

**AGRICULTURAL ASSESSMENT PROGRAM IMPACT:  
1986 THROUGH 1989**



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## EXECUTIVE SUMMARY

### Program Participation

In the four years since the last report on this subject was published, enrollment in New York's preferential agricultural assessment program has continued to grow. Whereas on 1985 assessment rolls there were 29,299 parcels receiving agricultural assessments, as of 1989 there were nearly 6,000 additional parcels (20 percent more) enrolled in the program. The value exempted from taxation as a result of program enrollment has also continued to grow, though at a much greater rate and reflecting the relatively strong growth of real estate values over this time period. The program exempted over one billion dollars of property value from taxation on 1989 assessment rolls, which represents an increase of more than 50 percent over that shown on 1985 rolls. However, since the rate of growth over this period is considerably lower than that observed over the four years which ended with 1985, the program can be said to have leveled off somewhat between 1985 and 1989.

Parcels enrolled in the program in 1989 represent about thirty-four percent of all agricultural parcels, and they occurred in 55 of the 57 counties and in 627 of the 993 towns and cities that constitute the area of New York State outside New York City. The most recent program data clearly indicate the growing diffusion of enrollment through the state. As of 1989 rolls, there were thirteen counties with at least 1,000 parcels enrolled — four more than in 1985. Orange County continued to lead all other counties in terms of parcels enrolled (1,843) and value exempted (over \$156 million). However, as of 1989 rolls, Ontario and Wayne Counties had each enrolled nearly as many parcels and the value exempted by the program in Suffolk County grew rapidly enough to achieve the same order of magnitude as Orange County. Some counties showed a decline in the value exempted during the most recent study period because of increases in the agricultural assessment values for certain soils.

The level of benefit received through enrollment in the agricultural assessment program depends upon the soil quality and market value of the property in question and these attributes vary throughout the state. Assessment reductions granted under the program average 64 percent, but range from an average of 25 percent in St. Lawrence County to almost 99 percent in Nassau County. The most recent program data continue to show the highest bene-

fits occurring in the areas of the state where the greatest urban and suburban influences on value exist. However, substantial tax relief is being provided to participating owners of farmland throughout the state, including the most rural areas.

Twenty towns from various parts of the state had at least 200 parcels receiving agricultural assessments on 1989 rolls. The Town of Warwick (Orange County) was the leader, with 457 parcels enrolled. In terms of property value exempted under the program, the Town of Riverhead (Suffolk County) led the other towns with over \$51 million in value exempted from taxation. Fifteen other towns, primarily from the southeast portion of the state, each had more than \$10 million of property value exempted by the program. Towns with the highest percentage of value exempted are found primarily in the more rural parts of the state. The Town of Seneca (Ontario County) led all others by this measure, with about 25 percent of the value of its taxable property exempted by the program. Changes in the relative rankings of townships analyzed in the study period also evidence the spreading impact of the program across the state.

### **Tax Shift Resulting from Program**

The fiscal impact of the program in terms of the total tax benefits to enrolled property is estimated at nearly \$33 million as of 1989 rolls. Since affected localities and schools must continue to provide the same services, that figure can also be viewed as the cost imposed upon, or shifted to, owners of other property. The average savings, or tax shift, per parcel was about \$930 on 1989 rolls. However, the per-parcel average among the counties ranged from a low of \$200 in St. Lawrence to a high of almost \$70,000 in Nassau. The fact that these savings (or costs) are shifted to neighboring property, and to some extent onto ineligible agricultural property such as homes and other improvements, has led to the introduction of several legislative proposals seeking state reimbursement for, or assistance with, program costs. To date, none of these proposals has been enacted into law.

### Recent Developments

In the years since 1989, the agricultural assessment program has continued to be the subject of review and legislative revision. The Agricultural District Review Panel, appointed by the Governor and Legislature in 1988, undertook a comprehensive review of the program and issued two reports which proposed numerous changes. Several of the recommendations from the first report have been enacted, while those from the second report are currently under legislative consideration.

One of the more substantive recommendations currently pending involves a plan for the state to share in the cost of the agricultural assessment program to the extent that the tax shift in a particular town exceeds five percent of its total real property tax levies. As of 1989 assessment rolls, 41 towns were above the five percent threshold, which would have necessitated a payment by the state to affected tax units totaling \$2.75 million — or about eight percent of the cost of full reimbursement.

# AGRICULTURAL ASSESSMENT PROGRAM IMPACT: 1986 THROUGH 1989

## Introduction

The agricultural assessment program was enacted in 1971 as one of the major provisions of the Agricultural Districts Law (Article 25AA of the Agriculture and Markets Law). The program provides property tax relief to participating owners of farmland by effectively ignoring the market value of the qualified land, or its value in some alternative use, in arriving at an assessment for tax purposes. Instead, the taxable value assigned to qualified land is derived from an agricultural assessment value schedule which reflects variation in soil productivity. Under the program, any value attributable to qualified land in excess of its agricultural assessment is exempt from taxation.

This report reviews the available agricultural assessment program data relating to the period 1986 through 1989, and makes comparisons to findings from earlier years that have been previously published.\* This period includes two years after the most recent revisions to the agricultural assessment valuation methodology. Aside from a statewide overview of program trends, this report also includes a review of trends among the counties and most heavily affected towns. It also includes estimates of the total fiscal impact of the program statewide and by county. A brief review of program changes that have occurred during the study period is also included to aid in understanding the status of the program and the trends observed up to and including 1989 assessment rolls — the most recent year for which program data are available. The report concludes with a brief discussion of related legislative amendments and proposals that have appeared since 1989.

## Background

Since the implementation of the agricultural assessment program in 1973, the State Board of Equalization and Assessment (SBEA) has been responsible for the annual determination of an average agricultural value per acre schedule for use by local assessors in

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\* Three earlier reports containing agricultural assessment program data have been published by SBEA. See *Agricultural Value Assessment Impact Update: 1984 and 1985* (7/87), *Agricultural Use Assessment Impact Study for 1983* (5/85), and *Agricultural Use Assessment Impact Study for 1982* (11/84).



establishing a taxable ceiling for qualified farmland. Until 1981, the values determined by SBEA were derived from the analysis of market sales of agricultural land involving only transactions between farmers. However, the valuation procedure was changed by Chapter 79 of the Laws of 1980 which required that SBEA adopt a capitalization of income approach beginning in 1981. The new arrangements also required use of a land classification system based upon soil productivity to be developed by the Department of Agriculture and Markets. Sales were still used in the new approach, but only in the valuation of organic (muck) soils where it was difficult to develop necessary data for an income approach and which soils had little likelihood of alternative use.

In 1984, add-on values were instituted to reflect the additional value of fruit trees and vines on orchard and vineyard properties, and in 1985 an exemption from the add-ons was provided for new plantings of trees and vines until fruit-bearing age was reached. The value schedule proposed for 1986 triggered the most vociferous response received by SBEA in any year's statewide hearing process. The proposed 1986 schedule would have yielded an upward shift in the weighted average upstate mineral soil value of over thirty percent. At the same time, two separate consultants had been retained by SBEA to review the existing valuation methodology and recommend improvements. The near unanimous outcry at the hearings resulted in the freezing of the 1986 value schedule at the 1985 level pending release of the consultant's studies.

In his 1986 message to the Legislature, Governor Cuomo cited the volatility associated with the existing methodology used to produce agricultural values and the adverse effects it had for farmers and local taxing jurisdictions. The consultants' reports were released later in 1986, and Governor Cuomo appointed a Task Force on Agricultural Value Assessment to review the methodology and recommend improvements. While the consultants had recommended changes to the existing methodology, which were designed to stabilize the values, the Task Force ultimately recommended a totally different approach, which it argued was simpler and which relied entirely upon aggregate economic data for New York farms as published annually by the United States Department of Agriculture (USDA)\*. In its December 1986 report, the Task Force also recommended the removal of any regional differences in

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\* See: *Report of the Governor's Task Force on Agricultural Value Assessments*, Albany, NY, December 1986.

values and the repeal of the add-on values for orchards and vineyards. While the Task Force report was under consideration by state lawmakers, the 1987 value schedule was again frozen at the 1985 level. In August of 1987, the Task Force recommendations were signed into law as Chapter 774 of the Laws of 1987, to be effective beginning with 1988 assessment rolls.

Table 1 includes the values produced for each of the classifications of land under the agricultural assessment program during the period 1981 through 1989. As indicated by the weighted average mineral soil value, agricultural assessments under the 1981 methodology generally declined through the first several years. Values assigned to Long Island were generally much more stable, however, and organic soil values, which apply to less than one percent of the enrolled land, have shown steady increases through the entire period. As already mentioned, increases which would have occurred in 1986 and 1987 were held in abeyance pending review and eventual replacement of the valuation methodology. The values shown for 1988 and 1989 were derived using the new valuation methodology specified in Chapter 774.

