



2022 Farm Use Manual



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Foreword

The purpose of *Farm Use Manual* is to develop a uniform approach for the special assessment of farm properties. The manual serves as a guide to assist counties with interpretation of farm use laws and administrative rules.

An internal group of Department of Revenue property tax specialists and an external group of county assessor property tax specialists have developed this manual.

The *Farm Use Manual* is organized into sections that follow the statutes. A table of contents identifies each section. A tab identifies each section. The appendix contain supporting information such as charts, forms, diagrams, and examples to assist in interpreting statutes and processing accounts.

If you have any comments concerning this manual or questions on farm use assessment, contact:

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Introduction

In 1961, the Oregon Legislature began to adopt farm use special assessment laws. The Oregon Legislature, administrative rules, and Tax Court, Attorney General, and the Department of Revenue decisions have modified or clarified these special assessment laws since then. This comprehensive manual details the complexities of this program.

The legislative intent can be found in Oregon Revised Statute (ORS) 308A.050 and is summarized as follows:

ORS 308A.050: The Legislative Assembly recognizes that agriculture and related land uses contribute significantly to Oregon's character and economy and is in the interest of all citizens of this state. Valuation of farm properties is based on agricultural production capability. Therefore, it is the declared intent of the Legislative Assembly that bona fide farm properties be assessed for ad valorem property tax purposes at a value that is exclusive of values attributable to urban influences or speculative purposes.

Qualification, valuation, and disqualification statutes regulate farm use special assessments. The following is a brief discussion on each of these categories:

Qualification. Land within an exclusive farm use (EFU) zone automatically qualifies for farm use special assessment if there is an active bona fide farm use with an intent to make a profit from farming as defined under ORS 308A.056.

Land not within an EFU zone is called non-exclusive farm use (non-EFU) land. Non-EFU land must also meet the same qualifications of ORS 308A.056. In addition, non-EFU land can only qualify by application and must meet minimum income requirements outlined in ORS 308A.071. "Gross income questionnaires" are periodically mailed to non-EFU landowners to verify that these requirements continue to be met.

The statutes for EFU and non-EFU land are to be interpreted and addressed separately from each other. Any portion of land may qualify for special assessment while other portions may be assessed under different assessments or exemptions. Each portion can only qualify for ONE special assessment at a time. It is possible to have any combination of portions of a property under EFU, non-EFU, or a different special assessment such as forestland or portions not under special assessment. Portions not under special assessment such as dwellings, buildings, equipment, or land not under special assessment may be assessed based on market value or some other assessment or exemption. Qualification requirements apply only to the land, homesite, or onsite developments that are being specially assessed.

Valuation. Under ORS 308A.092, the counties shall use a legislated income approach when valuing qualified land as follows:

The legislated income approach consists of dividing the net income of the land by a capitalization rate to calculate a farm use value.

Annually, the assessor is responsible for conducting farm income studies for each land class and area. The assessor utilizes the Department of Revenue certified interest rate and the local property tax rate to calculate the specially assessed value (SAV).

The maximum special assessed value (MSAV) limitations of Measure 50 apply to both EFU and non-EFU. MSAV valuation tables for each land class and area are required to have a Measure 50 calculation each year under ORS 308A.107. Each MSAV table matches with a corresponding SAV table.

Valuation of farmland is complex in Oregon due to the wide variety of climates, rainfall, soil capabilities, farming operations, and land uses. In the "Valuation" section of this manual, there are several basic examples for the various farm land uses around the state. Specialized farms are beyond the scope of this manual.

Homesites, which include domestic onsite developments, are valued separately using a different valuation procedure under ORS 308A.256.

Any portion of the land that qualifies can receive farm use value. Any portion that doesn't qualify is assessed based on real market value under ORS 308.146, unless the land is in a different assessment program or is exempt from property taxes.

Disqualification. EFU and non-EFU statutes are to be interpreted separately when considering the disqualification of farmland or homesites. There are many reasons for disqualification. Any portion of a property not maintaining farm use may be disqualified. It is also possible that a portion of a property may be disqualified and a portion may continue special assessment. One can't go back in time to correct the roll for a disqualification so it is important to be sure the disqualification of EFU or non-EFU land is timely. If the

disqualification timelines are missed, the change in assessment will occur for the next assessment and tax year and if in the next assessment and tax year the land meets qualification requirements the disqualification will be invalid.

