

MCMULLEN COUNTY 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.

McMullen CAD's degree of intensity standard is set at a minimum of six (6) colonies and five (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 a 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.

MCMULLEN COUNTY 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, McMullen CAD has 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 2011 was \$3.78 per pound. The following is McMullen County Appraisal District's 2013 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

McMullen CAD'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 yield a range of 6-12 hives minimum requirement. The productivity value is applied on a per-acre basis; therefore, the following formula was used.

McMullen CAD's minimum requirement on 20 acres is 12 hives. Therefore, the average hives per acre 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.

References:

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