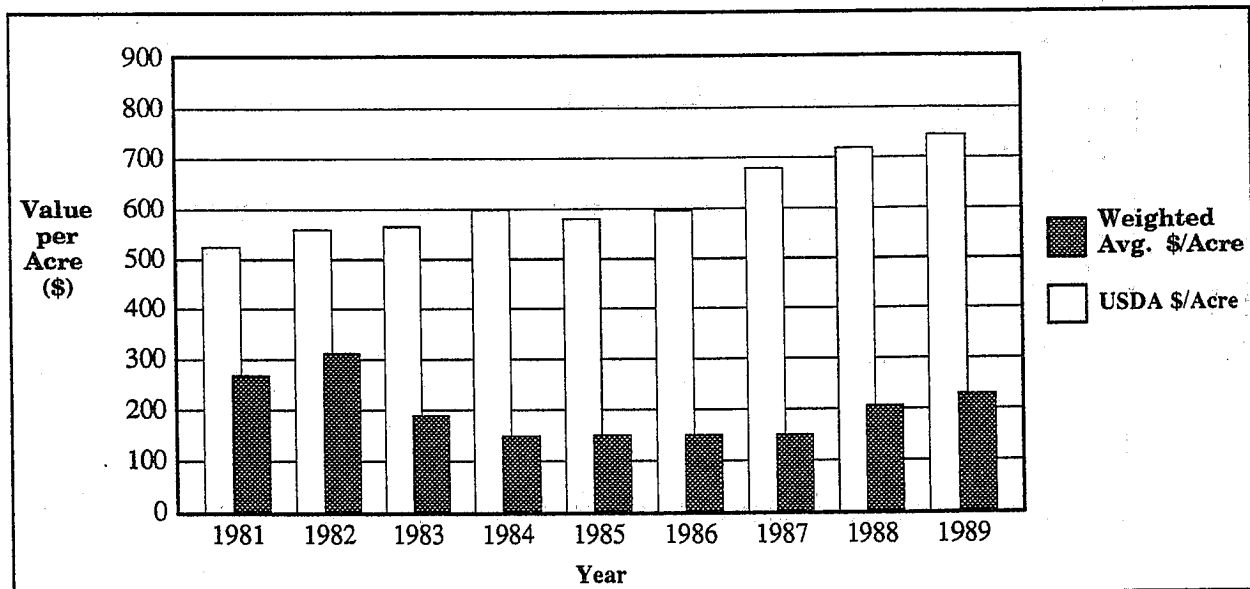
Of the thirty distinct soil group values produced in the years prior to 1988 (20 upstate and 10 Long Island), nineteen were higher and eleven lower as a result of the revised methodology. The largest reductions stem from the repeal of the Long Island value schedule, while the largest increases occur in the lower quality soil groupings. It is important to remember that the increases observed represent a moving forward of three years since the last value calculation under the old methodology in 1985.

Table 1. Comparison of Final SBEA Agricultural Values per Acre, 1981-1989

State Wide Soil %	Mineral Soil Group	UPSTATE					LONG ISLAND					STATEWIDE	
		1981	1982	1983	1984	1985-87	1981	1982	1983	1984	1985-87	1988	1989
0.42%	1a	\$860	\$780	\$560	\$400	\$420	\$	\$	\$	\$	\$	394	437
2.01%	1b	730	700	470	310	330	1,110	1,110	510	1,150	351	389	
7.32%	2a	710	670	470	340	360					351	389	
6.91%	2b	590	590	380	260	260	1,110	1,110	500	1,080	311	345	
5.10%	3a	540	560	380	280	290					311	345	
9.03%	3b	420	480	300	200	200	910	890	310	1,000	268	297	
1.09%	4a	320	400	230	140	140					268	297	
8.97%	4b	200	320	150	130	130	410	450	130	500	229	253	
4.95%	5a	180	340	190	130	130					229	253	
12.68%	5b	180	260	110	100	100	160	260	110	400	185	205	
1.89%	6a	150	160	100	100	100					185	205	
15.88%	6b	130	140	90	90	90	130	140	90	300	146	162	
11.24%	7	110	130	80	80	80	110	130	80	200	146	162	
7.95%	8	80	110	70	70	70	80	110	70	100	102	114	
3.50%	9	50	90	50	50	50	50	90	50	50	63	70	
1.06%	10	30	30	30	30	30	30	30	30	30	20	22	
	Weighted Average:	269	313	190	149	151					207	230	
	Organic Soil Group:	A	1,200	1,300	1,400	1,420					1,762	2,056	
		B	800	800	830	930					1,145	1,336	
		C	750	750	750	770					969	1,131	
		D	450	450	450	530					617	720	
	Woodland Class:	1	150	150	150	150	150	150	150	150	146	162	
		2	125	125	125	125	125	125	125	125			
		3	100	100	100	100	100	100	100	100			
	Orchard Add-on:												
	Less than 60 trees per acre				130	150			130	150			
	60 trees and over				390	430			390	430			
	Vineyard Add-on:				390	360			960	990			

By way of providing a frame of reference within which to evaluate the changes in the value schedules, Figure 1 shows the weighted average value for mineral soils arrived at under the agricultural assessment program and the USDA's estimated value of farmland in New York during the same period. The average agricultural assessment value peaked in 1982, when it represented about 56 percent of the USDA's estimated farm land value. The relationship of these two figures became most distant in 1987, when the average agricultural assessment fell to 22 percent of the USDA's estimate. As of the end of the period, the average agricultural assessment was about 31 percent of the USDA figure.

**Figure 1. USDA Farmland Value per Acre for New York Compared to Upstate New York Mineral Soil Weighted Average Value per Acre**



### Program Participation

An overview of statewide data relating to the agricultural assessment program during the 1978 to 1989 period is presented in Table 2. That table includes the number of parcels enrolled, the value of property exempted from taxation, and the number of affected localities in each of the years. During the twelve year period shown, the number of parcels enrolled in the agricultural assessment program has increased by more than six times while the resulting value of property exempted from taxation has increased by more than five times. As of 1989, parcels have been enrolled in 55 of the 57 counties and in 627 of the 993 towns and cities that constitute the area of New York State outside of New York City.

**Table 2. Statewide Agricultural Assessment Program Statistics, 1978-1989**

<u>Year</u>	<u>No. of Parcels</u>	<u>Equalized Value Exempt</u>	<u>Number of Affected</u>	
			<u>Counties</u>	<u>Towns/Cities*</u>
1978	5,729	\$ 205,920,989	29	168
1979	6,610	219,596,973	32	182
1980	10,061	284,106,336	37	220
1981	13,759	343,753,149	51	392
1982	14,529	346,160,084	50	409
1983	21,883	534,526,462	53	489
1984	26,801	687,083,685	54	538
1985	29,299	724,821,366	54	559
1986	33,104	855,960,944	55	603
1987	34,696	959,340,605	55	620
1988	34,377	966,324,461	55	623
1989	35,288	1,093,268,686	55	627

\* In 1989, agricultural assessments appeared on only five city assessment rolls: Auburn, Oneida, Lockport, Canandaigua and Saratoga Springs.

Figures 2 and 3 give a graphic overview of the growing enrollment in the agricultural assessment program over the past decade. Even though the program was in place since 1973, less than 6,000 parcels were enrolled five years later in 1978. Dramatic growth occurred in the 1980's, however, particularly during the years when agricultural values were falling (1982-84). There was nearly an 85 percent increase in parcels enrolled between 1982 and 1984. The number of enrolled parcels leveled off after 1986, with a minor decline in 1988 — the first year in which the newly-revised valuation procedure was implemented.

As can be seen in Figure 3, the value exempted by the program had grown to over one billion dollars in 1989, the latest assessment year for which data are available. This represents growth in exempt value of about 500 percent over the previous ten years. Again, the strongest growth, showing nearly a 100 percent increase, occurred during the 1982-84 period when the values were declining annually and to a lesser extent during the years in which the values were frozen. Interestingly, while overall enrollment grew very modestly between 1988 and 1989, the exempt value grew by about 20 percent. Since the agricultural values actually increased in 1989 (Table 1), the explanation for this result must be found in the behavior of the equalization rate. Because assessments across the state reflect varying percentages of full value, assessors must use the equalization rate to adjust the annual agricultural values to their particular levels of assessment. When the rate declines, as it did in the late 1980's due to rapidly rising real estate values in most areas, the value exempt increases proportionately.

