



Mike Kadas
Director

Montana Department of Revenue



Steve Bullock
Governor

Memorandum

To: Revenue and Transportation Interim Committee

From: Mike Kadas, Director

Date: September 14, 2017

Subject: Agricultural Land Valuation

The attached documents are to help aid in the discussion of agricultural land valuation.

They include:

- Ag Exemption History
- Non-Qualified History
- Number of Agricultural Parcels by Size
- Comparison of 1 Acre Farmsite Valuation Options
- Land Value Issues
 - Land Value Issues - Cherry Orchard (aerial photo)
 - Land Value Issues – Non Qualified (aerial photo)

\$1500 Agricultural Income

History

- SB 431 in 1985 (BK 699, Sec. 1)
- Set \$1500 income requirement for agricultural classification

15-7-202, MCA

- eligibility requirement for parcels less than 160 acres
- agricultural products raised from the land
- marketed by the owner, family member, agent, employee, or lessee
- annual gross income
- grazing land must meet minimum carrying capacity as set by MSU, Department of Agricultural Economics and Economics

Administrative Rules of Montana 42.20.620

Acceptable proof of income includes

- Sales receipts
- Cancelled checks
- Copies of income tax statements
- Other written evidence of sales transactions
- Annual rental or lease payments
- Annual rental payments made under the federal conservation reserve program or a similar program that reimburses the landowner for placing the land in a different agricultural use.

Non-Qualified Agricultural Land

§15-6-133, MCA

- History
 - 1993 legislature
 - concerned about the continued subdivision of the state
 - raised minimum acreage for automatic agricultural classification from 20 acres to 160 acres
 - greenbelt legislation
 - created new property, nonqualified agricultural land
 - contiguous land in the same ownership
 - size 20-160 acres
 - in Class 3
- Classification requirements
 - One ownership, ARM 42.20.601
 - Size driven: 20 acres to less than 160 acres
 - Not qualified for agricultural classification
 - Didn't meet qualification criteria, or
 - Didn't apply, §15-7-202, MCA
- Valuation
 - ARM 42.20.650
 - Statewide average productivity of grazing land
 - For 2017 = \$48.13/acre
- Assessment
 - Tax rate = 7 times the agricultural rate
 - $7 \times 2.16\% = 15.12\%$

Number of Agricultural Parcels by Size

County		160 and greater Acres			Non Qual Acres		
County #	County	# Parcels	Total Acres	Avg Acres	# Parcels	Total Acres	Avg Acres
1	Silver Bow	228	77393.554	339.445	1096	30261.892	27.611
2	Cascade	2814	973129.291	345.817	1895	49807.895	26.284
3	Yellowstone	2673	1046523.592	391.516	2541	61620.291	24.250
4	Missoula	153	41968.889	274.306	1705	31262.600	18.336
5	Lewis & Clark	1404	557145.632	396.827	2810	62422.778	22.215
6	Gallatin	1295	462673.271	357.277	3000	74913.633	24.971
7	Flathead	98	21493.334	219.320	2946	58830.622	19.970
8	Fergus	4797	1512666.610	315.336	893	22200.664	24.861
9	Powder River	2843	1211026.254	425.968	108	3973.304	36.790
10	Carbon	1496	435429.547	291.063	1137	31696.568	27.877
11	Phillips	4115	1402203.924	340.754	145	5294.734	36.515
12	Hill	4386	1359059.790	309.863	273	8400.244	30.770
13	Ravalli	176	46765.986	265.716	2195	43524.257	19.829
14	Custer	3328	1730025.020	519.839	631	20800.728	32.965
15	Lake	329	89035.994	270.626	1644	47275.465	28.756
16	Dawson	2944	1273210.083	432.476	206	6755.374	32.793
17	Roosevelt	2975	829504.460	278.825	493	13792.155	27.976
18	Beaverhead	2420	882917.309	364.842	739	19694.904	26.651
19	Chouteau	5494	1753756.409	319.213	172	5386.359	31.316
20	Valley	4077	1210738.798	296.968	276	8171.081	29.605
21	Toole	2861	917804.933	320.799	179	6346.859	35.457
22	Big Horn	3827	1377522.354	359.948	253	9883.494	39.065
23	Musselshell	1814	725554.272	399.975	1518	36036.753	23.740
24	Blaine	4227	1453090.372	343.764	97	3599.732	37.111
25	Madison	2043	767330.392	375.590	2302	57337.018	24.907
26	Pondera	1962	553797.520	282.262	114	3591.178	31.502
27	Richland	2726	1041709.951	382.139	359	13332.338	37.137
28	Powell	880	330937.874	376.066	826	20818.866	25.204
29	Rosebud	4628	2301671.588	497.336	282	12909.824	45.780
30	Deer Lodge	345	127065.932	368.307	508	25785.803	50.759
31	Teton	2685	785340.379	292.492	296	9654.380	32.616
32	Stillwater	1857	688671.923	370.852	1379	30956.988	22.449
33	Treasure	1234	579767.511	469.828	34	1592.117	46.827
34	Sheridan	2776	795265.384	286.479	118	3952.544	33.496
35	Sanders	282	80621.794	285.893	1135	25309.288	22.299
36	Judith Basin	1934	632938.154	327.269	268	4169.472	15.558
37	Daniels	1917	540699.311	282.055	64	2464.280	38.504
38	Glacier	2095	609283.165	290.827	749	30118.900	40.212
39	Fallon	1836	795220.422	433.127	107	4068.310	38.022
40	Sweet Grass	1549	663132.659	428.104	303	10887.485	35.932
41	McCone	3119	1237047.325	396.617	60	2184.021	36.400
42	Carter	3210	1248937.189	389.077	84	2624.573	31.245
43	Broadwater	855	328477.072	384.184	915	18975.222	20.738
44	Wheatland	1485	704459.014	474.383	233	6691.192	28.718
45	Prairie	1167	552248.119	473.220	21	657.580	31.313
46	Granite	538	199666.912	371.128	672	13590.858	20.224
47	Meagher	1588	703634.929	443.095	453	7990.569	17.639
48	Liberty	2126	720994.710	339.132	39	1084.580	27.810
49	Park	1270	511334.301	402.625	2007	52131.811	25.975
50	Garfield	4331	2004265.429	462.772	162	4552.782	28.104
51	Jefferson	700	266478.352	380.683	1792	38259.915	21.350
52	Wibaux	1165	485125.154	416.416	30	769.001	25.633
53	Golden Valley	1333	622172.823	466.746	100	3272.497	32.725
54	Mineral	6	1175.608	195.935	364	5666.627	15.568
55	Petroleum	1423	523051.524	367.570	152	4584.742	30.163
56	Lincoln	32	8053.589	251.675	1426	24751.129	17.357
Totals		115871	42801215.69	359.721	44306	1106688.276	29.248

