



MOLAN

Property Tax Programs for Agriculture

Down to Earth Workshop Series

November 10, 2011

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Tonight's Topics

- ❑ The Agricultural Districts Law
- ❑ Is my land eligible?
- ❑ How do I apply?
- ❑ When and Where to apply
- ❑ What to expect
- ❑ Conversions
- ❑ Farm Building Exemptions

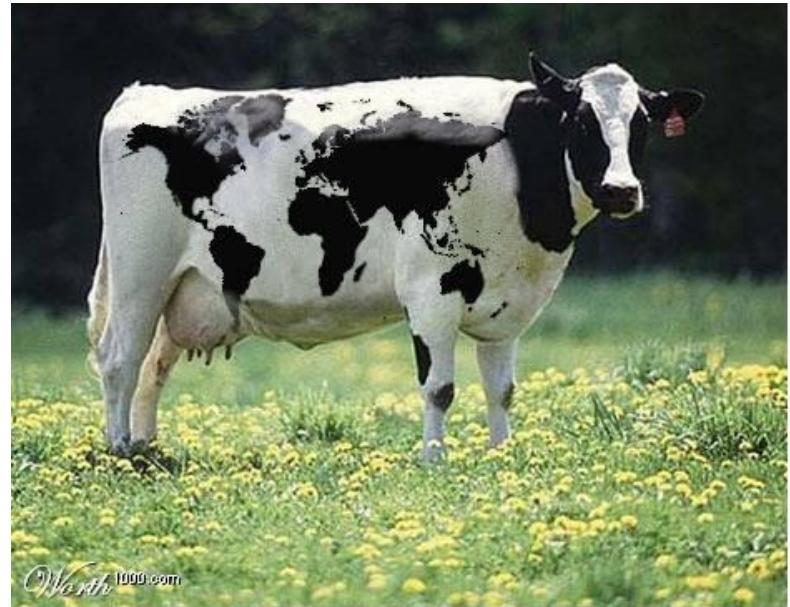
Deja Moo:



**The feeling that you've heard
this bull before.**

The Agricultural Districts Law

- Article 25AA – Agriculture and Markets
- Enacted in 1971 and since then almost continually revised due the changing nature of the farm industry.



The Agricultural Districts Law

- More than property tax benefits
- Farm protection from restrictive ordinances
- protection from nuisance suits
- Gov't funded acquisition

