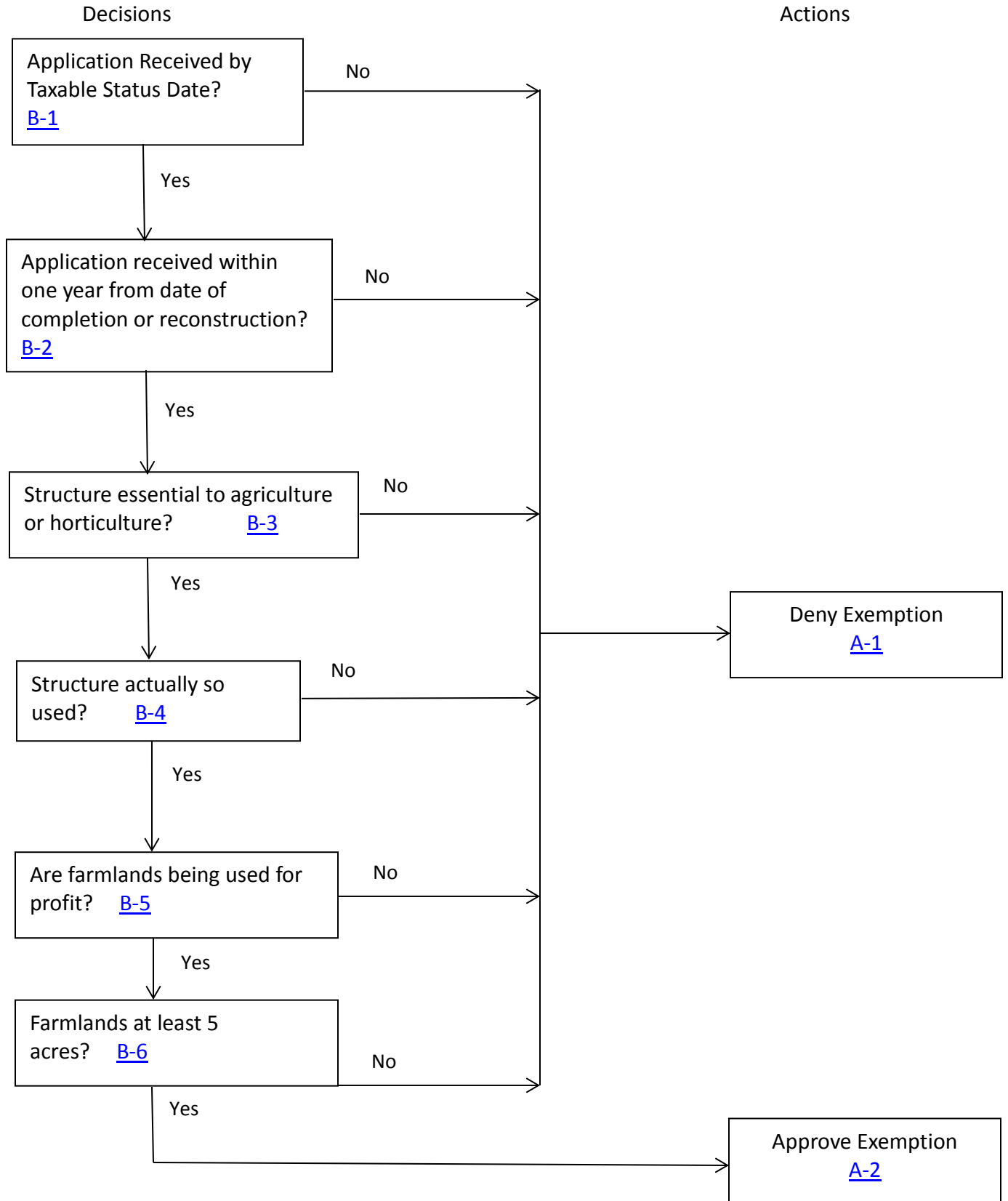


Farm Building Exemption

(Real Property Tax Law, Section 483)

The following chart is a guide for the determination of eligibility for a new or reconstructed Farm Building Exemption. The chart and description are for informational purposes only and do not constitute legal advice, the local assessor makes the decision on the approval or denial of real property tax exemptions.



B-1 Application Received by Taxable Status Date?

No farm exemption can be granted unless the owner files an "APPLICATION FOR TAX EXEMPTION OF AGRICULTURAL AND HORTICULTURAL BUILDINGS AND STRUCTURES" (form [RP-483](#)) no later than taxable status date. The application form is available on our website.

Applications received after taxable status date may be considered for the next assessment roll, but not for the current roll. See B-2 for time limit on application.

The application needs to be filed only once, and continues for 10 years as long as the requirements in the statute are met. It is up to the assessor to check and see if the structures continue to qualify.

B-2 Newly Constructed, or Reconstructed Structures Completed Within One Year from Date Application Received?

The structure for which exemption is sought can be newly built or rebuilt. In either case, it must have been completed after January 1, 1969, but before January 1, 2019. In addition the owner must apply for the exemption within one year from the date of completion of the improvement.

A building or structure should be considered "completed" when it can be used for its intended purpose.

In municipalities where a certificate of occupancy is issued for agricultural buildings, the date that the certificate is issued is the date of completion.

B-3 Structure Essential to Agriculture or Horticulture?

The structure is essential if:

- (1) it is used primarily in the raising and production of agricultural or horticultural goods or used to store them, and
- (2) these goods are to be sold.

