



Support Fair Property Taxes for Small Farmers

Although Texas law provides for “agricultural valuation” of land used primarily for raising food, many farmers across the state have been unfairly denied such valuation due to illogical and inconsistent local practices.

The Farm and Ranch Freedom Alliance urges the Texas Legislature to pass a Fair Taxes for Small Farmers bill. When proposed as HB 97 in 2019, this bill was approved by the House by a vote of 140-2, although it later died in the Senate without a committee hearing.

Under current law, land shall be appraised as qualified agricultural land if it is “devoted principally to agricultural use to the degree of intensity generally accepted in the area.” Unfortunately, many county appraisal districts have applied the provision so as to exclude legitimate farms.

The proposed bill clarifies the Tax Code by:

1. Specifying that fruit and vegetable production qualify as “agricultural uses.” There have been multiple cases of county tax assessors asserting that growing vegetables isn’t agriculture, or applying guidelines developed for row crops instead of vegetable production so as to exclude them.
2. Directing the Comptroller to convene stakeholder groups to develop guidelines to address under what conditions small acreages, different types of production methods, and diversified farms qualify for agricultural valuation. The bill includes specific factors to be considered for small acreages, including, but not limited to:
 - a. the financial investment of the producer in agricultural use of the land,
 - b. the degree of active management for agricultural use, and
 - c. the percentage of the land being used for agricultural uses.

These factors, and any additional factors identified by the Comptroller’s working groups, will help limit who is eligible and protect against abuses.

The landowner will still have to show that the land is devoted principally to agricultural use and has been for at least five of the preceding seven years. The landowner will also remain subject to five years of rollback taxes if the property ceases to be used for agricultural purposes.

This proposal does **not** seek to increase the number of landowners who are entitled to open-space valuation; rather, it merely ensures that people who should already qualify for agricultural valuation under the Texas Constitution are not inappropriately excluded by local authorities.

For more information, contact Judith McGeary, Farm and Ranch Freedom Alliance, Judith@FarmAndRanchFreedom.org.

Common concerns

- Every county *already* contains agricultural parcels under 10 acres, which is a common “minimum” that counties have set. As of 2019, there were at least 367,742 land parcels in Texas under 10 acres which are classified as agricultural (D-1).¹
- The proposed bill would bring transparency and consistency as to when and how small acreages can qualify for D-1.
- A study by Texas Agrilife research & Extension Center in Weslaco found that “small plots of land” – as little as 2 or 3 acres – could make a profitable family farm if they are growing organic vegetables. <https://today.agrilife.org/2012/06/13/organic-vegetable-economics/>
 - The model farm A&M studied raised 30-50 different varieties of crops that were partially harvested and replanted every two weeks to keep up with demand, selling to 100 families plus restaurants
 - “There’s obviously a lot of work in preparing the land, planting, growing the crop and harvesting” – and then replanting, growing, and harvesting again so that there is produce available for most of the year
- The bill includes specific factors to be considered for small acreages, including, but not limited to:
 - the financial investment of the producer in agricultural use of the land,
 - the degree of active management for agricultural use, and
 - the percentage of the land being used for agricultural uses.
- Additional factors to prevent any abuses:
 - Gross sales (or nonprofit status) and filing a Schedule F, so that we identify the people who are serious about raising food for their communities
 - Note that the **majority** of farmers don’t actually make a living farming
 - Only 36% of Texans with farms reported “farming” as their “primary occupation” on the 2017 Ag census
 - It takes getting to farms 1,000 acres or more to find a majority of farmers whose primary occupation is farming – and even at that size, 39% of the respondents said that something else was their primary occupation!

¹ Dudensing, Rebekka. “Agricultural Land D1E Aggregated Value with Tax Loss.” Texas A&M AgriLife Extension Service. (unpublished, based on data from Texas Comptroller)