Once land has been disqualified, the notification procedures under ORS 308A.718 and 308A.724 must be strictly followed. For procedures following a disqualification, see "Disqualification notification procedures" in the appendix. The disqualification notification procedures addresses procedures following a disqualification from EFU, non-EFU, wildlife habitat, and all forestland assessment programs.

Summary

This manual is designed to help you interpret the statutes in a uniform, consistent manner. Additional charts and information have been included in the appendix as a quick reference to assist in understanding qualification, valuation, and disqualification procedures. While processing farm properties can be accomplished in mass, some properties may need to be considered on their individual merits.

Qualification

Introduction

Exclusive farm use (EFU) zoned land qualifies for “farm use” special assessment provided the owner maintains an acceptable farm practice with the intent to make a profit as defined by ORS 308A.056. Landowners don’t need to apply for land to be qualified and assessed as farm use.

Exclusive farm use zones are regulated by zoning and planning statutes and local zoning ordinances. Allowable and conditional uses in an EFU zone are defined in ORS 215.213 or 215.283.

Non-exclusive farm use (non-EFU) land must also maintain an acceptable farm practice with the intent to make a profit as defined by ORS 308A.056. Additionally, non-EFU landowners must file an application with the county assessor in the first year the property qualifies for special assessment. Each year after the initial application, the farm operation must meet minimum gross income requirements by responding to the assessor’s request for an income questionnaire. As part of meeting the gross income requirements of an application or questionnaire, land owners should be informed that they must file a Schedule F or other appropriate income tax reporting annually for their farm operation as specified in ORS 308A.071(3) and (4).

Non-EFU special assessment can be in any zone, except EFU zones. Parcels of land in zones other than EFU often have a mix of uses such as residential subdivisions, forestland, commercial, or industrial.

EFU or non-EFU land identified with an approved Measure 37 or 49 claim are not necessarily restricted to current planning or zoning ordinances depending on the terms of the Measure 37 or 49 claim. The terms of the approved Measure 37 or 49 claim override or waive any land use regulations that the land would otherwise be subject to without necessarily changing the zone. It is recommended to contact the planning department to determine whether the claim affects qualification for special assessment.

Some EFU or non-EFU parcels may have a mix of special assessments. For example, a portion may be in forestland or wildlife habitat special assessment, while other land area portions may be assessed based on market value. **Only the land area that is actively farmed as specified in ORS 308A.056(1) or land identified for current employment for farm use under ORS 308A.056(3) qualifies for farm use.** EFU wasteland qualifies for farm use special assessment under ORS 308A.056(3) and non-EFU wasteland may qualify for farm use special assessment by a special annual

application under ORS 308A.074. Each portion of a parcel is identified for its qualifying land uses. While a parcel or tax account may be assessed under several different special assessments or exemptions at the same time, no area within the parcel or tax account may have more than one special assessment or exemption on the same land at the same time.

EFU and non-EFU homesites used in conjunction with a farm operation may qualify for a separate special assessment under ORS 308A.250 to 308A.259. By definition under ORS 308A.253, the homesite is defined as only the **land area under the dwelling and domestic onsite improvements**. The homesite dwelling, even though it is used for farming purposes, is assessed based on real market value. Few non-EFU homesites receive special assessment because of strict qualification requirements of ORS 308A.253(3).

Real property improvements such as dwellings, farm buildings, farm processing equipment, automatic feeders, and irrigation equipment don’t qualify for special assessment and are assessed based on their real market value.

Personal property improvements such as farm machinery, farm equipment, irrigation equipment, crops, and livestock are exempt from property taxation.

In summary, only land can qualify for “farm use” special assessment. Only qualified homesites used in conjunction with specially assessed farmland receive “homesite special assessment.” Qualified farm use land and qualified homesites are valued separately and differently. A parcel can have portions that are under farm use special assessment with different portions of the same parcel under a different special assessment, portions of the same parcel not under special assessment can be assessed based on market value, or portions may be exempt from property taxes.