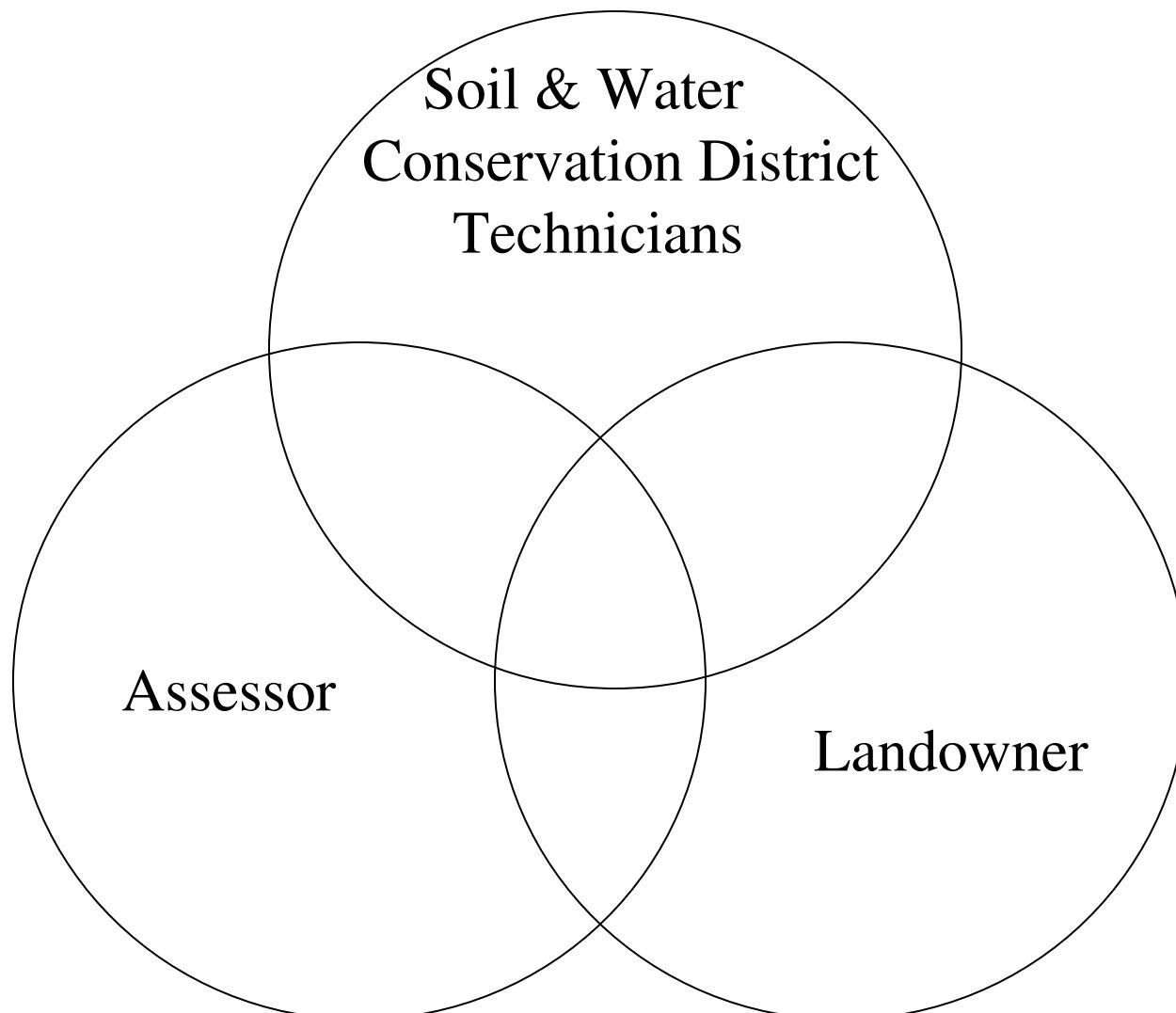


Agricultural Assessments



Agricultural Assessment Program

Local Level



Important Points About Agricultural Assessment

1. The Agricultural Assessment Program is voluntary, on the landowners part.
2. The Agricultural Assessment Program pertains only to eligible agricultural land.
3. **The Agricultural Assessment Program does not replace the regular assessing function.**

Important points ...

4. Farmland which meets the eligibility requirements will not necessarily receive an exemption.
5. Land in this program becomes liable for penalty taxes if a conversion to a nonagricultural use occurs.
6. Just owning land in the country does not entitle landowner to farm exemptions . . . The country squire syndrome

Is my land eligible?

- Key Phrase –
 - “land used in agricultural production”

“land used in agricultural production”

- Cropland
- Pasture
- Orchards and Vineyards
- Sugar bush
- Support land
- Farmland in some Federal farm programs

Eligibility . . . the Basics

Ag Assessment

- 7 Acres of agricultural land (*less than 7 Acres, if gross sales \$50,000 or more*)
- Farmed for last 2 years (start-up)
- \$10,000 average gross sales value for last 2 years.

Farm Woodland Eligibility

- Up to 50 acres of farm woodland is eligible for an agricultural assessment per eligible tax parcel.
- Woodland on a parcel subject to 5-year lease is not eligible

Eligibility

Ag Assessment – Multiple Parcels

- Separate applications must be made for each separately assessed parcel.
- Eligibility is determined by combining separately assessed parcels that are farmed together as a single operation.
- A single operation is one distinct agricultural business enterprise.

Eligibility

Ag Assessment – Land

- Land and water used for aquacultural production.
- Land under a structure within which crops, livestock or livestock products are produced.



