

Agricultural Assessment: Q & A's

Source: New York State Department of Taxation and Finance

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Q. Does farmland automatically receive an agricultural assessment?

A. **No.** Landowners must file an application (form [RP-305](#) or [RP-305-r](#)), annually with the assessor to receive an agricultural assessment for their parcels.

Q. Can land outside an agricultural district qualify for an agricultural assessment?

A. **Yes.** The requirements and application procedure are the same. However, land located outside of an established agricultural district which receives an agricultural assessment will continue to be encumbered with an obligation to remain in agricultural use for a period of eight years (land within an agricultural district is encumbered for five years) or be subject to a payment for conversion to non-agricultural use.

Q. How is eligibility determined?

A. Eligibility is determined by the assessor or board of assessors with whom the application is filed. If denied, the applicant has the right to an administrative review by the Board of Assessment Review. The following eligibility requirements must be met.

- Land generally must consist of *seven or more acres* that were *used in the preceding two years* for the production for sale of crops, livestock, or livestock products.
- The annual *gross sales* of agricultural products generally *must average \$10,000* or more for the preceding two years. If an agricultural enterprise *is less than seven acres, it may qualify if average annual gross sales equal \$50,000 or more.* (See rented land and exceptions to gross sales requirements.) Land that supports a commercial horse boarding operation may qualify for an agricultural assessment if the following eligibility requirements are met:
 - at least seven acres of land supports the commercial horse boarding operation;
 - the operation boards at least ten horses regardless of ownership; and
 - the operation receives \$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.
- A startup operation may qualify based on its annual gross sales of agricultural products in the operation's first or second year. Such annual sales must amount to at least \$10,000, if the start-up operation has seven or more acres, or to at least \$50,000, if the start-up operation has less than seven acres in agricultural production.
- A start-up commercial horse boarding operation may also qualify based on annual boarding fees of \$10,000 or more in its first or second year.

Q. What land can be included?

A. Agricultural assessment is limited to land used in agricultural production, defined to include cropland, pasture, orchards, vineyards, sugarbush, 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 is eligible for an agricultural assessment per eligible tax parcel. Land visibly associated with the owner's residence is ineligible.

Q. What if a farm includes several tax parcels?

A. Since farm operations often encompass more than one parcel, eligibility is determined by combining separately assessed parcels that are farmed together as a single operation. However, a separate application for each separately assessed parcel must be made. A single operation is one distinct agricultural business enterprise.

Q. Can rented land qualify for an agricultural assessment?

A. **Yes.** 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 other farmland that satisfies all eligibility requirements. The applicant must substantiate the existence and the term of the rental agreement by providing the assessor with either a copy of the lease or an affidavit confirming that such an agreement exists (application [RP-305-c](#)). A start-up farm operation may include rented land.

Q. How is the gross sales value determined?

A. *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 either through the boarding of horses or through the production for sale of crops, livestock, and livestock products or through both.

Q. Does the agricultural assessment program apply to buildings?

A. **No.** 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 buildings, residences, and other improvements.

Q. What is the application procedure?

A. The landowner's first step in applying for an agricultural assessment is to go to the county Soil and Water Conservation District office and indicate any farm woodland on the parcel. The landowner submits the completed [RP-305](#) application form along with copies of the completed APD-1 soil group worksheet and the soil map to the assessor by taxable status date. In most towns, taxable status date is March 1, but it is advisable to confirm this with the assessor. Landowners must file an application each year with the local assessor. After the initial application, a short form application ([RP-305-r](#)) may be used if there have been no changes since the previous year's application.

Q. How is the amount of assessment reduction determined?

A. After deciding whether the parcel, or any part of it, is eligible for an agricultural assessment, the assessor calculates such assessment by multiplying the acreage in each soil group and farm woodland by the applicable agricultural assessment value.

Q. What happens if the farmland is taken out of agricultural production?

A. If farmland which 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. 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.

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