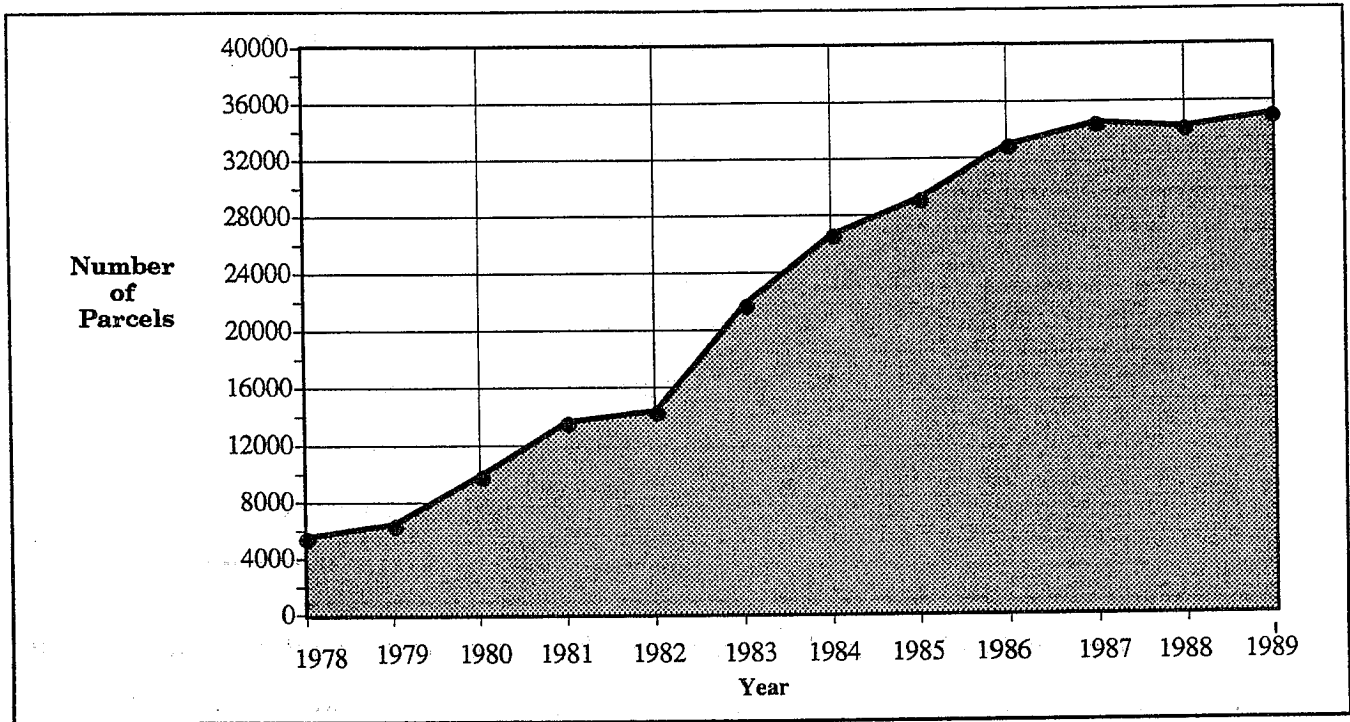
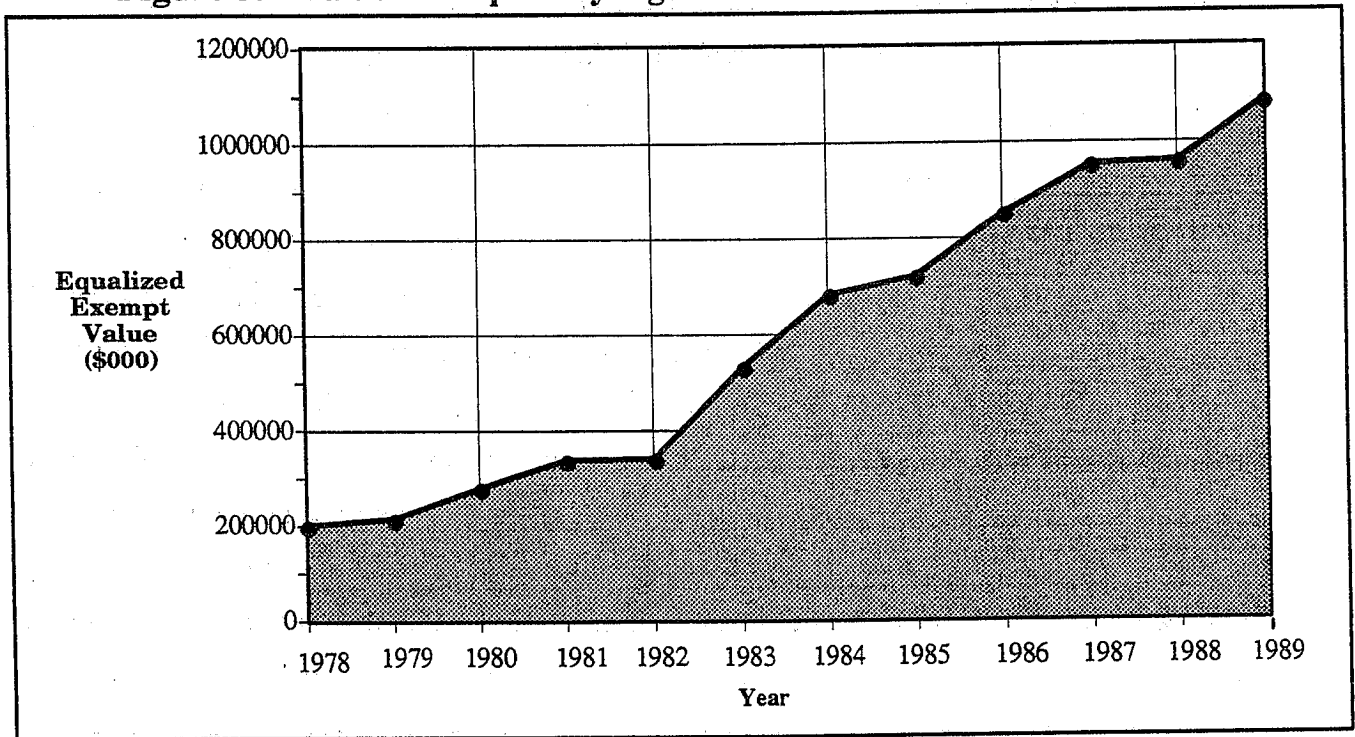
**Figure 2. Agricultural Assessment Enrollments, 1978-1989****Figure 3. Value Exempted by Agricultural Assessments, 1978-1989**

Table 3 provides information on the distribution of enrollments across the state. The largest numbers of enrollments occur in both predominantly agricultural counties (e.g., Cayuga, Genesee, Livingston, Ontario) and those which are subject to significant urban influences on land markets (e.g., Erie, Orange, Niagara). The figures also show indirectly the influence of revaluation activity on program participation. For example, although the relatively urbanized Albany county has over 800 agricultural parcels, only one is enrolled, presumably because most of the towns have not revalued their parcels in the recent past.\* On the other hand, in the neighboring Rensselaer and Saratoga Counties which have revalued recently, nearly two-thirds of the agricultural parcels are enrolled. Overall, approximately 34 percent of the parcels described as agricultural on the assessment rolls were enrolled in the agricultural assessment program as of 1989. This level of participation is up from approximately 28 percent reported previously for 1985 assessment rolls.

In general, the counties with low enrollments tend to be north of the Mohawk River or in the Southern Tier region, with few if any of their municipalities revaluing in the recent past. Examination of the data reveals that perhaps an additional 10,000 parcels could be enrolled over the next few years if these counties were to revalue. For a variety of reasons, including rapid growth in real estate values, state requirements, court proceedings, and increasing assessment capability at the local level, revaluation activity has been growing significantly in recent years and will probably continue to do so in the early 1990's. Thus, although growth of enrollments leveled off in the past few years, further increases are likely in the future.

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\* Traditional assessing practices in many areas have kept assessments on farm, forest, and other vacant lands at relatively low levels until property is revalued.

Table 3. Agricultural Parcels and Level of Program Participation, 1989

Counties	Number of Ag. Assessment Parcels	Number of Agricultural Parcels	Percent of Ag. Parcels Enrolled	Percent of All Parcels Described Agricultural
Albany	1	813	0.12%	0.87%
Allegany	157	2,057	7.63	7.40
Broome	144	1,162	12.39	1.48
Cattaraugus	95	2,642	3.60	6.24
Cayuga	1,544	3,474	44.44	10.86
Chautauqua	1,276	4,957	25.74	6.09
Chemung	59	728	8.10	2.00
Chenango	1,086	2,041	53.21	8.66
Clinton	350	815	42.94	2.83
Columbia	766	1,407	54.44	4.85
Cortland	736	1,588	46.35	9.07
Delaware	913	1,758	51.93	5.13
Dutchess	1,055	1,183	89.18	1.39
Erie	1,474	2,826	52.16	0.88
Essex	49	460	10.65	1.55
Franklin	123	2,448	5.02	9.30
Fulton	68	567	11.99	1.83
Genesee	1,666	2,430	68.56	11.17
Greene	2	391	0.51	1.31
Hamilton	0	0	—	0.00
Herkimer	151	2,113	7.59	5.59
Jefferson	311	3,059	10.17	6.73
Lewis	260	2,065	12.59	11.45
Livingston	1,579	2,954	53.45	13.02
Madison	936	2,829	33.09	9.61
Monroe	896	2,050	43.71	0.94
Montgomery	908	1,942	46.76	9.15
Nassau	7	N/A	N/A	N/A
Niagara	1,333	2,343	56.89	2.93
Oneida	147	3,258	4.51	3.59
Onondaga	702	3,068	22.88	2.00
Ontario	1,825	2,878	63.41	7.78
Orange	1,843	2,907	63.40	2.74
Orleans	884	2,504	35.30	14.12
Oswego	9	1,985	0.45	4.19
Otsego	306	3,028	10.11	9.93
Putnam	14	50	28.00	0.13
Rensselaer	895	1,187	75.40	2.19
Rockland	37	35	105.71*	0.05
St. Lawrence	285	3,643	7.82	6.81
Saratoga	670	1,043	64.24	1.57
Schenectady	55	174	31.61	0.33
Schoharie	279	1,716	16.26	9.76
Schuyler	59	1,124	5.25	11.68
Seneca	751	1,059	70.92	7.15
Steuben	1,437	4,839	29.70	10.41
Suffolk	776	1,985	39.09	0.38
Sullivan	168	745	22.55	1.37
Tioga	111	1,325	8.38	6.38
Tompkins	489	728	67.17	2.75
Ulster	791	1,062	74.48	1.45
Warren	0	26	0.00	0.07
Washington	728	1,760	41.36	6.83
Wayne	1,805	3,062	58.95	8.90
Westchester	74	143	51.75	0.06
Wyoming	1,329	2,780	47.81	14.58
Yates	874	1,499	50.43	11.41
<b>TOTAL</b>	<b>35,288</b>	<b>102,715</b>	<b>34.36</b>	<b>2.93</b>