Farm use

Farm use defined [ORS 308A.056(1)]

ORS 308A.056(1) defines “farm use” in part, as follows:

“Farm use” means the current employment of land for the primary purpose of obtaining a profit in money by:

- a. Raising, harvesting, and selling crops;
- b. Feeding, breeding, managing or selling livestock, poultry, fur-bearing animals, honeybees, or the produce thereof;
- c. Dairying and selling dairy products;

- d. Stabling or training equines, including but not limited to, providing riding lessons, training clinics and schooling shows;
- e. Propagating, cultivating, maintaining or harvesting aquatic species and bird and animal species to the extent allowed by the rules adopted by the State Fish and Wildlife Commission;
- f. On-site constructing and maintaining equipment and facilities used for the activities described in this subsection;
- g. Preparing, storing or disposing of, by marketing, donation to a local food bank or school or otherwise, the products or by-products raised for human or animal use on land described in this section;
- h. Implementing a remediation plan previously presented to the assessor for the county in which the land that is the subject of the plan is located
- i. Using land described in this section for any other agricultural or horticultural use or animal husbandry or any combination thereof;
- j. Growing cultured Christmas trees and hybrid hardwoods (cottonwoods) on cropland under intensive cultivation.

“Farm use” does NOT include the use of land subject to timber and forestland taxation under ORS chapter 321, except land used exclusively for growing cultured Christmas trees or land described in ORS 321.267 (3) or 321.824 (3) (relating to land used to grow certain hardwood timber, including hybrid cottonwood).

Additional qualifying uses defined as “current employment” [ORS 308A.056(3)]

Current employment activities identified under ORS 308A.056(3) qualify for “farm use” even if the land isn’t used with the intent to make a profit from agricultural production as required by ORS 308A.056(1). Also, as specified in ORS 308A.071(2)(b), land qualifying for current employment under ORS 308A.056(3) isn’t tested for non-EFU income requirements. Land that meets the definition of current employment receives farm use special assessment the same as any other farmland using the appropriate value classification under ORS 308A.107 as if the land was employed for its highest and best farm use.

As specified in ORS 308A.056(3) land is currently employed for “farm use” if the land is:

- Farmland subject to any farm-related government program;
- Land lying fallow for one year as a normal and regular requirement of good agricultural husbandry;

- Land planted in orchards, cultured Christmas trees or other perennials prior to maturity (see also “Non-EFU applications”), [see ORS 308A.056(4) for Christmas tree growing requirements], (see addenda for “List of perennial crops and first year they should meet requirements”);

- Wasteland in an EFU zone, dry or covered with water, neither economically tillable nor grazeable, lying in or adjacent to, and in common ownership with the farm-use land;

Note: non-EFU wasteland requires an annual application as specified in ORS 308A.074.

- Land under farm related buildings and certain farm processing facilities;

Note: Doesn’t include the homesite area. Qualified farm homesites are not assessed using land class tables. Homesites receive a different type of special assessment.

- Water impoundments lying in or adjacent to and in common ownership with the farm-use land;

- Any land constituting a woodlot, not to exceed 20 acres, contiguous to and owned by the owner of the land specially valued for farm use;

- Land lying idle for no more than a year due to the illness of the farmer or member of the farmers immediate family (see OAR 150-308-1010);

- Land used to grow certain cottonwood timber described under ORS 321.267(3) or 321.824(3);

- Land used for the processing of farm crops into bio-fuel as specified by statute.

Additional discussion of “farm use” definitions under ORS 308A.056(1) and (3)

Intent for profit

The Oregon tax court in *Everhart*, provides in-depth information for the interpretation of intent for profit when qualifying land for farm use special assessment. Following are some of the main points of the *Everhart* case:

Farm use is not required to actually result in a money profit. Undoubtedly, the legislature recognized the risks of farming. It has not imposed any specific income requirements for land in an EFU zone. It merely requires that the person engage in farm activities with the primary purpose of obtaining a profit. It is also clear that the legislature viewed bona fide farms as those farms that produced products or crops sold in the open market. Small operations such as raising chickens for family use or a few pigs to trade with a neighbor for some other product or service do not qualify. The legislature’s intent is to grant the special assessment to farmers who exchange their crops for “money.”

