

Agricultural assessment program: overview

Introduction

The State Legislature enacted the New York Agricultural Districts Law in 1971 to protect and promote the availability of land for farming purposes. Subsequent amendments have broadened its scope. The law provides a locally initiated mechanism for creating agricultural districts. Forming agricultural districts is intended to counteract the impact that nonfarm development can have upon the continuation of farm businesses.

The Agricultural Districts Law allows reduced property tax bills for land in agricultural production by limiting the property tax assessment of such land to its prescribed agricultural assessment value. Owners whose land satisfies the eligibility requirements may apply for an agricultural assessment (see details below).

Agricultural districts also provide the framework to:

- limit unreasonable local regulation on farm practices
- modify public agencies' ability to acquire farmland through eminent domain
- modify the right to advance public funds to construct facilities that encourage development
- require state agencies to modify administrative regulations and procedures to encourage continuing farm businesses
- provide Right to Farm provisions for protection from private nuisance suits for land in agricultural districts and parcels receiving agricultural assessments outside districts

Benefit assessment, special ad valorem levies, or other rates and fees for the finance of improvements such as water, sewer or nonfarm drainage may not be imposed upon land used in agricultural production and within an agricultural district unless such charges were imposed prior to forming the agricultural district.

You must apply to receive an agricultural assessment

Landowners must file Form RP-305, Agricultural Assessment Application or Form RP-305-r, Agricultural Assessment Application Renewal with the assessor to receive an agricultural assessment for their parcels. Landowners must apply for an agricultural assessment, and the farmland must satisfy certain gross sales and acreage eligibility requirements.

Land outside an agricultural district

Land outside an agricultural district may qualify for an agricultural assessment. The requirements and application procedure are the same. However, land located outside of an established agricultural district that receives an agricultural assessment is required to remain in

separate application for each separately assessed parcel must be made. A single operation is one distinct agricultural business enterprise.

Rented land and agricultural assessments

Land rented for agricultural purposes may receive an agricultural assessment. If the rented land satisfies the basic eligibility requirements described above, it is eligible for agricultural assessment. In addition, if the rented land does not satisfy the average gross sales value requirement, but does satisfy the other requirements, it may still be eligible if it is farmed, under a written rental agreement of at least five years, with the other farmland that satisfies all eligibility requirements. The applicant must substantiate the existence of the term of the rental agreement by providing the assessor with either a copy of the lease or Form RP-305-c, *Agricultural Assessment Written Lease Affidavit for Rented Land*. A start-up farm operation may include rented land.

Gross sales value

Gross sales value means the actual proceeds from sales of agricultural products. The landowner must adequately document sales for the assessor. Proceeds from all parcels used in a single operation may be combined to satisfy the average gross sales value requirement. If a crop is grown and processed on the farm, the value of the crop before processing must be used when computing its average gross sales value. When the farm woodland is eligible, proceeds from the sale of woodland products may be included in the computation of average gross sales value but only to a maximum of \$2,000. The commercial horse boarding receipts can be generated wither through the boarding of horses or though the production for sale of crops, livestock, and livestock products or through both.

Exceptions to the gross sales requirement

Agricultural lands affected by natural disasters or continued adverse weather conditions may continue to be eligible. County Cornell Cooperative Extension staff must certify such natural disaster or weather condition destroyed the agricultural production and, as a result, the average gross sales value for the preceding two years was less than the minimum required for eligibility. The landowner must document the extent of damage and the gross sales value the land can produce under normal conditions. Use Form RP-305-b, *Application for Exception From Minimum Average Sales Value Requirement*.

No minimum gross sales value is required for crop acreage either set aside or retired under Federal Supply management or soil conservation programs.

Agricultural assessment program does not apply to buildings

Agricultural assessment applies only to land and any posts, wires and trellises used to support vines or trees for the production of fruit on eligible land. The program does not apply to farm

show how the total assessed value is apportioned between the eligible and ineligible parts of the property for the current year and prior year. A landowner may request the municipal or school tax collector to disclose the dollar value of reduction in tax liability attributable to lands receiving an agricultural assessment.