NOT eligible

- Land around owner's residence
- Commercial
- Non – ag land i.e. gravel bank

Eligibility – Rented Land

Ag Assessment

- Must meet 7 acre minimum requirement (can be a combination of parcels of the same owner)
- Farmed for last 2 years (exclusive of woodland products)
- Rental agreement of five or more years in conjunction with land that would be eligible for an agricultural value assessment.
- Only land used for production eligible.

Eligibility - Average Gross Sales

- 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.
- 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.

Eligibility

Ag Assessment – Average Gross Sales

- When the farm woodland is eligible, proceeds from the sale of woodland products may be included in the average gross sales value but only to a maximum of \$2,000.
- No minimum gross sales value is required for crop acreage either set aside or retired under Federal supply management or soil conservation programs.

Proof Of Income

Burden Of Proof Rest W/ Applicant

- Business Records
- Receipts
- Check stubs
- IRS - 1040F



Eligibility

Ag Assessment – Commercial Horse Boarding

- At least seven acres of land supports the commercial horse boarding operation.
- The commercial operation boards at least ten horses regardless of ownership.
- \$10,000 or more in gross receipts annually in the preceding two years from fees generated through the boarding of horses and/or through the production for sale of crops, livestock, and livestock products.
- Land that supports operations whose primary on site function is horse racing is not eligible.





How do I apply?

Land Classification

- 10 mineral soil and 4 organic soil groups
- Done by the county SWCD
 - <http://www.ccswcd.org/>
 - CCSWCD
 - 1024 Route 66
 - Ghent, NY 12075
 - Phone: (518) 828-4386 x 3
 - Fax: (518) 822-0219
- Assessor must verify accuracy of land mapped

Land – soil breakdown



Soil Group Worksheets

APD-1

APD-1 (Rev. 12/97)

New York State
 Department of Agriculture and Markets
 Division of Agricultural Protection and Development Services
 1 Winners Circle
 Albany, NY 12235

SECTION A: WORKSHEET INFORMATION	
Page _____ of _____	
<input type="checkbox"/> New Worksheet	<input type="checkbox"/> Revised Worksheet

SOIL GROUP WORKSHEET

SECTION B: LANDOWNER NAME AND PROPERTY IDENTIFICATION				
Landowner Name	Last	First	Middle Initial	
Mailing Address	Street/Road No. and Name		City, Town, Village	State Zip Code
Property Location <input type="checkbox"/> Same as Mailing Address		Street/Road No. and Name		
County	Town/City		Village	
Filing Status: <input type="checkbox"/> Agricultural District	<input type="checkbox"/> Individual Commitment	SECTION D: PARCEL ACREAGE SUMMARY*		
SECTION C: TAX MAP & ASSESSMENT ROLL INFOMATION			ACRES	
SWIS Code (six digits)			(1) Agricultural Land	
			(2) Farm Woodland (up to 50 acres)	
Tax Map Identifier	section	block	lot	(3) Excess Farm Woodland
Roll Identifier (if different)			(4) Non-Agricultural Land	
Total Parcel Acres				TOTAL ACREAGE
SECTION E: SOIL MAP BREAKDOWN OF AGRICULTURAL LAND				
SOIL MAP SYMBOL	SOIL MAP UNIT NAME	SOIL GROUP	Scale: 1" = No. of Grid Points	NUMBER ACRES
				AGRICULTURAL LAND SOIL GROUP SUMMARY
				Mineral Soil Group Acres
				1 a
				1 b
				2 a
				2 b
				3 a
				3 b
				4 a
				4 b
				5 a
				5 b
				6 a
				6 b
				7
				8
				9
				10
				Organic (muck) Soil Group Acres
				A
				B
				C
				D
*SEE EXPLANATION OF TERMS ON BACK				SOIL GROUP TOTAL ACRES
SECTION G: DATE AND SIGNATURES				
Jointly Reviewed and Concurred:				
Landowner Signature _____	Completed by: Signature _____			Date: _____

Distribution: Assessor (white), State (gold, 2nd), SWCD (pink), Landowner (yellow, 4th)

Application Procedure

1. Landowner goes to S.W.C.D. with parcel description.
2. S.W.C.D. employee outlines parcel boundaries on soil map, using county tax map as guide.
3. Preparation of soil group worksheet by S.W.C.D. employee.
4. Landowner applies for Agricultural Assessment using form RP-305 or RP-305R if renewal. Submits it to assessor with copy of the soil map.
5. Assessor determines parcel eligibility.