\* Because the number of agricultural parcels is derived from a year earlier than the latest available count of agricultural assessment parcels, three possible explanations of this percentage exist: there has been growth in the number of agricultural parcels on the roll since these data became available; there has been miscoding of the use of parcels; or non-agricultural parcels have received program benefits.



Table 4 provides information on the number of enrolled parcels and the amount of property value exempted by the agricultural assessment program in each of the counties for each of the years 1986 to 1989. The period 1987 to 1988 is especially noteworthy, since these years mark the most recent change in valuation methodology used in the program. There was a net decline of 319 parcels between 1987 and 1988. A decline was also observed in 31 of the 55 affected counties, with Jefferson and Steuben showing the largest numbers of parcels withdrawing. Conversely, the counties of Chautauqua and Onondaga showed unusually large increases in parcels enrolled for 1988. In the case of Chautauqua, the large increase in enrollments was due primarily to the new savings available to vineyard properties with the removal of the add-on values for grape vines, while in Onondaga there were two towns (Lysander and Pompey) that had nearly 300 parcels enrolled for the first time in the program as a result of revaluation projects. By 1989, the majority of affected counties once again showed increased enrollments over the prior year. Whereas in 1985 there were three counties without enrollments, in each of the years since there were only two: Hamilton and Warren.\*

Changes in the number of enrollments since the 1985 data were published include a 13 percent increase between 1985 and 1986; a five percent increase between 1986 and 1987; a one percent decrease between 1987 and 1988; and a three percent increase between 1988 and 1989. Changes in the value exempted since 1985 were greater than those related to enrollments and include an 18 percent increase between 1985 and 1986; a 12 percent increase between 1986 and 1987; a one percent increase between 1987 and 1988; and 13 percent increase between 1988 and 1989.

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\* Census of Agriculture and assessment roll data indicate that there are no farms in Hamilton County. As evidenced by Table 3, however, Warren County has the potential for future enrollment as there are some parcels described as agricultural on the roll.

**Table 4. Number of Agricultural Assessment Parcels and Equalized Exempt Value by County, 1986-1989**

Rank	County	1986		1987		1988		1989	
		Parcels	Eq. Ex. Value	Parcels	Eq. Ex. Value	Parcels	Eq. Ex. Value	Parcels	Eq. Ex. Value
1	Albany	2	\$29,514	2	\$29,464	1	\$22,779	1	\$24,845
2	Allegany	190	1,672,051	221	1,971,820	204	1,889,428	157	1,083,814
3	Broome	150	1,913,628	181	2,023,610	153	1,179,121	144	1,120,401
4	Cattaraugus	50	487,696	111	1,062,950	107	958,567	95	901,881
5	Cayuga	1,582	33,371,478	1,640	34,717,943	1,556	31,540,101	1,544	31,979,022
6	Chautauqua	469	3,841,785	576	5,209,043	1,116	17,863,679	1,276	20,039,832
7	Chemung	7	145,595	7	154,118	51	672,769	59	438,869
8	Chenango	1,231	15,403,730	1,240	15,796,310	1,114	10,050,190	1,086	8,989,579
9	Clinton	164	3,904,520	285	6,229,567	349	6,853,133	350	6,397,181
10	Columbia	712	41,640,712	718	49,433,674	729	56,700,098	766	65,189,353
11	Cortland	859	14,288,269	852	14,986,740	758	10,733,442	736	10,252,537
12	Delaware	958	22,810,594	947	22,587,874	877	18,049,060	913	20,186,217
13	Dutchess	1,020	75,346,911	1,052	77,902,656	1,031	86,606,489	1,055	94,632,496
14	Erie	1,232	26,745,558	1,368	31,597,890	1,385	29,986,271	1,474	32,910,627
15	Essex	23	274,906	27	443,747	47	561,804	49	492,016
16	Franklin	75	1,117,488	116	1,671,909	124	1,462,157	123	1,402,504
17	Fulton	1	5,036	35	254,335	72	512,359	68	462,798
18	Genesee	1,592	32,532,299	1,611	33,015,895	1,664	30,307,345	1,666	28,641,040
19	Greene	4	181,904	2	93,130	2	179,010	2	219,302
20	Hamilton	—	—	—	—	—	—	—	—
21	Herkimer	54	757,999	150	2,075,345	134	1,311,856	151	1,644,570
22	Jefferson	625	7,212,133	628	7,452,731	396	4,480,058	311	3,376,992
23	Lewis	287	5,015,811	346	4,834,842	294	3,927,562	260	3,298,041
24	Livingston	1,592	36,376,956	1,575	36,774,609	1,576	32,130,126	1,579	30,510,732
25	Madison	1,006	14,062,788	1,053	16,292,673	970	12,524,971	936	11,789,956
26	Monroe	850	24,048,519	881	27,504,052	870	27,491,756	896	30,363,807
27	Montgomery	935	19,908,197	984	21,607,001	882	17,164,155	908	19,888,308
28	Nassau	11	14,019,095	16	21,829,034	6	7,480,215	7	16,265,798
29	Niagara	1,290	20,516,229	1,372	21,989,102	1,338	19,903,858	1,333	18,055,397
30	Oneida	116	1,741,364	144	2,037,350	183	2,593,331	147	1,709,959
31	Onondaga	206	5,720,836	211	6,377,654	488	15,038,169	702	20,100,073
32	Ontario	1,757	54,410,139	1,788	56,265,098	1,768	52,257,613	1,825	51,325,611
33	Orange	2,033	104,135,723	1,950	108,238,669	1,847	129,086,427	1,843	156,308,681
34	Orleans	793	10,540,453	823	11,458,243	846	10,438,600	884	8,358,975
35	Oswego	1	7,626	1	8,130	9	56,847	9	63,390
36	Otsego	312	4,410,110	324	5,139,596	313	4,521,878	306	3,929,742
37	Putnam	13	806,165	14	1,397,262	14	1,820,056	14	2,241,651
38	Rensselaer	841	23,717,261	838	24,080,704	828	23,011,660	895	26,344,129
39	Rockland	39	5,754,473	38	6,495,465	32	7,111,523	37	9,630,086
40	St. Lawrence	498	4,619,371	517	5,085,824	385	2,510,933	285	1,900,587
41	Saratoga	751	16,185,304	733	16,446,345	677	14,616,361	670	17,950,977
42	Schenectady	36	608,096	44	716,944	55	869,047	55	986,001
43	Schoharie	273	5,364,200	297	5,435,294	275	4,212,778	279	3,275,913
44	Schuyler	44	329,927	57	488,284	59	866,052	59	1,211,512
45	Seneca	540	6,393,553	645	8,761,020	699	8,632,730	751	10,943,314
46	Steuben	1,622	19,311,358	1,696	22,645,422	1,517	15,607,406	1,437	14,519,145
47	Suffolk	705	51,888,385	674	78,272,790	665	86,847,980	776	117,990,012
48	Sullivan	12	513,217	108	1,847,889	116	1,879,783	168	2,827,679
49	Tioga	109	888,775	115	1,688,558	105	1,506,949	111	1,267,672
50	Tompkins	524	7,826,084	512	8,743,020	481	7,137,288	489	8,294,670
51	Ulster	803	27,046,795	790	30,323,118	790	38,449,565	791	45,779,552
52	Warren	—	—	—	—	—	—	—	—
53	Washington	369	7,358,811	517	11,101,285	603	13,618,235	728	19,073,513
54	Wayne	1,805	29,870,617	1,789	31,718,341	1,809	37,411,342	1,805	40,656,751
55	Westchester	98	16,406,223	95	18,735,728	79	20,188,253	74	23,249,591
56	Wyoming	1,061	13,008,159	1,135	13,393,549	1,071	9,750,978	1,329	17,688,593
57	Yates	772	19,466,518	845	22,896,959	857	24,240,818	874	25,082,992
	<b>N.Y.S.</b>	<b>33,104</b>	<b>\$855,960,944</b>	<b>34,696</b>	<b>\$959,340,605</b>	<b>34,377</b>	<b>\$966,324,461</b>	<b>35,288</b>	<b>\$1,093,268,686</b>

Tables 5 and 6 present data for the top ten counties according to the number of parcels enrolled and the amount of property exempted from taxation in the years 1978, 1983, and 1989. The growing diffusion of the program is clear in these two tables. Table 5 shows that in 1978, the top ten counties accounted for nearly 89 percent of the parcels enrolled statewide. By 1983, however, that figure had dropped to 54 percent and as of 1989 the top ten counties represented about 45 percent of the total parcels enrolled. It is also interesting to note that there was only one county in 1978 that had more than 1,000 parcels enrolled. However, by 1983, there were seven and as of 1989 the entire top ten plus three other counties each had more than 1,000 parcels enrolled. Fifteen counties each had between 500 and 1,000 parcels receiving agricultural assessments on 1989 assessment rolls, while fourteen more counties each had between 100 and 500 parcels enrolled.