Farmland that is taken out of agricultural production

If farmland that has received an agricultural assessment is converted to a nonagricultural use (within five years of last receiving an agricultural assessment if located in an agricultural district and within eight years if located outside an agricultural district), a payment to recapture the taxes forgone for converting such land will be imposed.

The assessors determines whether a conversion has occurred on the basis of the facts of each case. Conversion is defined as "an outward or affirmative act changing the use of agricultural land." Non use of the property (for example, abandoning land or leaving it idle) disqualifies such land from receiving an agricultural assessment, but is not considered a conversion. Similarly, land converted to a nonagricultural use through oil and gas exploration, or extraction activity, or through eminent domain or through the purchase of land or the conveyance of a conservation easement to protect the New York City Watershed, or through other involuntary proceedings (except a tax sale) would be ineligible for an agricultural assessment but would not be subject to a payment for conversion.

Payments for the conversion of agricultural land to a nonagricultural use are added to the taxes levied upon the land so converted. The property may be subject to a tax sale should such payment remain unpaid. Therefore, these payments generally become the responsibility of the owner of the land at the time of conversion.

A payment for conversion will be equal to five times the taxes saved in the most recent year that the land received an agricultural assessment. In addition, interest of 6 percent per year compounded annually will be added to the payment amount for each year that the land received an agricultural assessment, not exceeding five years. When only a portion of a parcel is converted, the assessor apportions the assessment and the agricultural assessment and determines the tax savings attributable to the converted portion. The payment for conversion of the portion of the parcel is then computed.

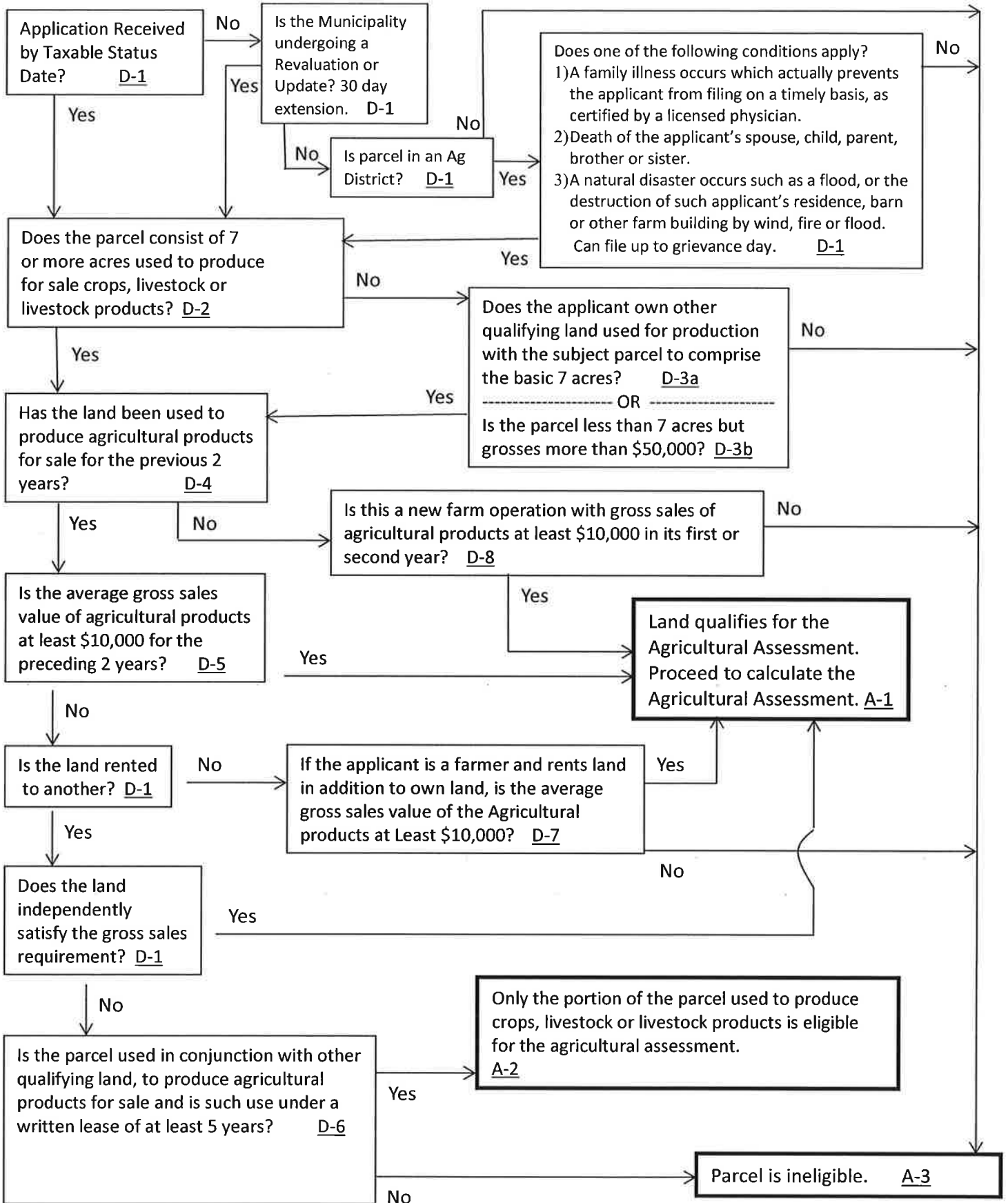
90 Day Notice: Whenever a conversion occurs, the landowner shall notify the assessor within 90 days. Failure to notify may result in a penalty of two times the payments owed to a maximum of \$500.