The court further stated that “the context in which the word profit is used indicates that the legislature was concerned with measurable direct expenditures and income from the use of the land. Indirect profits, such as savings on family food budgets, and indirect expenses, such as invested capital, are excluded from consideration.”

Everhart v. Dept. of Rev., TC No. 4380 WL 1062132 (Nov. 17, 1999)

Stabling or training equines

Farm use includes the stabling and training of equines (horses) for profit under ORS 308A.056(1)(d). Stabling connotes the presence of a building, stall or structure that provides shelter or housing for horses. Boarding (or care) involves the giving of some level of care for horses, such as food or supervision. If the boarding care involved shelter or housing, it can qualify for farm use. The use of land by an operator that is in the business of pasturing of others’ pleasure horses for profit qualifies as the feeding of livestock under ORS 308A.056(1)(b). The personal use of land primarily for pleasure horses doesn’t qualify for farm use, although some incidental personal use for pleasure horses is allowable on land that qualifies for farm use.

Note: The breeding and selling of horses qualifies under ORS 308A.056(1)(b) the same as cattle or any other livestock operation when there is intent for profit.

Land lying fallow

For land lying idle use the “farm use” land classification tables that would be appropriate for the land as if the land were in “farm use” production. Fallow land is currently employed in a farm use if it is “lying fallow for one year as a normal and regular requirement of good agricultural husbandry.” ORS 308A.056(3)(b).

“Letting land lie fallow is not an excuse, but a decision to be made before not after the fact.”

Jenkins v. Dept. of Rev., TC No. 3544, WL 468070 at *2 (Aug 24, 1994).

See also Meyer v. Wasco Co. Magistrate case TC-MD 050682E dated 1-17-06.

Land under processing facilities in EFU or non-EFU zones—ORS 308A.056, 215.213, and 215.283

Land under processing facilities in EFU or non-EFU zones qualifies for farm use special assessment if the facility for the processing of farm crops is **located on a farm operation** and at least one-quarter of the farm crops are processed at the facility. To receive farm use special assessment for the land under the facility **the facility must not exceed a total of 10,000 square feet of processing floor area** exclusive of the floor area designated for preparation, storage, or other farm use.

(See OAR 150-307-0460 for a definition of farm processing.)

Example 1: A five-building facility has one building with multiple floors. It is a gravity operation with a 2,000-square-foot processing area on the upper floor, 5,000 square feet on the main floor, and 5,000 square feet in the basement. This building exceeds 10,000 square feet of processing area, so the entire five-building processing facility will be denied or disqualified.

The 10,000 square foot measurement applies to the processing area(s) within the facility. Once it is determined the processing area meets the 10,000 square foot measurement, then the land under the entire processing facility qualifies. Generally, this can be broken down into three areas as follows:

1. Any land under supporting buildings or structures associated with the processing area such as maintenance, office, cold storage, warehousing, shipping and receiving areas also qualify for farm use special assessment if the processing facility continues to qualify.
2. Any land area necessary for the functional operation of the processing facility such as parking, loading, or storage areas also qualifies for farm use special assessment as long as the processing facility continues to qualify.
3. Land under any non-farm areas such as public tasting rooms and retail sales or non-farm buildings not used in conjunction with the processing facility or the farm operation won’t receive farm use special assessment.

For land under processing facilities, use the farm use land classification tables that would be appropriate for the land as if the land were in “farm use” production.

Land under buildings supporting accepted farm practices [ORS 308A.056(3)(f)]

Land under farm related buildings such as barns, machine sheds, general or special purpose buildings, etc., qualify for EFU or non-EFU special assessment if the buildings are used to support accepted farming practices of the farm unit receiving special assessment. Land under farm related buildings shall include the area around the buildings for access and parking, which is a necessary function for the farm operation.

For land under buildings supporting accepted farm practices, use the “farm use” land classification tables that would be appropriate for the land as if the land were in “farm use” production.

Woodlots (apply to both eastern and western Oregon)

No application is necessary to assess up to a maximum of 20 woodlot acres for “farm use” under ORS

308A.056(3) current employment statutes. Any acres EFU or non-EFU that meet the following criteria may qualify:

The woodlot must be contiguous to the farm unit acres receiving farm use special assessment and the woodlot must also be owned by the owner of the contiguous land specially assessed for farm use. For purposes of ownership, all owners of the farm unit are considered to be the owner.

