed after April 30, or after 30 days of notice to reapply, a penalty will be applied to this account. This penalty will equal 10% of the difference between the amount of tax imposed on the property and the amount that would have been imposed without the agricultural/timber designation. (Ref. Sec 23.751(B), Texas Property Tax Code)

You may protest the assessment of this penalty to the Appraisal Review Board (ARB) by filing a written notice of protest with the Heart Break County Appraisal District. Notice must be filed no later than 30 days after date of this notice of penalty. Forms for giving notice of protest may be obtained from our office.

Sincerely,
Chief Appraiser
Elvis Presley

Sec.23.751 If appraisal is approved when the application is filed late, the owner is liable for a penalty of 10 percent of the difference between the amount of tax imposed on the property and the amount that would be imposed if the property were taxed at market value.

DUTY TO NOTIFY AND PENALTIES:



The property owner must notify the chief appraiser no later than the April 30 following the change in use. A change of land use for all or part of the property will trigger substantial additional tax plus interest (a rollback tax). Payment of a penalty may also be required for failure to notify the chief appraiser.

Notice must be delivered to the chief appraiser if:

the property stops being used for timber production;

category of land use changes; or

the land is used for something other than agriculture (e.g., to build a shopping center on most of the land).

Method used to calculate timberland values



Tax Code Sections 23.53 and 23.74 prescribe the methods for determining the cap rate used to calculate agricultural and timberland values.

The cap rate is one of many factors used by appraisal districts to value timberlands. Other factors also affect the final productivity values, including local trends, income and expense information, property characteristics and the property's agricultural use.

To determine productivity values, appraisal districts calculate the typical property owner's income generated by the land and subtract certain expenses such as property taxes and the cost of fencing and irrigation wells. The result is commonly known as net-to-land. Appraisal districts divide the average net-to-land for a five-year period by the annual cap rate to arrive at the land's productivity value.

Calculating Timber Productivity Values



Land income

$$\begin{aligned} & - \text{ Expenses} \\ & = \text{Net to Land} \end{aligned}$$

The Comptroller's office publishes the current year's cap rate on its website

Divide the average net-to-land for a five-year period by the annual cap rate = per acre value

Amount of acres x per acre value = Taxable value

Taxable value x tax rate = tax liability



Soil Type Categories

Soil Type 1 capable of producing 120+ cubic ft. per acre per year.

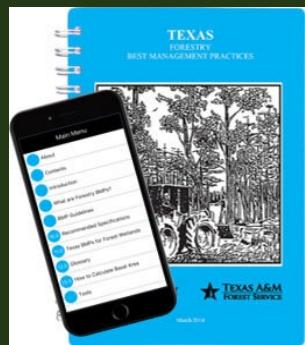
Soil Type 2 capable of producing 80-120 cubic ft. per acre per year.

Soil Type 3 capable of producing 50-84 cubic ft. per acre per year.

Soil Type 3 capable of producing 50 cubic ft. per acre per year.

SOIL CLASS/AG/TIMBER USE/PER ACRE VALUES	2018 Value	2019 Value	2020 Value	2021 Value	2022 Value
SOIL TYPE 1-HARDWOOD TIMBER	\$130.00	\$145.00	\$160.00	\$180.00	\$180.00
SOIL TYPE 1-PINE TIMBER	\$435.00	\$470.00	\$495.00	\$460.00	\$445.00
SOIL TYPE 1-MIXED TIMBER	\$260.00	\$255.00	\$280.00	\$300.00	\$290.00
SOIL TYPE 2-HARDWOOD TIMBER	\$55.00	\$65.00	\$70.00	\$85.00	\$90.00
SOIL TYPE 2-PINE TIMBER	\$275.00	\$305.00	\$315.00	\$280.00	\$275.00
SOIL TYPE 2-MIXED TIMBER	\$160.00	\$160.00	\$165.00	\$180.00	\$175.00
SOIL TYPE 3-HARDWOOD TIMBER	\$30.00	\$40.00	\$45.00	\$50.00	\$50.00
SOIL TYPE 3-PINE TIMBER	\$215.00	\$230.00	\$230.00	\$215.00	\$210.00
SOIL TYPE 3-MIXED TIMBER	\$90.00	\$90.00	\$95.00	\$100.00	\$100.00
SOIL TYPE 4-HARDWOOD TIMBER	\$7.00	\$15.00	\$15.00	\$15.00	\$15.00
SOIL TYPE 4-PINE TIMBER	\$195.00	\$205.00	\$205.00	\$200.00	\$195.00
SOIL TYPE 4-MIXED TIMBER	\$60.00	\$55.00	\$55.00	\$65.00	\$60.00

Internet Resources



Current Year Cap Rate

<https://comptroller.texas.gov/taxes/property-tax/caprates.php>

Soil Indexes

<https://websoilsurvey.sc.egov.usda.gov/App/HomePage.htm>

Mapping-soil, vegetation, water ways

<https://texasforestinfo.tamu.edu/mapmyproperty/>

Plan My Land

<https://texasforestinfo.tamu.edu/pmlo/>

Got Land supports new landowners with resources

<https://gotland.tfs.tamu.edu/>

Tree Counts takes inventory of trees.

<https://texasforestinfo.tamu.edu/MobileApps/TreesCount>

Best Forestry Management Practices

<https://texasforestinfo.tamu.edu/MobileApps/BMP/>

The screenshot shows the Texas Comptroller's Tax website. At the top, there's a search bar with 'Find' and 'Enter a search term'. Below the search bar, there are links for 'HOME', 'TAXES', 'TRANSPARENCY', 'ECONOMY', 'PURCHASING', 'PROGRAMS', and 'ABOUT'. On the left, there's a sidebar with a 'Taxes' icon and the text 'Property Tax Assistance'. Underneath, it says 'CAP RATE FOR SPECIAL VALUATIONS' and provides a detailed explanation of how cap rates are determined for agricultural and timberland properties. At the bottom, there are links for 'Contact', 'Share/Connect', 'Subscribe', 'Policies', and 'Careers'.

1978 Market Value

Texas Legislature adopted timber productivity appraisal the law was written to create a minimum taxable value on timberland. The minimum taxable value of qualified timberland is the market value assigned to the land by the taxing unit in 1978. The purpose of the minimum taxable value is to prevent significant tax base decreases in taxing units where timberland is now assigned productivity value. This means that timberland qualified for productivity appraisal is not taxed on its productivity value if that value is less than the 1978-assigned value.