Resources

Contact your local assessor or county director of real property tax services.

Agricultural assessment values and other inform

DETERMINING ELIGIBILITY FOR AGRICULTURAL ASSESSMENT



EXPLANATORY MATERIAL FOR DETERMINING AGRICULTURAL ASSESSMENTS

Background

The agricultural assessment program allows eligible farmland located both within and outside agricultural districts to be taxed at its agricultural assessment, rather than at its fair market value.

An agricultural district delineates viable agricultural lands and should not be confused with a municipality's zoning map or law. Agricultural district boundaries are often irregular and not necessarily contiguous. Maps outlining agricultural districts are filed at the county clerk's office. Planning departments and Cornell Cooperative Extension offices usually have copies of the maps for reference. Assessment rolls should indicate parcels that are within an agricultural district.

The agricultural assessment value establishes an "upper limit" for taxable assessments on eligible farmland. Any assessed value which exceeds the equalized agricultural assessment on the land is exempt from real property taxation.

D-1 Application received by taxable status date?

No agricultural assessment can be granted unless the owner files an application on or before taxable status date. Only an owner of property can apply for an agricultural assessment.

The landowner's first step in applying for an agricultural assessment is to go to the local Soil and Water Conservation District (SWCD) office. All farmland to be enrolled in the program is classified by soil productivity. A district technician plots each tax parcel of the farm on a soil map, and calculates the acreage in each soil group. The landowner should work with the technician to outline woodland areas and ineligible areas. The landowner may exclude any area from the program and this area should be clearly defined. The technician records the information on a Soil Group Worksheet, form APD-1 (formerly RA-100). The landowner may be charged a fee by SWCD to cover the cost of this service.

In the event that there is an excessive workload at the Soil and Water Conservation District Office to prepare soil group worksheets for all applicants, the soil group worksheet may be submitted after taxable status date as long as all other forms are filed by taxable status date.

The landowner, in turn, transfers this soils information to the Agricultural Assessment Application, RP-305 (EA-305), and indicates any farm woodland on the parcel. The landowner must complete an application form for each separately assessed parcel.

For the initial application, the landowner submits the completed RP-305 form(s) along with copies of the completed APD-1 form and the soil map to the assessor by taxable status date. The assessor will keep the soil group worksheet on file for subsequent years.