A maximum of 20 acres of woodlot is allowed per farm unit. The 20 woodlot acres can be comprised of one woodlot or may be in several different locations and parcels miles apart as long as the woodlot acres are on the owners land and are contiguous to the specially assessed farm unit.

Any land constituting a woodlot that meets the above criteria may qualify.

No definition exists to define the type and volume of wood necessary to identify land qualifying for woodlot. As long as the land has potential useful wood volume up to 20 acres per farm unit can qualify. Woodlot acres may have sufficient stocking to qualify for “forestland” special assessment, but if the owner chooses to have the land specially assessed as a farm woodlot they may do so and receive up to 20 acres as farm woodlot.

For woodlots use the “farm use” land classification tables that would be appropriate for the land as if the land were in “farm use” production.

Accepted farming practice [ORS 308A.056(4)(a)]

The farming activity must be an “accepted farming practice,” which means the farming is conducted in a “mode of operation that is common to farms of a similar nature, necessary for the operation of such farms to obtain a profit in money, and customarily utilized in conjunction with farm use.” This definition not only defines what would qualify for “farm use,” but is also basic to the income approach when analyzing land classification tables for their “highest and best use.” The highest and best use for land use classification tables needs to represent what would qualify for “farm use” special assessment.

[See ORS 308A.056(1) for a definition of qualifying “farm use” activities.]

“Accepted farming practice” varies widely depending on the farming activity being conducted and geographical differences. An excellent source of information is the county’s Oregon State University Extension Service.

Zoning and planning statutes

Zoning and planning statutes regulate land use. They are not property tax assessment statutes. While there may occasionally be similarities between zoning and planning land use laws, don’t use these statutes to regulate property tax assessment. Always process the qualification of the land under Chapter 308A special assessment statutes. If the zoning or planning statute instructs you to disqualify land that is currently qualified, then process the account under Chapter 308A disqualification procedures.

The following planning statutes regulate rural land uses:

Zoning ordinances establishing exclusive farm use zones and definitions (ORS 215.203)

This statute defines “farm use” for the purposes of regulating farm use activities within an exclusive farm use zone. The statutory language is very similar to the “farm use” definitions of ORS 308A.056. Historically, ORS 215.203 defined “farm use” to qualify land for farm use special assessment. This caused confusion, because property tax statutes and planning statutes are often different. In 1999 when the farm use special assessment statutes were reorganized, the definition of “farm use” for special assessment purposes moved to its own statute under ORS 308A.056. Beginning with the 1999 reorganization, ORS 215.203 “farm use” language can no longer be used to qualify land for special assessment, instead ORS 215.203 is only used to identify farm uses for zoning and planning purposes.

Permitted uses in an exclusive farm use zone (ORS 215.213 & 215.283)

Both ORS 215.213 and 215.283 regulate uses that are permitted in an exclusive farm use zone. Originally, ORS 215.283 was the primary statute to regulate exclusive farm use zones. In the 1980s, planning concepts were developed to regulate “marginal lands.” For counties that adopted marginal land concepts, ORS 215.213 was created to allow changes for marginal lands. Counties that didn’t adopt marginal land concepts remained under ORS 215.283.

The first paragraphs of [ORS 215.213(1) and 215.283(1)] identify land uses that may be established in any area zoned for exclusive farm use. The second paragraphs of [ORS 215.213(2) and 215.283(2)] identify non-farm uses that require approval from a local governing body or its designee.

A zone not in compliance with these permitted or conditional uses may have to be specially assessed as a non-EFU zone. If you are uncertain whether a zone qualifies as EFU, it is recommended you contact your

local planning office and carefully review the details of the zoning ordinance with ORS 215.213 if your county has adopted marginal lands or ORS 215.283 if your county is a non-marginal lands county.

Non-farm dwelling in an exclusive farm use zone (ORS 215.236)

ORS 215.236 applies to land in EFU and affects the qualification of land for EFU farm use, forestland, open space, and wildlife habitat special assessment programs.