When & Where to Apply

- **March 1 is the deadline to apply with local assessor**
- But need to have Soil Worksheet which takes time
- Meet with SWCD in Ghent anytime
- *Exceptions to March 1 deadline*
 - Reval, update, or annual reassessment (30 days)
 - Death, illness in family (Grievance)
 - Natural disaster (Grievance)

What to expect . . .

- Check with assessor to verify approval, approval with modification or denial
- Assessor may ask for more documentation

What are the Tax Savings?

- Cannot be predicted without soil breakdown
 - Equalization Rate
 - Tax Rates for County, Town, & School
 - Annual Agricultural assessment values

How it works . . .

- Assessed value farm land \$2,000/acre
- Agricultural Value 300/acre
- Exempt amount 1,700/acre
- Taxable value 300/acre

NYS Department of
Taxation and Finance **Office of Real Property Tax Services**

Valuing & Assessing Taxpayer Rights Forms, Publications Equalization & Property Tax
Real Property & Information & Procedures Tax Levy Distribution Reform
Tax Policy & Exemptions

2010 Agricultural Assessment Values Per Acre

Established January 2010

**Agricultural Assessment Values Per Acre
For Computing Agricultural Assessments
For City and Town Assessment Rolls Completed in 2010
And for Village Assessment Rolls Completed in 2011**

Mineral Soil Group		Value Per Acre	Organic Soil Group (muck)	Value Per Acre
1	a	\$750	A	\$1,500
	b	668	B	975
2	a	668	C	825
	b	593	D	525
3	a	593	Aquaculture	
	b	510	\$750	
4	a	510	Farm Woodland	
	b	435	\$278	
5	a	435		
	b	353		
6	a	353		
	b	278		
7		278		
8		195		
9		120		
10		38		

Conversions



Conversion To Nonagricultural Use:

“An Outward or Affirmative Act
Changing the Use of The Subject
Property”

Land benefitting from
Agricultural assessment
becomes liable for "payments"
if a conversion to a non
agricultural use occurs.

A payment is triggered if the conversion takes place ...

- Within 5 years of last benefit in an Agricultural District.
 - Except when land is removed from district at 8 year review
- Within 8 years of last benefit in an Individual 8 year commitment.

Note: A year for this purpose is from taxable status to taxable status dates

Conversions are ...

Deliberate Physical changes that preclude
the continuation of farming.

- Residential Development
- Commercial Development
- etc.

Conversions Are Not ...



- Land that is idled.
- Land acquired through eminent domain.
- Filing sub division maps.
- Land purchased for public use.*
- Selling land to a developer.
- Oil and Gas or Wind energy development

