

Wyoming Taxation of Agricultural Lands

**Classification Process
Production Basis**

Residence/Improvements

**November 19,2020- Joint Revenue Committee
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QUALIFICATION REQUIREMENTS

- **Wyoming Constitution Article 15- Taxation and Revenue, Section 11:**

“The legislature shall prescribe the percentage of value which shall be assessed within each designated class. All taxable property shall be valued at its full value as defined by the legislature except agricultural and grazing lands which shall be valued according to the capability of the land to produce agricultural products under normal conditions.”

▪ **Wyoming Statutes: 39-13-103 (b) (x): Requirements to qualify as ‘agricultural land’**-(as of assessment date January 1st)

A) The Department shall determine the taxable value of agricultural land and prescribe the form of the sworn statement to be used by the property owner to declare that the property meets the requirements. In determining the taxable value for assessment purposes, ***the value of agricultural land shall be based on the current use of the land, and the capability of the land to produce agricultural products, including grazing and forage, based on average yields of lands of the same classification under normal conditions.*** The area of land used for a farmstead structure shall be valued at the same value as the agricultural land supported.

B) Contiguous or noncontiguous parcels of land under one (1) operation owned or leased shall qualify for classification as agricultural land if the land meets EACH of the following qualifications:

(I) Land is being used and employed for an agricultural purpose including use as a farmstead to support an agricultural purpose;

- a. Cultivation of the soil for production of crops; or
- b. Production of timber products or grasses for forage; or
- c. Rearing, feeding, grazing or management of livestock; or
- d. Land used for a farmstead structure.

(II) Land is not part of a platted subdivision, except for a parcel of thirty-five (35) acres or more which otherwise qualifies as agricultural land;

(III) If the land is not leased land, the owner has derived annual gross revenues of not less than five hundred dollars (\$500) from the marketing of agricultural products. If the land is leased, the lessee has derived annual gross revenue of not less than one thousand dollars (\$1,000) from the marketing of agricultural products.

(IV) Land has been used or employed, consistent with the land’s capability to produce.

A property owner believes his property is used for agricultural purposes!
What happens next?

- 1) Property owner may apply for agricultural classification with the County Assessor where the property is located.
- 2) The Assessor must then examine the information provided and either grant or deny agricultural classification for the land.
- 3) Wyoming Statutes, Wyoming Department of Revenue Rules and case law must be considered by Assessors when making these determinations.

Determining Productivity:

There are three (3) steps that must be satisfied to determine agricultural land productivity value:

- 1) Classification: Identifying property ownership and classifying property types (i.e., urban, suburban, agricultural land, etc.) is the responsibility of the County Assessor's office. The proper identification of property ownership is essential to the agricultural land evaluation process. It determines the ownership boundaries and is the first step in determining land use.
- 2) Land Use: There are three major categories of agricultural land: irrigated crop, dry crop and rangeland. Any or all three may be found in any given parcel of land. This is accomplished through the use of various materials, including aerial photography.
- 3) Productivity: The three categories are used to identify productivity:
 - a. Irrigated cropland uses tons of hay per acre as its productivity measurement for valuation. This 'measurement' is determined from environmental factors that affect the soils ability to produce.
 - b. Dry cropland: uses bushels of wheat, per acre, as its productivity measurement for valuation and is determined by the same environmental factors used in irrigated cropland.
 - c. Rangeland: uses Animal Unit Months or "AUMs" for its productivity measurement. The term "AUM" is defined as the amount of forage required to sustain a 1,000 pound cow, with or without a calf, for one month.

Department of Revenue Chapter 10 Rules, prescribe the methods and procedures to be used for designating and determining taxable value for agricultural land. Section 5 describes the valuation process and calculations for calculating value. Annually the Department produces an 'Agricultural Land Valuation Study' that provides a range Land Production values that Counties must fall within when they establish the appraised values for their county. Included in that study is the 5 year weighted commodity prices and the 5 year weighted Cap Rate, both of which are used the valuation calculations.

Agricultural Land used for a Farmstead Structures

Means: Land that underlies and that supports the use of a barn, shop, shed, granary, corral or other structure if the structure:

- 1) Is used to support an agricultural purpose as specified by Wyoming Statute;
- 2) Is not a structure build for human habitation or actually used for human habitation;
- 3) Is not attached to a structure built for human habitation or actually used for human habitation; and
- 4) Is built upon land used for the agricultural purpose supported by the structure.

(The area of land used for a farmstead structure shall be valued at the same value as the agricultural land supported, and per Chapter 10, Section 4 (a) (i) (A) shall be valued using the per acre value of the predominant use (Range, Dry Crop or Irrigated) and class of producing land on the parcel/account in which the farmstead structures are located.

Non- Agricultural Lands

Includes lands whose primary purpose consist of uses other than those defined as agricultural in Title 39 and Department of Revenue rules. Appraisal of such lands shall be conducted in accordance with Department of Revenue Chapter 9 rules and include:

- 1) Lands in active transition from agricultural use to residential, commercial or industrial use, which includes creation or division of a tract, parcel or other unit of land for the purpose of sale or development for such use;
- 2) Home site with lands occupied by structures which are built for or used for human habitation or attached to said structures. *(The home site shall consist of one acre per habitable structure unless verifiable information is provided by the Assessor or land owner to justify the site being listed as more than or less than one acre of land used in direct connection with the home site). In addition to land occupied by structures, typical amenities to a home site include, but are not limited to, the area for well and septic, landscaped area, driveway, patios, decks, gazebos and other land that is not used to support the agricultural purpose.*
- 3) Commercial land used for commercial feed lots, dude ranch facilities, and other commercial or income purposes;

Non- Agricultural Lands-Cont'd

- 4) Land where Topsoil is removed or topography is disturbed to the extent that the property cannot be used to raise crops, timber or graze livestock unless land is used for a farmstead structure;
- 5) Resort or recreational lands, summer homes or mountain cabins;
- 6) Land zoned for purposes, which exclude agricultural uses;
- 7) Activities on land which occur after the crop is harvested or animal has been raised do not qualify land for agricultural assessment. (A storage activity by a non-producer does not qualify property for agricultural assessment);
- 8) Land grazed by any animal kept as a hobby;
- 9) Land used to harvest firewood, shrubs or seeds that grow wild on the land;
- 10) Land used for the activity of hunting or harvesting game animals or birds.

What happens to the non-agricultural land & the structures (improvements)?

Non-Agricultural Lands and improvements/structures must be valued using appraisal methods in accordance with Department of Revenue Chapter 9 rules and are taxed at 'FULL VALUE'.

The House and all structures are valued at their full fair market value. Factors that contribute to the value of the non-agricultural land and improvements can be varied and include, but are not limited to:

- 1) Location;
- 2) Size;
- 3) Access;
- 4) Restrictions; and
- 5) Any other 'factor' that would be considered in the appraisal process.

In conclusion:

- The Assessment Date in Wyoming Is January 1st, so all criteria must be based as of that date.
- There are many factors that must be considered during the process of ‘classifying’ and valuing agricultural lands. Including, but not limited to, ownership, land use, soil, value of product produced, type of structure and use of all structures.
- The Property owner MUST request the ‘agricultural classification’, it is NOT granted by default.
- The County Assessor has the statutory authority to request additional information deemed necessary to further document the property owner’s request.
- The County Assessor makes the determination to grant or deny the application for agricultural status.
- The property owner ALWAYS has the right and ability to file an appeal of the decision by the County Assessor, but it must be done timely and in accordance with Wyoming Statutes and Rules.

Thank you for your time and I am happy to answer any questions!