**Table 5. Top Ten Counties by Number of Parcels Receiving Agricultural Assessments**

1989				1983			1978		
Rank	Counties	No. of Parcels	% of Total	Counties	No. of Parcels	% of Total	Counties	No. of Parcels	% of Total
1	Orange	1843	5.22	Orange	1975	9.03	Orange	1849	32.27
2	Ontario	1825	5.17	Livingston	1465	6.69	Dutchess	663	11.57
3	Wayne	1805	5.12	Ontario	1316	6.01	Ulster	459	8.01
4	Genesee	1666	4.72	Steuben	1263	5.77	Delaware	425	7.42
5	Livingston	1579	4.47	Cayuga	1108	5.06	Cortland	378	6.60
6	Cayuga	1544	4.38	Chenango	1058	4.83	Chenango	350	6.11
7	Erie	1474	4.18	Genesee	1002	4.58	Columbia	305	5.32
8	Steuben	1437	4.07	Dutchess	935	4.27	Monroe	272	4.78
9	Niagara	1333	3.78	Niagara	899	4.11	Suffolk	210	3.67
10	Wyoming	1329	<u>3.77</u>	Rensselaer	810	<u>3.70</u>	Otsego	158	<u>2.76</u>
<b>Total Top 10</b>			<b>44.87%</b>				<b>88.51%</b>		

Similarly, the impact of agricultural assessments in terms of the amount of property value exempted from taxation has been spreading. Table 6 shows that in 1987, the top ten counties accounted for nearly 94 percent of the statewide value exempted. By 1983, however, that figure had dropped to 66 percent and as of 1989 the top ten counties represent only 61 percent of the total value exempted. While Orange County has remained at the top of the list of counties by both parcel and exempt value measures, Ontario and Wayne Counties have each now enrolled nearly as many parcels and the exempt value in Suffolk County has skyrocketed

well past the one hundred million dollar mark — representing an almost fourfold increase from 1983 — to make it a not too distant second. Four other counties in the top ten as of 1989 (Columbia, Dutchess, Orange, and Ulster), also showed above average growth in value exempted by agricultural assessment in the recent past. A look back at Table 4 shows twelve other counties that also evidence strong growth in value exempted during the period. These include Chautauqua, Clinton, Onondaga, Putnam, Rockland, Schuyler, Seneca, Sullivan, Washington, Wayne, Westchester and Yates Counties.

**Table 6. Top Ten Counties by Exempt Value of Agricultural Assessment Parcels**

1989				1983			1978		
Rank	Counties	Equalized Exempt Value (\$000)	% of Total	Counties	Equalized Exempt Value (\$000)	% of Total	Counties	Equalized Exempt Value (\$000)	% of Total
1	Orange	\$156,309	14.29	Orange	\$97,778	18.29	Orange	\$85,806	41.67
2	Suffolk	117,990	10.79	Dutchess	59,997	11.22	Dutchess	34,835	16.92
3	Dutchess	94,632	8.66	Ontario	32,599	6.10	Ulster	15,869	7.71
4	Columbia	65,189	5.96	Livingston	32,371	6.06	Columbia	13,131	6.38
5	Ontario	51,326	4.69	Suffolk	29,809	5.58	Suffolk	9,798	4.76
6	Ulster	45,780	4.19	Columbia	26,498	4.96	Delaware	9,511	4.62
7	Wayne	40,657	3.72	Ulster	19,783	3.70	Rockland	7,326	3.56
8	Erie	32,911	3.01	Rensselaer	19,716	3.69	Monroe	7,230	3.51
9	Cayuga	31,979	2.93	Cayuga	17,345	3.24	Westchester	6,143	2.98
10	Livingston	30,511	<u>2.79</u>	Delaware	16,728	<u>3.13</u>	Chenango	3,509	<u>1.70</u>
<b>Total Top 10</b>			<b>61.04%</b>						
							<b>93.81%</b>		

Of the twenty counties which showed a decline in value exempted between 1986 and 1989, Chenango, Jefferson, and St. Lawrence are the most notable. As indicated in Table 1, the soil groups most adversely affected by the change in value methodology for 1988 were those less productive classes (numbered 4 through 8). These three counties include numerous parcels with soils in this range that apparently withdrew from the program in 1988 when the agricultural values increased.

Table 7 and Figure 4 help explain some of the variation observed in enrollment among the counties by giving an indication of the average level of benefit received under the agricultural assessment program in each county. Table 7 lists the counties in descending order of average percentage value reduction received, and also includes the average agricultural value, the taxes paid, the average equalized assessed value and the average tax savings per

enrolled acre (land only). On average, parcels enrolled in the program receive a reduction of about 64 percent. However, the range runs from a high reduction of nearly 99 percent in Nassau County to a low of about 25 percent in St. Lawrence County.

Many of the counties with the highest percentage value reductions have little farmland remaining, due to their proximity to the New York City metropolitan area. For example, Nassau, Rockland, and Westchester, where at least 98 percent of the assessed value per acre is rendered exempt by the program, had only 118 exempt parcels between them in 1989. On the other hand, Orange and Suffolk Counties, with approximately 95 percent of the assessed value per acre exempt, had 2,619 parcels in the program in 1989.

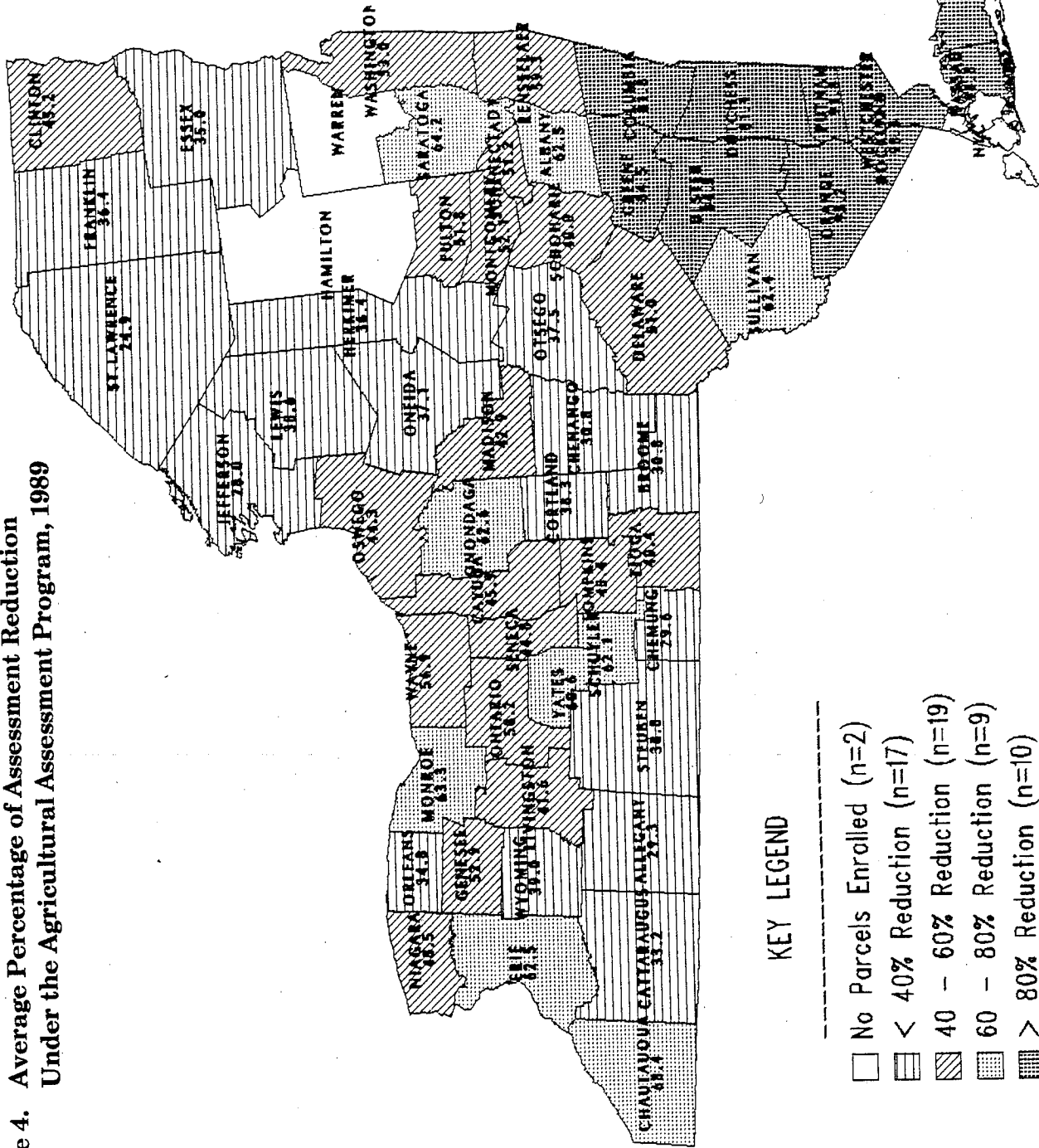
Figure 4 displays the average assessment reductions graphically. Not surprisingly, the ten counties with the highest levels of reduction are all in the Hudson Valley and the New York City greater metropolitan region, both of which have traditionally been associated with the highest prevailing land values. The three counties mentioned above with sizable reductions in the amount exempted between 1986 and 1989 — Chenango, Jefferson and St. Lawrence — are found at the low end of the benefit range, giving further evidence of the phenomenon of program withdrawals in areas of low quality soils when agricultural values for those soils increased.

