



Raising livestock offers agricultural exemptions that greatly reduce property taxes, but if not kept, it can take years to regain. —Photo by Jessica Harms

won't be decreased. It's also important that someone deed restrict any land they sell off of their own ranch for the same reason.

"One of the things that really hurts is the surrounding properties," Coalson explained. "When you know in your mind that those homes are valuable and will bring a lot of money and nobody is going to buy that and trash it up, that helps you. It gives a buyer a sense of security."

Analyzing the title policy is another step in knowing what lies ahead. Easements and oil and gas reservations may come as a surprise later if they're not fully understood from the beginning.

One of the most important aspects of buying farm and ranch land is the agricultural exemptions on the property. A property that isn't classified as ag-exempt will have considerably higher property taxes, up to 10 times as much. Because it can take five years to obtain ag exemption on a property, pieces with large acreage that don't already have it in place are typically harder to sell.

"It is a vitally important link for any and everybody to maintain their ag exemption because it's going to greatly hinder the sale if you don't have it," said Coalson.

Also important to note is that if a property is ag-exempt, but is then sold to a developer, there is a rollback tax incurred on that land. Depending on the exemption classification, a lien for three to five years in rollback taxes can be placed on the property.

"That's just something that has to be worked out between a buyer and a seller, if they're converting ag land to development or commercial," Coalson added.

Real estate transactions contain legalities, just like most other business agreements. Sellers need to take advantage of opportunities that will give them as much return as possible, and purchasing a place to call home is an important commitment that shouldn't be taken lightly.

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"The best investment that a person can make today, in my opinion, is real estate," Coalson commented atop his 1,000-acre ranch in Parker County. It has always been the strongest and safest hedge against inflation."

If Coalson isn't convincing enough, Mark Twain may have said it best when referring to the demand of property when he stated, "Buy land, they're not making it anymore." ★

Texas Offers Wildlife Management Property Tax Exemption

Land qualified under ag use in Texas can be switched to Wildlife Management Use for property owners who no longer wish to run livestock or continue other traditional agricultural practices on their land. There are seven actions qualified as wildlife management under tax code Section 23.51 (7). Property owners who fulfill three of the following seven can receive a tax break similar to that of agricultural use: **habitat control; erosion control; predator control; providing supplemental supplies of water; providing supplemental supplies of food; providing shelters; making census counts to determine population.**

Other general qualifications can help Texas landowners save on previous expenses correlated with livestock operations. One is that the land must have been qualified and appraises as agricultural land under the Open Space Appraisal during the year prior.

Bryan Kimmel of Preservation Texas, a wildlife preservation company in Austin, Texas, helps landowners achieve wildlife management use for their property. He confirmed that even horse owners who are not breeding any livestock on their land can still qualify part of their property for wildlife management use and receive a tax break.

"Depending on the operation, there might be some of the land taken out but, for the most part, whatever land you're managing for native Texas wildlife would qualify for wildlife management tax evaluation," he said.

The company offers management on all levels, from simply writing up a plan for submission to the appraisal office to maintaining the properties for landowners. Many of its clients use the exemption on land they only frequent when vacationing and save costs on livestock expenses such as employment, feed, etc.

(Above) This North Texas property receives tax breaks for doing simple things like providing water for wildlife.

—Photo by Jessica Harms