The filing date is extended to the 30th day prior to the tentative roll filing date, if the municipality is undergoing an update or reassessment.

The filing date is also extended to the last date for filing a complaint on an assessment, if the property is located within an agricultural district and one of the following conditions apply:

- 1) A family illness occurs which actually prevents the applicant from filing on a timely basis, as certified by a licensed physician.

Newly planted orchards, vineyards or Christmas trees of a newly established farm operation. Land of not less than seven acres used solely by a newly-established farm operation for new orchards or vineyards may qualify for an agricultural assessment for four years after planting, notwithstanding the fact that no crops are produced for sale. Land of not less than seven acres used solely by such a farm operation for new Christmas trees may qualify for an agricultural assessment for five years after planting, notwithstanding the fact that no trees are harvested for sale. Eligible fruit trees, grape vines, or Christmas trees may be planted in the new farm's first or second year of operation.

Support land is not included in meeting the 7-acre minimum. This acreage may receive an agricultural assessment if the subject parcel qualifies, but this acreage does not contribute toward meeting the 7-acre requirement.

Support land means land constituting a portion of a parcel, as identified on an assessment roll, which also contains land qualified to receive an agricultural assessment. Examples of this type of land include, but are not limited to farm ponds, swamps used for drainage, land used for erosion control, hedgerows, access roads, land under farm buildings, dikes and levies used for flood protection, drainage ditches and land used for farm waste management. Support land may also include any other minor acreage that is located amid, between or on the perimeter of cropland, orchards, vineyards and land used to pasture livestock, so long as the land is not farm woodland or nonagricultural land. Support land further may include a buffer area owned and maintained by an apiary products operation between the operation and adjacent landowners. (The total area of an apiary products operation, including support land, may not exceed ten acres.) Support land does not include land used under agricultural amusements.

Support land also includes any other *spatially integrated* land that constitutes a minor portion of a parcel, where such land is located amid, between, or on the perimeter of the cropland, orchards, vineyards, land that is actually used for pasturing livestock, managed Christmas tree plantations and sugarbushes, and does not constitute farm woodland or nonagricultural land.

Farm woodland means land used for the production of woodland products, intended for sale, including but not limited to logs, lumber, posts and firewood. Such land must have a forest growth of suitable character and distribution as to give assurance that a stand of merchantable timber will be developed within a reasonable time.

Farm woodland must be part of land otherwise qualified for an agricultural assessment and contiguous with croplands, orchards, vineyards, pasture, managed Christmas tree plantations, or sugarbush. Land bisected by federal, state, county or town roads, energy transmission corridors and similar facilities will be considered contiguous.

Farm woodland does not include land used as silvopasture as long as the silvopasture acreage limit is not exceeded, but if there is any silvopasture acreage over the limit, the excess acreage should be treated as farm woodland. Silvopasturing is defined as the intentional combination of trees, forages and livestock managed as a single integrated practice for the collective benefit of each, including the planting of appropriate grasses and legume forages among trees for sound grazing and livestock husbandry. Land used in silvopasturing is limited to up to ten fenced acres per large livestock (including cattle, horses and camelids) and up to five fenced acres per small livestock (such as sheep, hogs, goats and poultry).

Note: Where there exists more than 50 acres of farm woodland in a separately assessed parcel, the excess farm woodland will receive a regular assessment. It is at the landowner's discretion to determine where the excess woodland is located on the parcel. The map must show the precise location of the excess farm woodland. Since this excess woodland area will not be receiving an agricultural assessment, it will not be liable for payments if conversion to a nonagricultural use occurs.

It is also the right of the landowner to use his/her discretion in selecting which lands will be entered in the agricultural assessment program. If the landowner chooses to withdraw or keep certain portions of a parcel

- d. Maple syrup processed from maple sap produced on land used in agricultural production in conjunction with the same or an otherwise qualified farm operation.
- e. Payments received by reason of land set aside pursuant to participation in certain federal farm programs for the purposes of reducing national surpluses or for conservation.
- f. Payments received by thoroughbred breeders pursuant to section two hundred fifty-four of the racing, pari-mutuel wagering and breeding law.
- g. Compost, mulch or other organic biomass crops produced on land used in agricultural production, not to exceed five thousand dollars annually.