Number of Agricultural Parcels by Size

County		Less Than 20 Acres			20 to 159.999 Acres		
County #	County	# Parcels	Total Acres	Avg Acres	# Parcels	Total Acres	Avg Acres
1	Silver Bow	692	4700.853	6.793	477	29368.166	61.568
2	Cascade	569	4903.607	8.618	3098	239770.736	77.395
3	Yellowstone	1190	9324.916	7.836	2450	162710.216	66.412
4	Missoula	838	6490.403	7.745	984	46424.374	47.179
5	Lewis & Clark	700	5472.894	7.818	1393	95112.205	68.279
6	Gallatin	939	7506.052	7.994	1940	129279.059	66.639
7	Flathead	1138	8742.511	7.682	1225	66340.831	54.156
8	Fergus	861	6507.693	7.558	4961	374716.356	75.532
9	Powder River	82	693.073	8.452	1275	97377.068	76.374
10	Carbon	474	4116.547	8.685	2765	190521.520	68.905
11	Phillips	239	2271.794	9.505	2117	166576.574	78.685
12	Hill	190	1614.443	8.497	2010	159134.515	79.171
13	Ravalli	2306	20404.839	8.849	2204	96286.040	43.687
14	Custer	147	1310.083	8.912	870	58310.872	67.024
15	Lake	872	6833.082	7.836	2042	115380.659	56.504
16	Dawson	100	745.750	7.458	537	47317.465	88.114
17	Roosevelt	164	1829.324	11.154	2930	201073.482	68.626
18	Beaverhead	548	4969.097	9.068	1959	142140.400	72.558
19	Chouteau	208	2041.160	9.813	3366	269235.283	79.987
20	Valley	353	2231.063	6.320	3048	234144.586	76.819
21	Toole	253	949.765	3.754	1812	148176.932	81.775
22	Big Horn	331	2170.466	6.557	3170	240010.447	75.713
23	Musselshell	233	1947.779	8.360	756	63454.482	83.935
24	Blaine	171	1587.477	9.283	2970	223014.155	75.089
25	Madison	1231	12188.941	9.902	2005	131546.034	65.609
26	Pondera	170	1809.125	10.642	2341	185904.054	79.412
27	Richland	177	1349.946	7.627	1487	117959.640	79.327
28	Powell	443	3371.846	7.611	784	61479.947	78.418
29	Rosebud	203	1807.588	8.904	811	65976.124	81.352
30	Deer Lodge	233	1874.942	8.047	349	23655.417	67.781
31	Teton	249	2276.890	9.144	2940	242178.453	82.374
32	Stillwater	586	4076.344	6.956	1331	91269.309	68.572
33	Treasure	72	539.363	7.491	395	34568.309	87.515
34	Sheridan	116	961.782	8.291	1695	146048.837	86.165
35	Sanders	577	4184.952	7.253	946	60138.556	63.571
36	Judith Basin	165	1624.165	9.843	1470	117433.968	79.887
37	Daniels	59	500.987	8.491	1337	110994.037	83.017
38	Glacier	258	2059.397	7.982	3041	204292.439	67.179
39	Fallon	44	276.628	6.287	372	33097.913	88.973
40	Sweet Grass	193	1732.919	8.979	806	63149.564	78.349
41	McCone	81	606.516	7.488	1145	90546.371	79.080
42	Carter	134	751.750	5.610	1577	125236.602	79.414
43	Broadwater	565	3311.789	5.862	685	52042.350	75.974
44	Wheatland	104	844.661	8.122	393	30899.369	78.624
45	Prairie	78	527.797	6.767	246	19520.313	79.351
46	Granite	399	2886.063	7.233	556	42231.881	75.957
47	Meagher	245	2242.048	9.151	663	52251.929	78.811
48	Liberty	46	420.508	9.141	950	72874.376	76.710
49	Park	416	3472.919	8.348	1168	81674.046	69.926
50	Garfield	45	410.797	9.129	1246	91389.335	73.346
51	Jefferson	1171	10131.397	8.652	976	59142.820	60.597
52	Wibaux	74	248.011	3.352	155	16018.334	103.344
53	Golden Valley	72	538.424	7.478	271	22751.065	83.952
54	Mineral	134	923.310	6.890	94	5048.601	53.709
55	Petroleum	210	805.489	3.836	947	71362.715	75.357
56	Lincoln	552	3683.455	6.673	378	20155.811	53.322
Totals		22700	181805.42	7.888	83919	6138714.94	73.663