* State and Federal Only

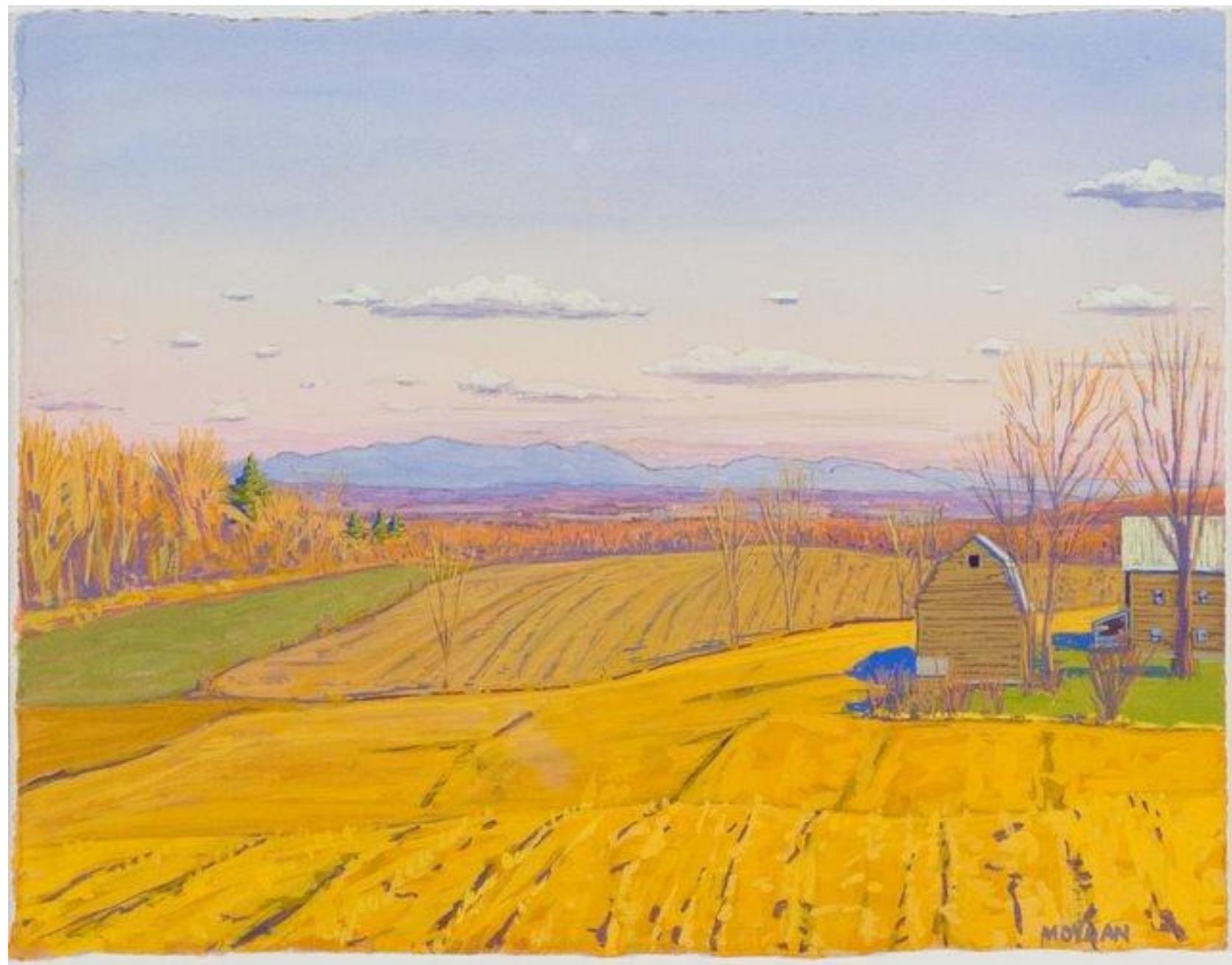
Payment Calculation - (penalty tax)

- 5 times taxes saved in last year the converted land benefited from an agricultural assessment
- 6% interest (annually compounded) for each year out of the last 5 years that parcel received benefit.
- Only applies to land actually converted to a nonagricultural use.

Agricultural District Disclosure

- Required prior to sale, purchase, or exchange of real property located in an agricultural district (AML Sec. 310)
- Confirmation that disclosure was given is required in Real Property Transfer Report

(Form RP-5217)



MOLIAN

Farm Building Exemptions

- 10 Year Farm Building - 483
- Special purpose buildings – 483-a
- Historic Farm Structures – 483-b
- Temporary Greenhouses – 483-c
- Migrant Worker housing – 483-d

Agricultural Structures



Farm Building Exemption



*For Newly constructed and
reconstructed farm structures*

Eligibility

Farm Building Exemptions

- Structure must be essential to lands used for agricultural or horticultural use.
- Lands must be 5 acres associated with the building.
- The farmland must actually be used in bona fide agricultural or horticultural production carried on for profit.