Whenever a crop grown on the applicant's land or land the applicant rents from another is processed on the farm before sale, the law permits the applicant to include the market value of the unprocessed crop for purposes of satisfying the average gross sales value requirement. The applicant should list the average market value of the crop for each of the preceding two years in which such crops were harvested. Published sources may be used to substantiate the market value of crops in their unprocessed state. The market value may be determined using published price information from the New York State Agricultural Statistics Service or other verifiable sources. The quantity of production prior to processing should be substantiated by the applicant in a manner acceptable to the assessor.

An exception to the average gross sales requirement may be made in instances where acts of God, natural disasters, or continued adverse weather conditions have destroyed a substantial amount of agricultural production so that the minimum \$10,000 average gross sales value cannot be met. In these situations the land may still qualify for an agricultural assessment. The application along with form RP-305-b, *Application for Exception from Minimum Average Sales Value Requirement of Article 25-AA of the Agriculture and Markets Law* is necessary. Form RP-305-b requires the applicant to substantiate the loss and to certify that the land is normally capable of producing agricultural products of an average gross sales value of at least \$10,000.

D-6 Is the parcel used to produce agricultural products for sale under a written lease of at least five years in conjunction with other qualifying land?

When the applicant rents his/her land to another person, any portion of the subject parcel that was used as a single operation in the preceding two years to produce agricultural products, exclusive of woodland products, may be eligible. There must be at least 7 acres of agricultural land to qualify for the agricultural assessment. The number of years that the rental arrangement covers should be recorded on the application. The land must be subject to a rental agreement for a term of at least five years.

A *rental arrangement* is defined as a written lease signed by both of the parties to the agreement. An applicant must substantiate the term and existence of the rental arrangement by filing with the assessor either a copy of the lease or an affidavit attesting to the existence of a written lease for RP-305-C, *Written Lease Affidavit For Rented Land*.

Land under a rental arrangement must be used together with other land which qualifies for an agricultural assessment. An applicant must supply pertinent information on the parcels with which the subject parcel is farmed.

This information is necessary for the assessor to determine whether this other land indeed qualifies for an agricultural assessment.

When the assessor is satisfied that the requirements are met, the rented land is eligible for an agricultural assessment. However, rented land that qualifies under these circumstances may receive an agricultural assessment only on land that is actually used to produce crop, livestock or livestock products. Farm woodland and support land cannot receive an agricultural assessment.

D-7 If the applicant is a farmer and rents land in addition to own land, is the average gross sales value of the agricultural products at least \$10,000?

purposes of meeting the 7-acre minimum. If the 7-acre minimum is not satisfied, the application must be denied unless a two-year average gross sales value of \$50,000 can be proven.

The land of the subject parcel must have been actually used as a part of a single operation in the preceding two years to produce crops, livestock, or livestock products. If the two-year requirement is not met, the application must be denied.

Land not meeting all of the above criteria is not eligible for the agricultural assessment.

In addition, to qualify for an agricultural assessment, the landowner must show that the crops, livestock, or livestock products produced for sale in the preceding two years on the land for which application is being made had an average gross sales value of at least ten thousand dollars or the land for which the application is being made was rented to a qualified farm operation under the requirements noted below.

Gross sales value can include sales of agricultural products produced on (1) agricultural land described in the application; (2) other parcels owned by the applicant and used in conjunction with subject parcel; and (3) land rented by the applicant from another person and used in conjunction with the subject parcel.