When an owner of the land obtains a permit to construct a “non-farm dwelling” from the local planning department, under ORS 215.236(4), the lot or parcel where the dwelling will be located is required to be disqualified and additional taxes paid prior to final approval of the non-farm dwelling land use application for any land under EFU farm use, forestland, and open space special assessment programs. A lot or parcel disqualified from one of these special assessments listed in ORS 215.236(4) must remain disqualified from special assessment unless it can meet the requirements of ORS 215.236(5) or 215.236(6).

ORS 215.236(5) (Requalification statute)

To satisfy ORS 215.236(5) the local planning department will combine a contiguous lot or parcel with the parcel subject to ORS 215.236 into one legal parcel. The acquisition of a lot line adjustment is a portion of a parcel and won't meet the requirements of ORS 215.236(5). An entire lot or parcel must be combined. When two parcels are combined to satisfy ORS 215.236(5) it isn't necessary for the newly combined lot or parcel to meet or exceed farm-related dwelling requirements such as the minimum zoning parcel size requirements. ORS 215.236(5) only requires the combining of contiguous parcels to requalify the land for EFU farm use or other special assessments.

Sometimes the dwelling parcel will be partitioned from a larger parcel so it is important to identify the lot or parcel the dwelling will be located on. Only the lot or parcel the dwelling is physically located on will be subject to the requirements of ORS 215.236. Any contiguous parcels not subject to ORS 215.236 may continue to receive EFU farm use or other types of special assessment.

ORS 215.236(6) (Only applies in counties that allow WLH) (conservation easement special assessment applies to all counties)

The special assessment restrictions of ORS 215.236 only apply to the special assessment programs identified under ORS 215.236(4). Both wildlife habitat (WLH) and conservation easement (CE) special

assessment programs are not listed for disqualification under ORS 215.236(4).

However, land already in WLH or CE special assessment at the time an owner applies for a non-farm dwelling and is later disqualified will be subject to ORS 215.236(5) before qualifying for any of the special assessments listed under ORS 215.236(4).

As specified in ORS 215.236(6) and (7), land that has been disqualified under ORS 215.236(4) may qualify for WLH or CE special assessment without having to meet the combining of land requirements of ORS 215.236(5).

After the land has been disqualified and any additional taxes paid under ORS 215.236(4) the land may requalify for CE or WLH special assessment under ORS 215.236(6) or (7), however, not all counties allow WLH special assessment. If the land requalifies under ORS 215.236(6) or (7) for WLH or CE special assessment, the account will be subject to ORS 308A.724(4). ORS 308A.724(4) specifies any WLH or CE special assessment land that was previously subject to ORS 215.236(5) may not apply for a different special assessment without first satisfying the requirements of ORS 215.236(5). However, land owners may change from CE to WLH, or WLH to CE without satisfying the requirement of ORS 215.236(5).

(See “Disqualification” section of this manual for the disqualification criteria of ORS 215.236.)

An owner of land can't apply for non-EFU farm use special assessment as long as the land remains located in an EFU zone. If the urban growth boundary (UGB) changes, the zone will remain EFU until the city rezones it. EFU land within a UGB is subject to ORS 215.236.

Any land that a city or county governing body changes under ORS 308A.709(1)(e) or owner-initiated change to other than an EFU zone is no longer subject to ORS 215.236 and may requalify for special assessment upon meeting special assessment requirements the same as any other land newly qualifying.

ORS 215.236 is a very strict statute that may leave the land disqualified from special assessment indefinitely until the requalification requirements of ORS 215.236(5) are satisfied. Often, owners continue to farm the land or engage in forest practices for years on land that is subject to ORS 215.236 that would otherwise meet farm use or forest use special assessment qualification requirements. There is no time limit.

Land zoned for urban uses (ORS 197.754)

A local government may identify land inside an urban growth boundary for which the local government

intends to provide urban services within the next five to seven years.

Upon adopting a capital improvement plan, the governing body may zone the area for urban uses.

On the date the zone for urban uses is established, the assessor must no longer qualify any more land under EFU or non-EFU special assessment. Since this is a zone change, existing EFU land must be disqualified under ORS 308A.113 and may be requalified as non-EFU special assessment under ORS 308A.077. Following the change in special assessment under ORS 308A.706(1)(d) as specified in ORS 308A.724, the owners will have five years to meet the use requirements of ORS 308A.068 and income requirements of ORS 308A.071.