The structure could also be essential if:

- (1) it provides housing for regular and essential employees and their immediate families, and
- (2) these employees are mainly employed in the operation of agricultural or horticultural lands, and
- (3) these employees are not the actual applicant, or members of his/her immediate family. (A part owner of a closely held corporation that owns the farm property does not qualify for the exemption. However, a family member could qualify if they have no ownership interest in business.)
- (4) the indoor exercise arena is used by a horse farm or a commercial horse boarding operation. No, if the arena is used by a riding academy or a dude ranch.

- (5) it is used for the production of maple syrup.
- (6) it is used in the production of honey and bees.
- (7) is a permanent or impermanent structure, including trellises and pergolas, made of metal, string or wood.

The following are examples of property uses that **would not** be exempt:

- (1) The portion of the structure used for **processing** goods for market, other than maple syrup or honey.
- (2) The portion of the structure used for **retail merchandising** of goods, other than maple syrup or honey.

If only a portion of a structure qualifies for exemption, then the exemption is granted on that portion only.

- (3) Structure used in connection with breeding pets, fur bearing animals, or animals for experimental use.
- (4) Structure used in connection with raising timber.
- (5) Structure used to house the applicant or members of the applicant's immediate family (**that is, spouse and dependents**).

Some farm structures are used mainly for agricultural or horticultural use and only incidentally for processing. The exemption would apply in such situations.

B-4 Structure Actually So Used?

The farm exemption is based on the actual use of the structure in question, not on its potential use.

A barn is a farm building, but it does not gain exemption for that reason alone. A barn can be used as a restaurant, or to store antiques, or to slaughter animals, or it can be left idle. In none of these cases would the barn be exempt.

Just as an exemption is granted when a structure is used for exempt purposes, it is canceled if the structure is no longer used for farming purposes and is put to a nonexempt use.

B-5 Farmlands So Used for Profit?

The structure for which exemption is sought must be used in connection with farmlands actually used for agriculture or horticulture for profit.

If the farmlands are not used at all, the structure is not exempt.

A farm may fail to make a profit from time to time but still qualify for exemption. A farm that regularly operates at a loss should be investigated. It is the intention to operate at a profit that qualifies the farmlands.

B-6 Farmlands at Least 5 Acres?

The farmlands associated with the structure for which exemption is claimed must be at least 5 acres in agricultural or horticultural production. If they are less than 5 acres, no exemption can be claimed even if all other qualifications are met.

Lands that are used for cultivating, raising or growing crops, fruits, vegetables, flowers, ornamental trees and plants or lands used for the feeding, breeding and management of livestock or poultry satisfy this requirement.

A-1 Deny Exemption.

The flow chart shows the requirements which must be met for the exemption. All requirements must be met. If even one qualification is not met, then no exemption can be granted.

An exemption may be approved, but later denied because one of the qualifications may not be met any longer.

A-2 Approve Exemption.

When all of the qualifications for exemption are met, the exemption is approved.

The questions remaining are these:

How much is the exemption?

From what taxes is the property exempt?

How long is the exemption in effect?

The amount of exemption

The cost of the structure does not determine the amount of an exemption.

The exemption is the increase in assessed value of the property resulting from the structure.

For example, a farmer builds a new milk house that meets all the requirements for tax exemption. The former assessment on the farm was \$14,500. Because of the addition of the milk house, the assessor raises the total assessment to \$16,500. The difference, \$2,000, is the amount of the exemption. It would be the same whether the milk house cost \$1,000, or \$5,000, or \$9,000.

It is possible that a structure that met all requirements for exemption would not actually receive one. For example, if the assessor determined that the value of the farm was the same after the structure was built as before, the exemption would be valued at zero.

If another exemption is granted on the same property, the farm exemption is in addition to the other.

The RPTL 582 provides the following guidance in the valuation of agricultural structures:

“Structures used on land in agricultural production located within an agricultural district and/or on property receiving an agricultural assessment as provided in article twenty-five-AA of the agriculture and markets law shall be assessed at an amount not to exceed the cost of replacement

new at current prices less a deduction for physical depreciation calculated in accordance with the assessor's manual distributed by the division of equalization and assessment, and if applicable, functional and economic obsolescence.”

Types of taxes covered

General municipal: county, city, town, village

School districts

The farm building exemption does not apply to ad valorem levies.

Duration of the exemption

The exemption applies for not more than 10 years. However, the exemption terminates prior to the expiration of the ten year period if (1) the building or structure ceases to be used and occupied to carry out farming operations, or (2) the land or building or structure is converted to non-agricultural or non-horticultural use.

If the lands or structure are converted to nonexempt use during the 10-year exemption, taxes not collected as a result of the exemption will then be collected as rollback taxes. These are levied at the rates applying to the years the exemption was in effect. They are collected in the year the exemption is lost.

SPECIAL NOTE

LIFETIME EXEMPTIONS FOR CERTAIN FARM BUILDINGS

The legislative session of 1994 created a new section 483-a to the RPTL providing a total exemption from taxes, special ad valorem levies and special assessments for certain farm buildings listed below.

The following structures fall in this category:

Added

| | |
|------|---|
| 1994 | Silos - both upright and horizontal |
| 1994 | Manure storage and handling facilities - such as manure tanks (i.e., “slurry store”) and lagoons. |
| 1994 | Bulk milk tanks - storing milk awaiting shipment to market. |
| 1995 | Farm feed grain storage bins and commodity sheds. |
| 2014 | On Farm and Community Anaerobic Digesters (removed in 2016, covered under RP-483-e) |

To receive the exemption, the structures must be permanently affixed to agricultural land. A one-time application for the exemption is required. ([RP-483-a](#))

Since these structures qualify for this special exemption (483-a), they no longer qualify for the farm building exemption.

These structures are exempt from all taxes, i.e., general municipal, school district, special district and special assessments.