Eligibility

Farm Building Exemptions

- An application for exemption must be filed within one year of completion of construction.

A structure, building or any portion qualifies for the exemption when it is used directly and exclusively either:

- In the raising and production for sale of agricultural or horticultural commodities, or necessary for their storage for sale at a future time.
- To provide housing for regular and essential employees and their immediate families who are primarily employed in connection with the operation of lands actively devoted to agricultural and horticultural use.

A structure, building or any portion **cannot** qualify if it is used for:

- 1) The processing of agricultural or horticultural commodities **except maple syrup facilities.**
- 2) The retail merchandising of such commodities.
- 3) The storage of commodities for personal consumption by the applicant.
- 4) The residence of the applicant or his immediate family.

A structure, building or any portion **cannot** qualify if it is used for:

- ❖ The processing of agricultural or horticultural commodities.
- ❖ The retail merchandising of such commodities.
- ❖ The residence of the applicant or his immediate family.

Ag Buildings (483)

- Exemption amount based on property's increase in value due to construction.
 - Contributory value, not cost

Note: §582 instructs assessors that farm structures are assessed at no more than RCN at current prices minus physical depreciation and any functional or economic obsolescence.

Ag Buildings (483)

- Exemption only while structure actually used as described.
- Roll-back tax for entire exemption period with conversion.

Special Purpose Farm Structures

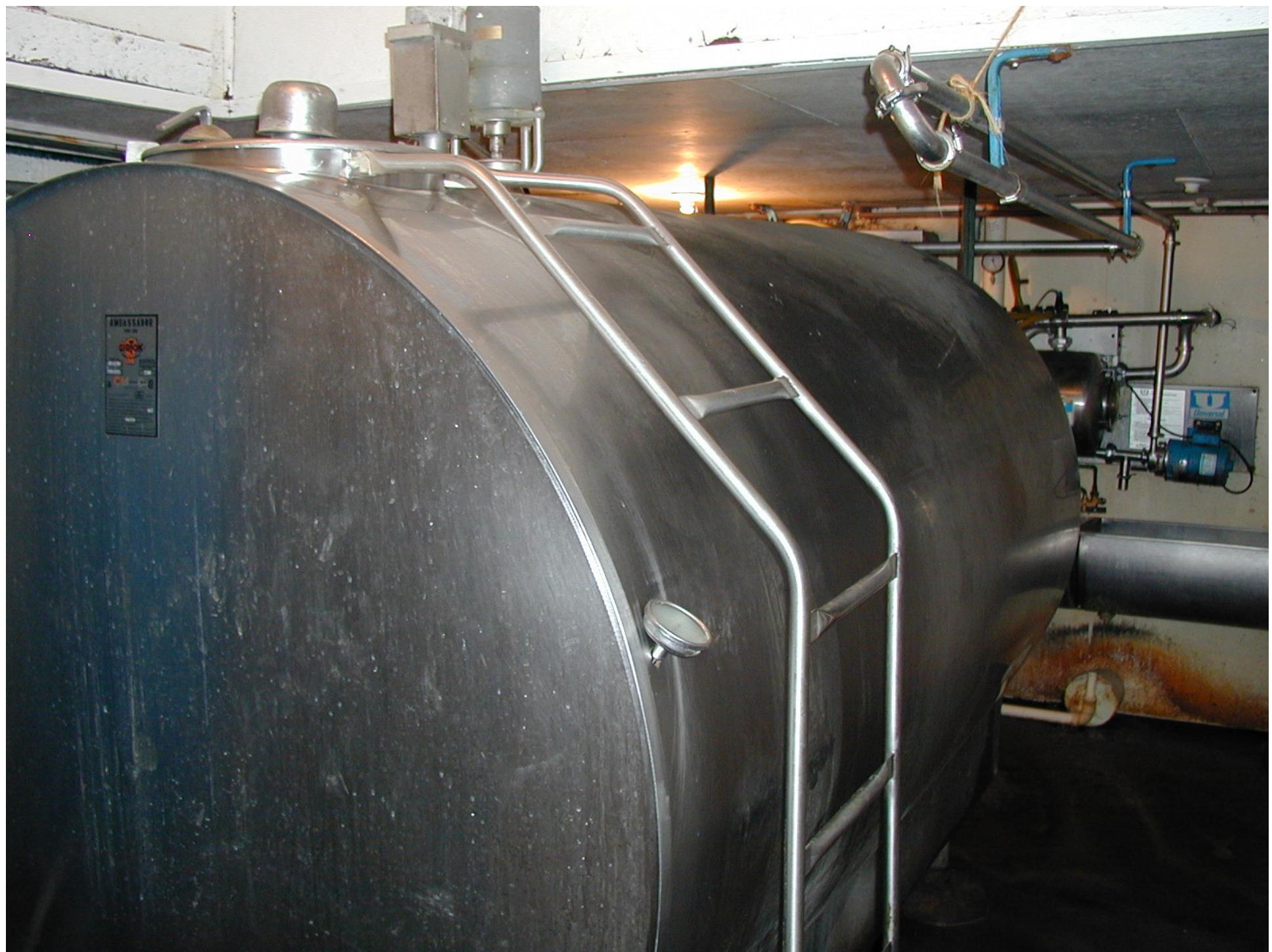
Lifetime Exemption (RPTL 483-a)