Table 7. Counties Ranked by Percent of Land Value Reduction

Rank	County	1989 Percent Reduction	1989 Weighted Average Value Per Acre (w/woods)	1989 Taxes Paid per Acre Using 3%	Average Assessed Value/Acre	Tax Savings Per Acre
1	Nassau	98.8	\$209	\$6.26	\$17,547	\$520.14
2	Rockland	98.3	207	6.20	11,901	350.82
3	Westchester	97.8	194	5.83	8,673	254.36
4	Orange	95.2	184	5.52	3,868	110.51
5	Suffolk	94.5	309	9.27	5,631	159.66
6	Putnam	91.8	193	5.79	2,352	64.77
7	Ulster	84.5	196	5.89	1,268	32.15
8	Greene	84.5	177	5.32	1,141	28.91
9	Columbia	81.8	192	5.77	1,057	25.93
10	Dutchess	81.1	196	5.87	1,036	25.21
11	Chautauqua	68.4	209	6.26	660	13.55
12	Saratoga	64.2	199	5.98	557	10.73
13	Monroe	63.3	282	8.45	767	14.57
14	Onondaga	62.6	267	8.00	713	13.38
15	Erie	62.5	209	6.28	558	10.48
16	Albany	62.5	210	6.30	560	10.50
17	Sullivan	62.4	169	5.06	449	8.41
18	Schuyler	62.1	204	6.13	539	10.04
19	Yates	60.6	234	7.02	595	10.82
20	Rensselaer	59.3	182	5.45	446	7.94
21	Ontario	58.2	251	7.54	602	10.52
22	Wayne	56.9	251	7.54	583	9.94
23	Washington	53.0	167	5.02	356	5.66
24	Genesee	52.9	262	7.85	555	8.80
25	Montgomery	52.1	212	6.37	443	6.92
26	Fulton	51.8	217	6.52	451	7.00
27	Schenectady	51.2	186	5.59	381	5.86
28	Delaware	51.0	165	4.96	337	5.16
29	Niagara	48.5	245	7.34	474	6.90
30	Cayuga	45.9	277	8.31	513	7.07
31	Tompkins	45.4	229	6.86	419	5.70
32	Clinton	45.2	182	5.47	333	4.52
33	Seneca	44.8	247	7.42	448	6.02
34	Oswego	44.3	161	4.84	290	3.86
35	Madison	42.9	225	6.75	395	5.08
36	Livingston	41.6	242	7.26	414	5.16
37	Tioga	40.4	185	5.55	310	3.76
38	Schoharie	40.0	201	6.04	336	4.03
39	Wyoming	39.0	216	6.49	354	4.14
40	Steuben	38.8	173	5.20	233	3.30
41	Lewis	38.6	212	6.37	346	4.00
42	Cortland	38.3	193	5.80	313	3.60
43	Otsego	37.5	196	5.88	313	3.52
44	Oneida	37.1	243	7.29	386	4.30
45	Franklin	36.4	158	4.75	249	2.72
46	Herkimer	36.4	207	6.22	326	3.55
47	Essex	35.0	174	5.22	267	2.80
48	Orleans	34.8	268	8.05	411	4.29
49	Cattaraugus	33.2	193	5.80	289	2.88
50	Chenango	30.8	181	5.44	262	2.42
51	Broome	30.8	174	5.21	251	2.31
52	Chemung	29.6	175	5.25	249	2.20
53	Allegany	29.3	170	5.11	241	2.12
54	Jefferson	28.0	209	6.26	290	2.43
55	St. Lawrence	24.9	183	5.48	243	1.81
56	Warren	—	—	—	—	—
57	Hamilton	—	—	—	—	—
	<b>AVERAGE</b>	<b>64.0%</b>	<b>\$217</b>	<b>\$6.51</b>	<b>\$603</b>	<b>\$11.58</b>

Figure 4. Average Percentage of Assessment Reduction Under the Agricultural Assessment Program, 1989

SWIS CODE	COUNTY	'89 PCT. EXEMPT
1	ALBANY	62.5%
2	ALLEGANY	29.3%
3	BROOME	30.8%
4	CATTARAUGUS	33.2%
5	CAYUGA	45.9%
6	CHAUTAUQUA	68.4%
7	CHEMUNG	29.6%
8	CHENANGO	30.8%
9	CLINTON	45.2%
10	COLUMBIA	81.1%
11	CORTLAND	38.3%
12	DELAWARE	51.0%
13	DUTCHESS	81.1%
14	ERIE	62.5%
15	ESSEX	35.0%
16	FRANKLIN	36.4%
17	FULTON	51.8%
18	GENESEE	52.9%
19	GREENE	84.5%
20	HAMILTON	36.4%
21	HERKIMER	28.0%
22	JEFFERSON	38.6%
23	LEWIS	41.6%
24	LIVINGSTON	42.9%
25	MADISON	63.3%
26	MONROE	52.1%
27	MONTGOMERY	98.9%
28	NASSAU	48.5%
29	NIAGARA	37.1%
30	ONEIDA	62.6%
31	ONONDAGA	58.2%
32	ORANGE	95.2%
33	ORLEANS	34.8%
34	OSWEGO	44.3%
35	OTSEGO	37.5%
36	PUTNAM	91.8%
37	RENSSELAER	59.3%
38	ROCKLAND	98.3%
39	ST. LAWRENCE	24.9%
40	SARATOGA	64.2%
41	SCHENECTADY	51.2%
42	SCHOHARIE	40.0%
43	SCHUYLER	62.1%
44	SENECA	44.8%
45	STEBEN	38.8%
46	SUFFOLK	94.5%
47	SULLIVAN	62.4%
48	TIOGA	40.4%
49	TOMPKINS	45.4%
50	ULSTER	84.5%
51	WARREN	53.0%
52	WASHINGTON	56.9%
53	WAYNE	97.8%
54	WESTCHESTER	39.0%
55	WYOMING	60.6%
56	YATES	60.6%
57	TOTAL	64.0%



KEY LEGEND

- No Parcels Enrolled (n=2)
- ▨ < 40% Reduction (n=17)
- ▧ 40 - 60% Reduction (n=19)
- ▩ 60 - 80% Reduction (n=9)
- > 80% Reduction (n=10)

Statewide Average = 64.0%

The countywide data can mask the impact of the program on individual towns, especially in counties where a range of urbanized and rural towns exists. However, since over 600 towns now have agricultural assessment parcels, it is difficult to present a full summary at the town level. As a partial solution, Tables 8, 9 and 10 outline data for the 25 towns most affected by the program in 1989. Table 8 includes towns with the most parcels receiving agricultural assessments. For purposes of Table 9, towns were included based on the total dollar value exempt, and inclusion in Table 10 was based on the percentage of the total taxable value which is exempt.

**Table 8. Towns with Most Agricultural Assessment Parcels, 1989**

<u>1989 Rank</u>	<u>Town</u>	<u>County</u>	<u>1989 Agricultural Assessment Parcels</u>
1	Warwick	Orange	457
2	Seneca	Ontario	320
3	Riverhead	Suffolk	262
4	Westfield	Chautauqua	257
5	Genoa	Cayuga	256
6	Phelps	Ontario	245
7	Newstead	Erie	239
8	Goshen	Orange	237
9	Venice	Cayuga	236
10	Cohocton	Steuben	230
11	Sodus	Wayne	218
12	Newfane	Niagara	215
13	Lyons	Wayne	209
14	Portland	Chautauqua	207
15	Scipio	Cayuga	205
16	Wawayanda	Orange	205
17	Galen	Wayne	205
18	Minden	Montgomery	204
19	Southampton	Suffolk	202
20	Sheldon	Wyoming	202
21	Wilson	Niagara	198
22	Howard	Steuben	198
23	Williamson	Wayne	197
24	Elba	Genesee	195
25	Benton	Yates	195

As indicated in Table 8, there are twenty towns which had at least 200 parcels receiving agricultural assessments as of 1989 rolls. The top twenty-five towns are drawn from thirteen different counties which are spread from Suffolk to Chautauqua and Niagara, with the runaway leader — the Town of Warwick — located in Orange County. According to 1989



assessment roll data, the Town of Warwick's 457 enrolled parcels are characterized by a relatively small average parcel size of 37 acres.

