

35.01.03 – PROPERTY TAX ADMINISTRATIVE RULES

BREAK IN CONTINUITY OF SECTIONS

617. AGRICULTURAL LAND VALUATION DEFINITIONS AND GUIDELINES.

Section 63-205C, Idaho Code

01. Definitions. ()

a. The actual use value of agricultural land will be the landlord's share of net income per acre, capitalized by the annual rate required by Section 63-205C, Idaho Code, plus a component for the local tax rate. The Actual Use Value will be considered market value for assessment purposes. ()

b. Economic rent is the average gross income per acre received by a landlord from either a cash rent or crop share rental agreement. Only the rent solely attributable to the agricultural land is included in economic rent. ()

c. Net Income (Rent) is determined by deducting the landlord's share of all typical current expenses from economic rent per acre. ()

d. Agricultural Area is an identifiable geographical area of similar agricultural land. ()

02. Determination of Average Crop Rental Rates. ()

a. Determine the average per acre gross income from individual crop cash rents, whole farm cash rents, or crop share typical to the Agricultural Area over the immediate past five (5) growing seasons as reported by local farmers. ()

b. If data from local farmers is insufficient, data typical to the Agricultural Area from third party providers, such as the United States Department of Agriculture (USDA), University of Idaho Crop Enterprise Budgets, or similar sources, may be used. ()

c. The choice to use cash rent or crop share analysis in determining the taxable value of agricultural land should be predicated on the quantity and quality of data available when developing a supportable value conclusion. ()

03. Determination of Farm Credit Services Capitalization Rate. ()

a. The Tax Commission will gather the interest rate data from the Spokane office of the Farm Credit Services, average the rate over the immediate past five (5) years and distribute the rate annually to assessors by the second Monday in September. ()

b. The local tax rate component is the rate most applicable to the Agricultural Area. ()

c. The local tax rate will be added to the Farm Credit Services capitalization rate to develop the overall capitalization rate. ()

04. Calculation of Net Income from a Cash Rent Analysis. ~~Net Income from cash rent for land secondary categories 1 and 3 is calculated in the following manner:~~ ()

a. Crops Grown. Determine the crops typically grown in the area. ()

b. Economic Rent. Determine the average per acre gross income from individual crop rents or whole farm cash rents typical to the Agricultural Area over the immediate past five (5) years. ()

c. Landlord's Expenses. Determine the landlord's share of all typical expenses paid in the immediately preceding growing season. ()

d. Landlord's Net Income. Subtract the landlord's share of all typical expenses from the average gross income per acre for the immediately preceding year to determine net income. ()

05. Calculation of Net Income from a Crop Share Analysis. ~~Net income from crop share rent for secondary land categories 1 and 3 is calculated in the following manner:~~ ()

a. Crops Grown. Determine the crops typically grown in the Agricultural Area. ()

b. Average Crop Production. Determine the most recent five (5) year average production for typical crops grown in the Agricultural Area. ()

c. Average Commodity Prices. The Tax Commission will publish five (5) year average crop prices by surveying publicly available data from various sources, including the annual crop summary published by the USDA National Agricultural Statistics Service (NASS). Average crop prices determined in this manner by the Tax Commission should be considered guidelines when determining net income, subject to modification based on local market data. ()

d. Gross Income. Multiply average crop production per acre by the average commodity price to determine gross income per acre. ()

e. Landlord's Share of Gross Income. Determine the landlord's share of gross income per acre from a crop rotation typical to the Agricultural Area. ()

f. Landlord's Expenses. Determine the landlord's share of all typical expenses paid in the immediately preceding growing season. ()

g. Net Income. Subtract the landlord's share of all typical expenses from the landlord's share of gross income to determine net income. ()

06. Calculation of Grazing and Meadow Land Net Income. ~~Net income from grazing and meadow rent for land secondary categories 2, 4, and 5 is calculated in the following manner:~~ ()

a. Animal Unit Month (AUM) ~~Defined. An AUM consists of the amount feed for~~ is the number of animal units, such as a one thousand (1,000) pound cow-calf pair, or other animal unit equivalent, for which the land produces enough forage available to graze for one month. ()

b. Determine the ~~gross yearly income of an~~ number of AUMs by multiplying the ~~five (5) year average of locally reported rent per AUM or third party provider equivalent by the average number~~ of cow-calf pairs, or animal unit equivalent, grazing a land parcel by the number of months ~~of the grazing~~ season. ()

c. ~~Divide the total acres grazed by the total number of cow calf pairs, or other animal equivalent, to determine the number of acres making up an AUM. Multiply AUMs by the five (5) year average of locally reported or third party provided rents per AUM to arrive at the total AUM income. Divide the total AUM income by the total number of acres grazed to get gross income per acre.~~ ()

d. ~~Divide the income per AUM by the number of acres per AUM to determine a gross annual income per acre.~~ ()

ed. Subtract landlord's typical expenses from the immediately preceding year to determine net income per acre. ()

~~07. — Calculation of Value Estimate per Acre to be used for Categories 1-5. Divide the Net Operating Income by the overall capitalization rate to calculate a value estimate per acre. ()~~

087. **Cross Reference.** See Rules 645 and Rule 131 of these rules. ()

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