- Requires a one time application (RP 483-a)
 - Silos
 - Bulk Milk Tanks
 - Manure Storage Facilities
 - Grain Bins and Commodity Sheds











GRAIN BINS AND COMMODITY SHEDS

- A limited use structure designed and used for the storage of grains, feed grains and other feed components.





THPA

Historic Barns





Historic Barns

Sec. 483-b



HISTORIC BARNS

“Originally designed and used to store farm equipment, agricultural products or for housing livestock.”

483-b RPTL

HISTORIC BARNS

- Local option
- Pre – 1936
- 10% sliding scale exemption
- No significant exterior change
- Can't be residence

HISTORIC BARNS TAX CREDIT

- 25% of qualified expenditures can be credit against NYS income tax.

483-C TEMPORARY GREENHOUSES



483-C TEMPORARY GREENHOUSES

- Means specialized agricultural equipment having a framework covered with demountable polyethylene or polypropylene material or material of a polyethylene or polypropylene nature which is specifically designed, constructed and used for **agricultural production.**
- A temporary greenhouse may include, but is not limited to, the use of heating devices, water and electrical utilities, and embedded supporting poles.

483-C TEMPORARY GREENHOUSES (continued)

- Are exempt from taxation, special ad valorem levies and special assessments.



483-C TEMPORARY GREENHOUSES (continued)

- Granted upon the application of the owner of the property upon which such structures are located.
- On form RP-483-c.
- Filed on or before taxable status date.
- Once an exemption is granted no renewal is necessary.





483-D

Farm or food processing labor camps or commissaries exemption

- Full exemption
- Real Property Tax Law, § 483-d
- See Legal Memo for details

Each applicant should provide the assessor with a copy of:

- Application form RP-483-d
- a State Sanitary Code permit to operate a “migrant farmworker housing facility”
- a State Labor Department “farm labor contractor certificate of registration,” “permit to operate a farm labor camp commissary,” and/or “migrant labor registration certificate”
- proof of compliance with the fire prevention and building code
- **Certificates and all permits are only valid for up to 12 months**

Important,

read each of the agricultural
assessment and farm building
exemption statutes
independently.