Table 9 shows that the towns with the highest exempt values are also in the New York City metropolitan area, Long Island, and in the Hudson Valley. Only three towns of the top 25 do not fit this overall generalization: the Town of Ogden in Monroe County (which is near Rochester), and the Towns of Seneca (Ontario County) and Benton (Yates County) which have relatively valuable mineral soils used for vegetable growing.

**Table 9. Towns with Highest Equalized Value Exempted, 1989**

1989 Rank	Town	County	1989 Article 25AA Value Exempted (\$000)	1988 Rank	1987 Rank	1986 Rank	1985 Rank
1	Riverhead	Suffolk	51,361	1	1	1	1
2	Warwick	Orange	37,300	2	2	2	2
3	Southold	Suffolk	31,345	3	5	12	9
4	Seneca	Ontario	19,620	4	3	3	3
5	Southampton	Suffolk	19,248	5	6	9	*
6	Washington	Dutchess	18,180	6	8	8	10
7	Wawayanda	Orange	18,177	8	9	5	6
8	Ancram	Columbia	16,802	7	7	4	4
9	Goshen	Orange	14,234	10	11	7	7
10	Hamptonburgh	Orange	12,952	15	16	14	15
11	Stanford	Dutchess	11,949	12	13	10	20
12	Oyster Bay	Nassau	11,643	85	17	31	348
13	Hillsdale	Columbia	10,772	11	12	25	24
14	Livingston	Columbia	10,712	14	24	39	49
15	Blooming Grove	Orange	10,307	16	22	20	17
16	Bedford	Westchester	10,233	13	20	28	30
17	Pine Plains	Dutchess	9,281	19	21	19	18
18	Montgomery	Orange	9,250	18	28	17	27
19	Benton	Yates	8,988	17	15	15	11
20	Wallkill	Orange	8,976	21	25	18	13
21	Lloyd	Ulster	8,836	23	33	38	33
22	New Windsor	Orange	8,785	22	32	26	22
23	Minisink	Orange	8,252	25	29	40	36
24	Shawangunk	Ulster	7,962	27	38	37	26
25	Ogden	Monroe	7,479	24	18	24	31

\* Had no agricultural assessment parcels.

It is noteworthy that the ranks of many of the Hudson Valley towns have increased significantly in the past few years as land prices in the area have risen dramatically. For example, the Columbia County Towns of Hillsdale and Livingston ranked 24th and 49th,

respectively, in terms of value exempt in 1985 (Table 9). By 1989, they ranked 13th and 14th. Similarly, the Town of Stanford in Dutchess County ranked 20th in 1985 but had moved up to 11th by 1989. The Long Island Town of Southampton in Suffolk County had no agricultural assessment parcels in 1985, but entered the ranking at number nine the following year and had climbed to number five as of 1989. The Town of Oyster Bay in Nassau County showed a similarly dramatic ascent in rank involving a relatively small number of highly valued parcels.

Table 10, based on the percentage of property value exempted by the program, presents a somewhat different picture. Using this criterion, the Town of Seneca — a predominantly agricultural area — leads the state with almost 25 percent of the value of its taxable property exempted by the program. The Town of Seneca has led all other towns by this measure since 1982, but the percentage of its base exempted by the program has declined from the high of almost 30 observed in 1984. The Hudson Valley Town of Ancram (Columbia County) ranks second with 18 percent of property value exempt. Three other towns had more than 10 percent of property value exempt and all of them are quite distant from metropolitan centers.

Once again, Table 10 shows the ranks of the Columbia County Towns of Hillsdale and Livingston having increased dramatically in a relatively short period. The dramatic change in the rank of the Town of Ripley, Chautauqua County, in 1988 is due to the major reduction in the values for vineyard land which occurred when the new valuation procedure was instituted in that year. Perhaps most notable, however, is the Town of Cambridge, which had no agricultural assessment parcels until 1989. In that year, 93 parcels were enrolled, causing the exemption of about seven percent of the town's tax base. This sudden surge of enrollment was triggered by a complete revaluation of the town.\*

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\* For a discussion of the incentives for enrollment resulting from institution of a revaluation program, see *Agricultural Use Assessment Impact Study for 1982 (11/84)*, pp.10-11.

**Table 10. Towns with Highest Article 25AA Exempt Value as a Percent of Total Value of Taxable Property, 1989**

<u>1989 Rank</u>	<u>Town</u>	<u>County</u>	<u>1989 Percent of Tax Base Reduced by Article 25AA</u>	<u>1988 Rank</u>	<u>1987 Rank</u>	<u>1986 Rank</u>	<u>1985 Rank</u>
1	Seneca	Ontario	24.595	1	1	1	1
2	Ancram	Columbia	18.054	2	2	2	2
3	Venice	Cayuga	16.981	3	3	3	3
4	Scipio	Cayuga	13.260	4	4	4	5
5	Benton	Yates	12.349	5	5	6	8
6	Genoa	Cayuga	9.836	6	7	5	7
7	Hillsdale	Columbia	9.645	8	14	35	33
8	Livingston	Columbia	9.020	15	51	57	63
9	West Sparta	Livingston	8.724	10	10	11	11
10	Ledyard	Cayuga	8.695	7	9	10	9
11	Minisink	Orange	8.445	16	18	23	20
12	Howard	Steuben	8.259	12	6	7	6
13	Pine Plains	Dutchess	8.238	14	16	15	13
14	Wawayanda	Orange	8.178	19	22	20	15
15	Potter	Yates	7.820	13	12	12	10
16	Palatine	Montgomery	7.808	20	20	21	21
17	Meredith	Delaware	7.751	17	11	8	14
18	Alabama	Genesee	7.717	9	8	9	12
19	Bovina	Delaware	7.375	18	19	17	16
20	Ripley	Chautauqua	7.051	32	294	288	256
21	Cambridge	Washington	7.012	*	*	*	*
22	Byron	Genesee	6.904	23	27	24	19
23	Elba	Genesee	6.674	25	29	28	27
24	Pike	Wyoming	6.562	21	15	13	30
25	Stafford	Genesee	6.491	26	35	50	49

\* Had no agricultural assessment parcels.

At the county level, the highest percentage of the tax base exempted by the agricultural assessment program as of 1989 was found in Yates County which showed 3.2 percent exempt. When last studied by SBEA (1985), the highest county-level percentage exempt was in Genesee County, with almost 4 percent of taxable value exempt. As with the town level percentages, the decline observed in the county percentages indicates that although the exempt amount expanded, the expansion of the overall tax base was even greater during the period in question. As of 1989 rolls, the majority of counties showed less than one percent of the tax base exempted by the program.

### Tax Shift Resulting from Program

Table 11 shows the estimated fiscal impact of the program in terms of the total tax benefits to enrolled property (which can also be viewed as the cost imposed upon, or shifted to, non-participating property) in the localities involved. In some very rural jurisdictions, where there are high participation levels and much of the tax base is eligible agricultural land, the program costs are not easily shifted away from program beneficiaries and the full measure of the savings is not realized. According to Table 11, the overall fiscal impact of the program has grown to nearly \$33 million, and the average savings (or tax shift) per enrolled parcel was about \$930 as of 1989. The estimated cost of the program grew by fifty percent between the 1985 and 1989 rolls, while enrollments grew by only twenty percent in the same period.

**Table 11. Statewide Estimate of Fiscal Impact, 1978-1989.**

<u>Year</u>	<u>Estimated Tax Shifted @ 3.0%</u>	<u>Average Savings per Parcel</u>
1978	\$ 6,177,630	\$ 1,078
1979	6,587,909	997
1980	8,523,190	847
1981	10,312,594	750
1982	10,384,803	715
1983	16,035,794	733
1984	20,612,511	769
1985	21,744,641	742
1986	25,678,828	776
1987	28,780,218	830
1988	28,989,734	843
1989	32,798,061	929

Table 12 presents information by county on the extent of tax benefits to farmers and the estimated taxes shifted to taxable property other than enrolled farmland. In order to facilitate regional comparisons, the counties are ranked in terms of the total equalized value exempt under the program. It is clear from the figures that the highest incidence of tax reductions, both on a per-county and a per-parcel basis, occurs in the lower Hudson Valley and Long Island areas. Suffolk, Orange, Dutchess and Columbia counties all have over \$1.5 million in taxes shifted and an average tax shift per parcel of over \$2,000. In the highly suburbanized counties of the New York City metropolitan area, extremely high tax shifts per parcel occur (e.g, \$69,711 in Nassau, \$9,426 in Westchester, \$7,808 in Rockland), although relatively few parcels are involved.