Comparison of 1 Acre Farmsite
Valuation Options

County	Agricultural Productive Value			Market Value				total acres	2016 average county mills
	2017 total value	taxable value	estimated taxes per farmsite	2017 total value	taxable value	estimated taxes per 1 acre site	average market value		
Beaverhead	1,570,420	33,921	28	25,898,268	349,627	291	37,963	682.20	568.491
Big Horn	1,506,226	32,534	24	8,994,466	121,425	89	13,767	653.31	481.222
Blaine	1,224,664	26,453	33	4,309,200	58,174	72	8,100	532.00	657.228
Broadwater	702,110	15,166	25	9,784,320	132,088	217	32,080	305	502.198
Carbon	2,169,299	46,857	26	36,793,893	496,718	271	39,045	942	513.389
Carter	962,236	20,784	12	7,440,400	100,445	56	17,800	418	232.214
Cascade	2,163,880	46,740	31	29,913,600	403,834	268	31,823	940.00	624.683
Chouteau	2,315,812	50,022	27	15,693,600	211,864	113	15,600	1006.00	536.706
Custer	966,840	20,884	35	4,212,300	56,866	95	10,029	420.00	704.201
Daniels	787,284	17,005	28	5,403,600	72,949	120	15,800	342.00	562.231
Dawson	1,190,756	25,720	31	5,358,561	72,341	88	10,359	517.27	630.762
Deer Lodge	275,409	5,949	34	3,530,545	47,662	271	29,510	119.64	681.274
Fallon	683,694	14,768	14	6,118,200	82,596	81	20,600	297.00	289.469
Fergus	2,440,120	52,707	29	30,786,900	415,623	230	29,147	1060.00	586.779
Flathead	1,691,291	36,532	30	36,725,271	495,791	414	50,301	734.71	612.968
Gallatin	2,700,182	58,324	32	114,288,484	1,542,895	834	97,811	1172.97	634.133
Garfield	759,660	16,409	28	1,956,900	26,418	45	5,930	330	565.815
Glacier	722,828	15,613	33	2,930,600	39,563	84	9,333	314	665.342
Golden Valley	382,132	8,254	23	1,527,200	20,617	58	9,200	166.00	464.786
Granite	604,977	13,068	27	7,423,158	100,213	207	28,246	262.81	542.975
Hill	1,395,185	30,136	29	11,495,025	155,183	152	18,966	606	592.924
Jefferson	821,814	17,751	25	8,967,711	121,064	172	25,120	357	506.523
Judith Basin	1,017,484	21,978	20	7,690,800	103,826	96	17,400	442	408.33
Lake	2,814,922	60,802	29	46,053,870	621,727	299	37,662	1222.82	587.961
Lewis & Clark	1,583,776	34,210	34	33,160,500	447,667	442	48,335	688.00	679.899
Liberty	596,218	12,878	25	1,579,900	21,329	41	6,100	259	502.196
Lincoln	218,690	4,724	27	3,211,100	43,350	246	33,449	96	545.255
Madison	1,878,591	40,578	16	35,681,990	481,707	193	43,832	814.07	326.144
McCone	1,058,920	22,873	30	3,845,600	51,916	68	8,360	460.00	600.623
Meagher	648,054	13,998	29	6,559,369	88,551	184	23,300	282	583.578
Mineral	135,818	2,934	32	2,204,600	29,762	323	37,366	59.00	640.242
Missoula	964,768	20,839	40	35,326,273	476,905	919	84,291	419.10	808.031
Musselshell	916,196	19,790	29	8,358,000	112,833	167	21,000	398.00	590.694
Park	1,832,392	39,580	26	50,409,585	680,529	454	63,329	796.00	531.358
Petroleum	349,904	7,558	31	3,404,800	45,965	189	22,400	152.00	623.44
