

Agricultural Assessment: How to receive it



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What is an agricultural assessment?

An agricultural assessment allows land utilized for agricultural purposes to be assessed based on its agricultural value as opposed to its commercial value. An agricultural assessment applies to school, county and town property taxes and is based on the soil types on the farm. The agricultural assessment rate can also be used for certain local taxes (such as a fire tax) if approved by the local government.

How is eligibility determined for Agricultural Assessment?

- ◆ Land must consist of 7 or more acres that has been used in the preceding two years for the production of crops, livestock, or livestock products. Land is defined to include cropland, pasture, orchards, vineyards, sugarcorn, support land and crop acreage either set aside or retired under Federal supply management or soil conservation programs. Up to 50 acres of farm woodland per tax parcel is eligible for an agricultural assessment. Also, land and water used for aquaculture is eligible. Land visibly associated with the owner's residence is ineligible.
- ◆ Annual gross sales of agricultural products must average \$10,000 or more for the preceding two years, except first year farmers who need a gross sales value of \$10,000 in the first and/or second year.
- ◆ Some exceptions apply for land less than 7 acres, apiary products operations, and commercial horse boarding operations.
 - If an agricultural enterprise consists of less than 7 acres, it may qualify if average annual gross sales equal \$50,000 or more.
 - Land used to support an apiary operation is only eligible for agricultural assessment on the first 10 acres. Apiary operations less than 7 acres still must make \$50,000 in sales annually.
 - Commercial horse boarding operations must consist of at least 7 acres, 10 horses and the operation must receive \$10,000 or more in annual gross receipts.
 - Newly-established commercial equine operations must consist of at least 7 acres, receive \$10,000 or more in annual gross receipts and stable at least 10 horses, regardless of ownership.
 - Awards made through the Thoroughbred Breeders Development Fund can be applied toward the annual gross sales requirement for an agricultural assessment.

What is the application process to receive the Agricultural Assessment?

Landowners **MUST** complete and file an application with the assessor to receive an agricultural assessment. It is an **annual** process and the farmland must meet specific gross sales and acreage eligibility requirements. Land outside of an agricultural district can qualify for an ag assessment under certain conditions as well.

Step 1: Application for the Agricultural Assessment or the newly established Agricultural Assessment renewal application on the New York State Department of Taxation and Finance website.

First time filers should go the following link to access the appropriate form:

http://www.tax.ny.gov/pdf/current_forms/orpts/rp305_fill_in.pdf

Those applying for Agricultural Assessment *renewal applications* should go to the following link to access the appropriate form:

http://www.tax.ny.gov/pdf/current_forms/orpts/rp305r_fill_in.pdf

Step 2: The application must be filed with the city, town or village assessor (if the village assesses). If the property is located in a village that assesses, an application must be filed with both the town and the village assessor. In Nassau and Tompkins Counties, the application must be filed with the county assessor. ***This is typically March 1, but may vary according to your municipality.***

Step 3: The assessor decides if the land, or a parcel of the land, is eligible for an agricultural assessment by evaluating the acreage and the agricultural assessment value. The farmer is informed, by mail, if the application is approved, modified or denied, typically by the last week in May. If the application is denied, the applicant can attend a hearing for assessment complaints.

Does rented land qualify for an Agricultural Assessment?

Yes. The rented land needs to satisfy the eligibility requirements above. The applicant must establish the existence and term of the rental agreement, as well as provide documentation.

What happens when the land is taken out of agricultural production?

If farmland is converted to non-agricultural uses, a payment to recapture the taxes will be imposed. A penalty is enforced if, within five years (for land inside an agricultural district) or eight years (for land outside of an agricultural district) of last receiving an agricultural assessment, the land is converted to a non-agricultural use. The assessor determines whether a conversion has occurred. Non-use of the property disqualifies land from receiving an agricultural assessment, but is not considered a 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. Also, interest of six percent per year, compounded annually, will be added to the payment amount for each year that the land received an ag assessment, not to exceed five years or eight years.

My land is not in an agricultural district but is used for agricultural purposes.

The income requirements and applications are the same. However, land that is outside of an established agricultural district that receives an ag assessment will have an obligation to remain in agricultural use for a period of eight years (the period is five years if in an ag district), or is subject to payment for conversion to non-agricultural use.

Where can I go if I have more questions?

For more information contact your local assessor or the County Director of Real Property Tax Services. Also, visit the NYFB website at: www.nyfb.org.