ORPTS Web Site

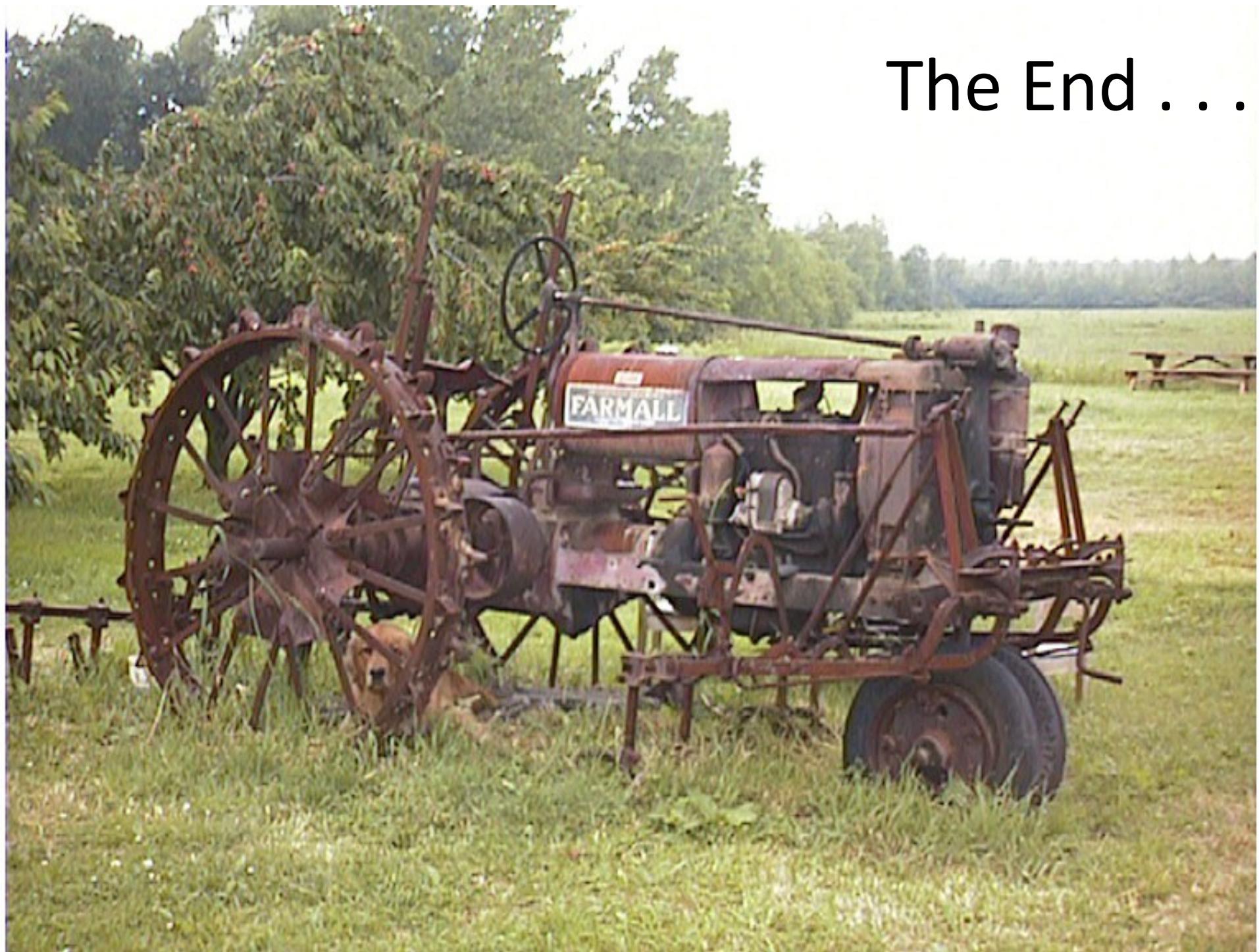
Now part of NYS Dept of Taxation and Finance

- <http://www.tax.ny.gov/research/property/assessment/valuation/agindex.htm>

ORPTS Contacts

- Bob Wright
 - bob.wright@orps.state.ny.us
 - 585-343-4363
- *Legal* -
 - 518-474-8821

The End . . .



Thank You . . .

Questions?