Phillips	976,048	21,083	24	9,588,000	129,438	147	22,613	424.00	481.081
Pondera	1,095,752	23,668	33	4,747,400	64,090	89	9,974	476	662.891
Powder River	1,181,041	25,510	19	8,362,715	112,897	86	16,300	513.05	391.325
Powell	773,472	16,707	28	4,623,696	62,420	103	13,761	336	553.928
Prairie	485,722	10,492	27	1,076,100	14,527	38	5,100	211	547.362
Ravalli	3,955,045	85,429	27	90,717,985	1,224,693	388	52,832	1,717	543.986
Richland	1,371,992	29,635	17	11,388,000	153,738	90	19,107	596.00	350.357
Roosevelt	1,147,133	24,778	26	7,873,456	106,292	113	15,800	498.32	531.733
Rosebud	1,395,012	30,132	13	10,708,500	144,565	61	19,647	725.64	306.497
Sanders	847,065	18,297	22	10,440,944	140,953	170	28,375	368	444.499
Sheridan	1,176,322	25,409	28	4,701,200	63,466	69	9,200	511	556.725
Silverbow	385,838	8,334	37	3,914,293	52,843	231	23,354	167.61	734.116
Stillwater	1,460,635	31,550	25	25,407,007	342,995	268	40,042	635	495.221
Sweet Grass	1,148,698	24,812	25	16,390,800	221,276	225	32,847	499.00	507.056
Teton	1,867,774	40,344	26	17,249,874	232,873	149	21,260	811.37	517.587
Toole	757,496	16,362	28	3,027,352	40,869	71	9,200	329.06	569.418
Treasure	471,910	10,193	21	2,193,500	29,612	60	10,700	205.00	418.72
Valley	1,765,634	38,138	27	5,292,300	71,446	51	6,900	767.00	551.429
Wheatland	455,796	9,845	21	2,732,400	36,887	79	13,800	198.00	423.681
Wibaux	478,287	10,331	16	1,059,627	14,305	23	5,100	207.77	328.442
Yellowstone	2,702,260	58,369	30	47,285,301	638,352	332	40,316	1172.88	609.95
Statewide Totals	67,951,483	1,467,752		905,819,038	12,228,557		33,449	29,634	

Land Value Issues

Example 1

Non-Qualified Ag vs. Irrigated Land

Irrigated production at 1 ton/acre

	Acreage	Productivity			Non-Qualified Ag			2016 Mill Levy
		Value	Taxable Value	Taxes	Value	Taxable Value	Taxes	
Property 1	40	\$23,971.00	\$518.00	\$262.26	\$1,925.00	\$291.00	\$147.33	506.29
Property 2	80	\$47,941.00	\$1,036.00	\$592.00	\$3,849.00	\$582.00	\$332.57	571.43

Example shows irrigated land at the irrigated minimum value

Example 2

Non-Qualified Ag vs. Summer Fallow Land

	Acreage	Productivity			Non-Qualified Ag			2016 Mill Levy
		Value	Taxable Value	Taxes	Value	Taxable Value	Taxes	
Property 1	40	\$11,988.00	\$259.00	\$131.13	\$1,925.00	\$291.00	\$147.33	506.29
Property 2	80	\$23,974.00	\$518.00	\$296.00	\$3,849.00	\$582.00	\$332.57	571.43

Example uses summer fallow land productivity of 23 bushels/acre of spring wheat

Example of Land Value Issues

Lakefront Valuation Agricultural vs. Tract Land Values



	acres	frontage	depth	ag value	market value
Prop 1	1.62	176	288	\$3,271	\$646,800
Prop 2	1.558	164	414	\$3,174	\$625,200
Prop 3	1.43	150	331	\$2,974	\$600,000

Example of Land Value Issues

Nonqualified agricultural vs. Tract Land Values

