



## Wyoming Department of Revenue Property Tax Division Agricultural Land

### GENERAL INFORMATION

Many states have laws regarding the preferential assessment of agricultural land. This means that farm and ranch assessments are usually based on the lands capability to produce agricultural products. In Wyoming, agricultural land is taxed based on the land's productive capability under normal conditions.

### AG LAND DEFINITIONS

Wyoming uses the following points as criteria for land to qualify as agricultural land for tax purposes:

1. As of the assessment date, the land is being used for an agricultural purpose, which includes: 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 d.) land used for a farmstead structure that supports the land's capability to produce.
2. The land is not part of a platted subdivision. Pursuant to §39-13-103(b)(x)(B)(II) individual subdivision parcels of thirty-five (35) acres or more "which otherwise qualifies as agricultural land" may be considered for agricultural classification.
3. 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.
4. The land has been used or employed, consistent with the land's size, location and capability to produce as defined by the Department's rules and the "Mapping and Agricultural Manual".

### DETERMINING PRODUCTIVITY

There are three 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. They are irrigated crop, dry crop and rangeland any, or all three may be found in any given parcel of land. To properly value each agricultural parcel, these categories must be correctly identified and located. This is accomplished through the use of various materials, including aerial photography.
3. Productivity. The following three categories of agricultural land are used in identifying productivity:

#### IRRIGATED CROP LAND

Tons of all hay per acre is the productivity measurement used for valuing irrigated cropland. This "measurement" is determined from environmental factors that affect the soils ability to produce. These "factors", or limitations, are published in the United States Department of Agriculture, Natural Resources Conservation Service's Soil Survey and include items such as precipitation, length of growing season, slope, etc.

#### DRY CROP LAND

Bushels of all wheat, per acre, are the productivity measurement used for valuing dry cropland. As with irrigated cropland, this "measurement" is determined by environmental factors that affect the soils ability to produce. These "factors", or limitations, are the same as to those used with irrigated cropland.



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**RANGE LAND**

Animal Unit Months or "AUMs", is the productivity measurement used for valuing rangeland. 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.

**DETERMINING VALUE**

Once ownership has been identified, land use has been established and the productive capability has been tabulated for the parcel, a four-step valuation process begins:

1. Determine Prices of Agricultural Products. This information is derived from the Wyoming Agricultural Statistics Service's commodity price data. This information, which consists of all hay, all wheat & private grazing prices, is converted to a 5 year weighted average.
2. Capitalization Rate Selection. This rate is based on the Farm Credit Services of Omaha's Long Term Portfolio rates (with an added effective tax rate component), which is also converted to a 5 year weighted average.
3. Determine Net Income. To determine the net income, the unit price of each of the three commodities is multiplied by the production or yield per acre. Next, the landlord share is determined, if applicable, then the expenses and production losses are deducted to establish a net operating income to the landlord.
4. Capitalize Net Income. The final step in the process is capitalizing the net operating income. The following formula illustrates the final step in the valuation process:

$$\frac{(\text{Yield per acre} * \text{Net Value per Commodity Unit})}{\text{Capitalization Rate}} = \text{Land Value Per Acre}$$

**FIGURING THE TAX BILL**

Wyoming is a fractional assessment state. This means that the taxable value is based on a portion of the full value. In Wyoming this fractional amount is 9.5% for agricultural property. To arrive at the assessed value multiply the total land value per acre times 9.5%. The assessed value is then multiplied by the appropriate tax district mill levy, to obtain the tax value.