**Table 12. Article 25AA Exempt Value and Estimated Tax Shift, by County, 1989**

<u>Rank</u>	<u>County</u>	<u>Equalized Exempt Value (\$000)</u>	<u>Estimated Tax Shift</u>	<u>Number of Parcels Enrolled</u>	<u>Average Tax Shift per Parcel</u>
1.	Orange	\$ 156,308,681	\$ 4,689,260	1,843	\$ 2,544
2.	Suffolk	117,990,012	3,539,700	776	4,561
3.	Dutchess	94,632,496	2,838,975	1,055	2,691
4.	Columbia	65,189,353	1,955,681	766	2,553
5.	Ontario	51,325,611	1,539,768	1,825	844
6.	Ulster	45,779,552	1,373,387	791	1,736
7.	Wayne	40,656,751	1,219,703	1,805	676
8.	Erie	32,910,627	987,319	1,474	670
9.	Cayuga	31,979,022	959,371	1,544	621
10.	Livingston	30,510,732	915,322	1,579	580
11.	Montgomery	30,363,807	910,914	908	1,017
12.	Genesee	28,641,040	859,321	1,666	516
13.	Rensselaer	26,344,129	790,324	895	883
14.	Yates	25,082,992	752,490	874	861
15.	Westchester	23,249,591	697,488	74	9,426
16.	Delaware	20,186,217	605,587	913	663
17.	Onondaga	20,100,073	603,002	702	859
18.	Chautauqua	20,039,832	601,195	1,276	471
19.	Montgomery	19,888,308	596,649	908	657
20.	Washington	19,073,513	572,205	728	786
21.	Niagara	18,055,397	541,662	133	406
22.	Saratoga	17,950,977	538,529	670	804
23.	Wyoming	17,699,593	530,658	1,329	399
24.	Nassau	16,265,798	487,974	7	69,711
25.	Steuben	14,519,145	435,574	1,437	303
26.	Madison	11,789,956	353,699	936	378
27.	Seneca	10,943,314	328,299	751	437
28.	Cortland	10,252,537	307,576	736	418
29.	Rockland	9,630,086	288,903	37	7,808
30.	Chenango	8,989,579	269,687	1,086	248
31.	Orleans	8,358,975	250,769	884	284
32.	Tompkins	8,294,670	248,840	489	509
33.	Clinton	6,397,181	191,915	350	548
34.	Otsego	3,929,742	117,892	306	385
35.	Jefferson	3,376,992	101,310	311	326
36.	Lewis	3,298,041	98,941	260	381
37.	Schoharie	3,275,913	98,277	279	352
38.	Sullivan	2,827,679	84,830	168	505
39.	Putnam	2,241,651	67,250	14	4,804
40.	St. Lawrence	1,900,587	57,018	285	200
41.	Oneida	1,709,959	51,299	147	349
42.	Herkimer	1,644,570	49,337	151	327
43.	Franklin	1,402,504	42,075	123	342
44.	Tioga	1,267,672	38,030	111	343
45.	Schuyler	1,211,512	36,345	59	616
46.	Broome	1,120,401	33,612	144	233
47.	Allegany	1,083,814	32,514	157	207
48.	Schenectady	986,001	29,580	55	538
49.	Cattaraugus	901,881	27,056	95	285
50.	Essex	492,016	14,760	49	301
51.	Fulton	462,789	13,884	68	204
52.	Chemung	438,869	13,166	59	223
53.	Greene	219,302	6,579	2	3,290
54.	Oswego	63,390	1,902	9	211
55.	Albany	24,845	745	1	745
56.	Hamilton	0	0	0	0
57.	Warren	0	0	0	0
	<b>Total</b>	<b>\$1,093,268,686</b>	<b>\$32,798,061</b>	<b>35,288</b>	<b>\$ 929</b>

\* Using an average tax rate of 3.0%.

Taxes shifted as a result of agricultural assessments are borne by owners of non-eligible property. As a result, legislative proposals have been put forth in New York which would compensate local governments for the tax difference and thereby prevent the shifting. The State of Vermont currently has such reimbursement provisions. The conceptual basis for reimbursement proposals is that the exemption provides statewide rather than local benefits — in the form of increased capacity for food production and continuance of land in low intensity uses. Unlike certain other exemptions which municipalities are free to adopt or not adopt, this one is required by state law when land meets eligibility requirements and a valid application is submitted. In addition, this program, unlike some other exemption programs which are spread evenly among municipalities, necessarily impacts the more rural municipalities of the state disproportionately. Local governments therefore argue that program costs should be borne on a statewide basis rather than locally.

The Agricultural Districts Law does contain provisions for state assistance to local governments at the rate of 50 percent of the taxes shifted in instances where agricultural districts comprising “unique and irreplaceable agricultural lands” are formed by the Commissioner of Agriculture and Markets (under Section 304). Although the legislation is nearly twenty years old, no districts have been formed under this provision to date. Since district status has no real bearing on either eligibility for agricultural assessment or on the amount of the resulting exemption, it is unclear why the current state assistance provisions were restricted to situations involving state creation of districts.

The projected cost of full assistance, at current participation levels, is equal to the estimated tax shift, as shown in Tables 11 and 12. To prevent the entire tax shift, approximately \$33 million would have to be paid to local taxing jurisdictions annually. Again, the jurisdictions which would receive the largest payments are in downstate counties within commuting distance of the New York City metropolitan area or in the Hudson Valley area. Several predominantly rural counties in the central and western parts of the state would receive payments of at least \$1 million annually and relatively low payments of \$100,000 or less would be paid to about 20 counties which are primarily in the more hilly or mountainous parts of the state. The cost of state assistance would increase beyond the estimates given if higher participation levels, higher local tax rates, or higher exemption levels (due to declining agricultural assessments and equalization rates or increasing land values) occurred in future years.

## Recent Developments

In the years since 1989, the agricultural assessment program has continued to be the subject of review and legislative revision. Chapter 774 of the Laws of 1987, which revised major elements of the program, also commissioned a comprehensive review of the program including an analysis of the effect of the revisions made therein. The comprehensive review was undertaken by the Agricultural District Review Panel, which consisted of representatives from the State Department of Agriculture and Markets, Division of Equalization and Assessment, Agricultural Advisory Council, Associations of Counties and Towns, and commercial farmers.

The Panel issued its first report in March of 1989 and several of its recommendations were enacted into law. Among the 1989 enactments were the inclusion of lands set aside under either the federal conservation reserve (CRP) or acreage conservation reserve (ACR) programs (Ch. 398 of 1989), and lands planted to Christmas trees (Ch. 448 of 1989), for agricultural assessment eligibility beginning in 1990. In 1990, another of the Panel's recommendations, allowing proceeds from the sale of honey and beeswax from hives on otherwise qualified land to be used toward satisfaction of the \$10,000 gross sales requirement, was enacted (Chapter 396) and became effective in 1991.

Other recent changes to the agricultural assessment program include: the allowance of proceeds from the sale of aquacultural products (fish, fish products, water plants, and shell fish) from an otherwise qualified farm operation to be used in satisfaction of the gross sales requirement (Ch. 251 of 1990); the requirement of the use of eight years rather than five years of data in the calculation of the base agricultural assessment value (Ch. 396 of 1990); the expansion of the list of special district charges from which land in agricultural production within agricultural districts is exempt to include solid waste management facilities established under Section 226-b of the County Law (Ch. 396 of 1990); and the reduction of penalty taxes for the conversion of land individually committed to agricultural production from nine times to five times the taxes saved in the last year of enrollment (Ch. 396 of 1990). Each of these changes took effect in 1991.

The Panel issued its second, and final, report on January 1, 1991. The report recommends numerous changes in the agricultural assessment program, none of which would involve major alterations. Rather, many of the recommendations are designed to ease the

administrative burden associated with the program and to resolve some technical issues in the valuation methodology. Among the more substantive amendments proposed is a plan whereby the state would share in the cost of the program to the extent that the tax shift in a particular town exceeds five percent of its total real property tax levies. Using the most recent (1989) data, this assistance plan would have resulted in an estimated total state payment of about \$2.75 million to the forty-one towns which were above the five percent threshold. This amount represents approximately eight percent of the total estimated tax shift shown in Tables 11 and 12.

The conversion penalties associated with putting enrolled lands to non-agricultural uses were also the subject of review and recommendation by the Panel in its final report. The basis of much of the Panel's work in this area was a new source of data now available to SBEA. Beginning with 1989 rolls, assessors have been required to report any penalty taxes imposed as a result of conversion of agricultural assessment land to non-farm uses. Findings from the first two years of reporting experience are now available in a recent SBEA publication.\* As of this writing, the current status of the several new proposals made by the Panel is uncertain, but legislation incorporating many of them has already been introduced.

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\* See *Conversion of New York Farmland Under Agricultural Assessment to Non-Farm Use* (5/91).