

[00:00:00.250] - Speaker 1

When you're looking to buy land, you really need to do your research and find out if the property is currently under an agricultural land valuation or what is often referred to as a tax exemption. I know that sounds like a no-brainer, but you'd be surprised how often the required research is overlooked. AG valuations allow for agricultural landowner's property taxes to be calculated based on its capacity to produce crops, livestock, qualified wildlife or timber, rather than its market value. Now, when you purchase a property that is under an AG valuation, you'll have to maintain that valuation. It doesn't automatically transfer for you.

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You have to apply for the valuation with the tax appraisal district. If you fail to apply and then let's just say the appraisal district a year or two down the road, finds out that you were not maintaining the agricultural use, they're going to bill you for rollback on those property taxes. The rollback tax is the difference between the taxes paid on the land's agricultural value and the taxes that would have been paid if the land had been taxed on a higher market value for every year permitted under that type of an exemption. Also, interest can be charged for each year from the date on which the taxes were due. You don't want to deal with rollbacks.

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You probably also want to understand the difference between an AG valuation and wildlife valuation. You can get a wildlife valuation for anything from bird watching to a hunting ranch. It's basically maintaining and improving the habitat for wildlife in some form or fashion. It requires a yearly wildlife plan that has to be approved by the appraisal district. It's not hard, but it does take a little effort to apply.

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That's where you really need to spend some time with the local appraisal district in the county you're buying in, because it varies from county to county what qualifies for AG valuation and what does not. To qualify, the general rule of thumb is ten acres, but honestly, even that varies by county. But the overarching guideline is that the land must have been devoted exclusively to or developed continuously for agriculture during the past five years. I strongly recommend finding a real estate agent that is well versed in rural land to help you in the buying process. The realtor you select should absolutely know how to determine if the property has an AG valuation or not.

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And of course, we are always here to help you through your journey. We're not just a lender, we're a resource. So don't hesitate to give us a call.

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You.