Rented Land:

There are two categories of rented land that are eligible for an agricultural assessment:

- (1) Rented land which independently satisfies the requirements for eligibility for an agricultural assessment and is rented to a person who farms it rather than being farmed by the owner. Other eligible land may include support land and farm woodland (not to exceed 50 acres for a separately described and assessed parcel).
- (2) Rented land may be used by a lessee to produce an intermediate agricultural product that is not actually sold or processed for sale. In this instance, rented land that is rented for an agricultural use but fails to satisfy the gross sales requirement may nevertheless be eligible to receive an agricultural assessment if all requirements are satisfied with the exception of the gross sales value requirement. A common example is rented land used by a lessee to produce corn or hay that is fed to the lessee's livestock, rather than actually sold.

In this second case, only the land actually used to produce for sale crops, livestock, or livestock products is eligible. Land not used for production and farm woodland is not eligible to receive an agricultural assessment. The land must be used under a written rental arrangement of five or more years together with land which has been determined to qualify for an agricultural assessment. The applicant may substantiate the term of a rental arrangement by filing with the assessor either a copy of the lease or an affidavit form RP-305-c signed by the applicant and lessee.

Rented land not meeting the criteria outlined above is ineligible for an agricultural assessment.

Nonagricultural land is never eligible to receive an agricultural assessment.

How Agricultural Assessment Values are Determined

There are two factors necessary in determining agricultural assessments. First, a land classification system is needed to establish the different levels of land quality for which values must be determined. Second, a base agricultural assessment value must be calculated and an agricultural assessment per acre assigned for each level of land quality designated.

1. Land Classification System

To establish a uniform statewide land classification system the Department of Agriculture and Markets uses differences in soil productivity as the common denominator in classifying all New York State farmland. A soil rating methodology has been developed based primarily on differences in the inherent ability of soils to support crop production. Two distinct types of soil groups are:

1. Mineral soils are ranked in ten soil groups; groups 1-6 are further divided into subgroups, designated a and b, according to the natural lime content of the soil (i.e., high-lime and low-lime)
2. Organic soils (muck) are ranked in four soil groups A-D.

2. Calculation of a Base Agricultural Assessment Value

The Commissioner annually calculates a base agricultural assessment value. This base agricultural assessment value is calculated using the following data published by the United States Department of Agriculture for all farming in New York State:

1. Farm real estate value is the total value of farmland and buildings, including improvements.
2. Farm structure value is the total value of farm buildings, including improvements.
3. Interest on mortgage debt is the total interest paid on farm real estate debt.
4. Net farm income is the realized gross income (defined in number 6 below) less production expenses, as adjusted for change in inventory.
5. Production expenses is the total cost of production.
6. Realized gross income is the total of cash receipts from farm marketings, government payments, nonmoney income and other farm income.
7. Taxes on farm real estate is the total real property taxes on farmland and buildings, including improvements.
8. Number of acres harvested for all reported crops.
9. Value of production which is the total estimated value of all reported crops.

Once this information is obtained the base agricultural assessment value is calculated as the average capitalized value of production per acre for the eight-year period ending in the second year preceding the year for which the agricultural assessment values are

4a	68
4b	58
5a	58
5b	47
6a	47
6b	37
7	37
8	26
9	16
10	5

For organic soils, Organic Soil Group A is two times the base agricultural assessment value for mineral soils. The remaining organic soil groups shall be the product Organic Soil Group A and a percentage derived from the productivity measurements determined for each soil and related soil group in conjunction with the land classification system, as follows:

Organic Soil Group	Percentage of Base Agricultural Assessment Value
A	Two times Mineral Soil Group 1a
B	65
C	55
D	35

Farm Woodland

The agricultural assessment value for farm woodland (farm woodland attributable to any separately described and assessed parcel must not exceed fifty acres) shall be the same as that calculated for mineral soil group seven.

Orchards and Vineyards

Where trees or vines used for the production of fruit are located on land used in agricultural production, the value of such trees and vines, and the value of all posts, wires and trellises used for the production of fruit, are considered to be part of the agricultural assessment of such land.

Aquaculture

Water bodies devoted to aquacultural production will be assigned the value for mineral soil group 1a.