

Agricultural Assessment Program and Agricultural District Program

What are the differences?

The **Agricultural Assessment Program**, established under the Agriculture & Markets Law § 305, allows active farmland to receive a reduced assessment for property tax purposes – resulting in a partial exemption from real property taxes. ***Farmland qualifying for this reduction in assessed value does not have to be enrolled in an Agricultural District.*** Any owner of at least seven acres of land which produces a minimum of \$10,000 annually, or any owner of less than seven acres of land which produces a minimum of \$50,000 annually, on average in the preceding two years, from the sale of crops, agri-tourism events, beekeeping, livestock, or livestock products, riding academy or from a commercial equine operation, is eligible to receive an agricultural assessment. The program only applies to the land, not buildings or homesteads.

Certain start-up farm operations are eligible to receive an agricultural assessment in the first year of operation on owned or rented land if they meet the minimum acreage and sales thresholds.

Owners who rent productive land to farmers may qualify for agricultural assessment if the land independently satisfies the minimum acreage and sales requirements or is being used pursuant to a lease agreement of five or more years in conjunction with land which independently qualifies.

The Agricultural Assessment Program establishes a ceiling value for taxable assessments on eligible farmland. The local assessor is provided with State Certified ceiling values every year. Any assessed value which exceeds the agricultural assessment is exempt from Real Property taxation. Landowners must file an application annually, usually by March 1, with the local assessor to be considered for the Agricultural Assessment Program. Failure to file the application on time will result in denial of the exemption.

If land that benefited from an Agricultural Assessment is converted to non-agricultural use (within five years of last benefit if in an Agricultural District or within eight years if not in an Agricultural District) it may be liable for conversion payments based on the amount of taxes saved. The consequence of conversion is based on five times the taxes saved in the most recent year of benefit. The payment also includes a six percent interest charge compounded annually for each year during the last five, in which the land received an agricultural assessment. An encumbrance for this potential payment runs with the land from the last year in which the parcel benefited and continues for five years if in an Agricultural District and for eight years if outside a district. Owners contemplating a conversion may

determine the payment owed by contacting their local assessor or the County Real Property Tax office.

The **Agricultural District Program**, was established under Agriculture & Markets Law § 303. It provides agricultural landowners a number of benefits and protections *not associated with property tax relief*, which encourage farmers to continue farming. ***Enrollment in an Agricultural District does not automatically qualify the property for the Agricultural Assessment Program.***

An agricultural district is a geographic area which consists of predominantly viable agricultural land. Districts may include land that is actively farmed, idle, forested, as well as land for residential and commercial uses.

The Agricultural District Law protects farm operations* within an agricultural district from the enactment and administration of unreasonably restrictive local regulations unless it can be shown that public health or safety is threatened. Under Agriculture and Markets Law § 308, known as the 'Right to Farm' law, if a question or dispute arises regarding farm practices that may threaten public health or safety, an opinion can be requested of the Commissioner of Agriculture and Markets as to whether or not sound agricultural practices are being followed.

Every eight years a full review of the Agricultural Districts is conducted pursuant to Agriculture & Markets Law § 303-a; the last review was in 2008. Agriculture & Markets Law 303-b opens an annual window of opportunity for certain parcels to be added to the district. An application for annual enrollment must be filed with the Dutchess County Soil and Water Conservation District between April 15 and May 14 to be considered for inclusion in an agricultural district. If approved, the land remains in the agricultural district for the remainder of the eight year period.



*In most cases, to be considered a 'farm operation' qualification for agricultural value assessment must be met.

Differences at a Glance

Agricultural Assessment Program

- Provides property tax reduction on farmland
- Does not have to be in an agricultural district to qualify
- Owner must file application annually with local assessor; usually no later than March 1
- Minimum 7 acres in active farm production and proof of minimum \$10,000 gross annual income from farming
- If less than 7 acres, \$50,000 gross income minimum
- Property annually committed to agricultural use for minimum of 8 years if **not in** an agricultural district; 5 years if **in** an agricultural district
- Property subject to payback of saved property tax dollars if land is converted to non-agricultural use within committed period
- Land in agricultural production and rented to farmer may qualify
- Eligibility determined by local assessor based upon State law specifications
- Assessed agricultural value based upon State certified land classifications

Agricultural District Program

- Provides certain protections for agricultural land
- Land may or may not qualify for Agricultural Assessment Program
- Districts are reviewed every eight years (2015 -2016)
- Owner must apply for Ag District designation during established review period
- Annual window for inclusion available for certain types of agricultural land
- All applications for annual inclusion must be filed between April 15 and May 14 – contact Dutchess County Soil and Water Conservation office or Cornell Cooperative Extension Dutchess County for information on application process
- Applications reviewed by Dutchess County Agriculture and Farmland Protection Board and subject to approval of County Legislature and State Commissioner of Agriculture and Markets