Any land that ceases to be used for farm, use following the date the area is zoned for urban uses, may not requalify for EFU or non-EFU special assessment, as long as the land continues to be zoned for urban uses. Any land that has statutory requalification special provisions, such as ORS 308A.089 non-EFU income disqualifications, may requalify if the land was in farm use special assessment at the time the area was zoned for urban uses. Disqualified land may not qualify for farm use special assessment (rollover) from a different special assessment listed in ORS 308A.706(1)(d) if the land wasn't in farm use special assessment at the time the land was zoned for urban uses.

(See also "Disqualification" and "Additional tax" sections of this farm manual.)

Farmland qualification

It is important to make a distinction between qualified farmland and farmland that doesn't qualify for special assessment. In a parcel of land, only the area of land that meets the farm use qualification requirements will qualify for farm use special assessment. So there may be areas within a parcel that are being farmed, but are not in a qualifying farm use, such as non-EFU land that is being developed for farm use in phases. At the time of application for non-EFU, some of the land may have a three-year farm use history while other portions have just been put to farm use within the last year or two and will need an additional application when the land use can meet the minimum three of five year gross income test. There may also be land areas that are lying idle while other land areas are in production and under farm use special assessment. Portions that don't qualify for farm use special assessment or a different special assessment or exemption, will be assessed based on market value unless the law specifies otherwise.

Any qualified farm use land located in an exclusive farm use zone (EFU) must be assessed following EFU statutory criteria. Any qualified farm use land in all

other zones must be assessed following non-exclusive farm use (non-EFU) statutory criteria.

(See also the "Introduction" of this manual for interpreting EFU and non-EFU statutory criteria).

Farmland within an EFU zone (ORS 308A.062)

No application is required to qualify and assess land for farm use special assessment in an EFU zone when the owner is using the land exclusively for "farm use" with the intent to make a profit as defined and specified in ORS 308A.056. Exclusive use doesn't mean only farm use. Incidental non-farm uses are allowed provided the non-farm uses don't interfere or preclude the land from meeting farm use requirements. If incidental uses become the predominant use of the land, the land or any portion may be subject to disqualification.

Qualification for special assessment is determined as of the January 1 assessment date. Land beginning a qualifying farm use on January 1 or later of an assessment year will be qualified in the next assessment year provided the land continues in a qualifying "farm use." Each acre of land in a tax account is reviewed for qualification. Any acres not used for farm use, defined under ORS 308A.056, won't be included in farm use special assessment.

The statutes don't have a provision for the owner to request disqualification of EFU land from farm use special assessment when the owner uses the land for "farm use" with the intent to make a profit. If the assessor discovers EFU land is used for a qualifying "farm use" with the intent to make a profit, the land must be placed under EFU farmland special assessment, unless otherwise required by statute.

Non-EFU farmland (ORS 308A.068)

Non-EFU land **requires an application** under ORS 308A.077 and must meet the same ORS 308A.056 "farm use" criteria as EFU farmland and for the preceding two years had been in a qualifying "farm use". In addition, non-EFU land must meet the minimum income requirements of ORS 308A.071. Qualification for special assessment is determined as of the January 1 assessment date. Once qualified, non-EFU land is valued at its value for farm use in accordance with ORS 308A.107 using the same valuation tables and land classification system as EFU land. Each acre of land in an application is identified by tax account and is reviewed for qualification. Any acres not used for a qualifying farm use won't be specially assessed.

Non-EFU income requirements

Non-EFU minimum income requirements [ORS 308A.071(2)(a)]

Farmland isn't used exclusively for farm use unless in three out of the five non-flood and non-drought calendar years immediately preceding the January 1 assessment date, the farmland was operated as a part of a farm unit that has produced a gross income from farm uses in the amount applicable to the following unit sizes:

- Farm unit of **6 1/2 acres or less.**
 - Gross farm income shall be at least \$650.
- Farm unit of **more than 6 1/2 acres, but less than 30 acres.**
 - Gross farm income shall be at least equal to the product of \$100 multiplied by the number of acres and any fraction of an acre of land included.

Example: 25.83 acres × \$100 = \$2,583 minimum required gross farm income.

- Farm unit of **30 acres or more.**
 - Gross farm income shall be at least \$3,000.

OAR 150-308-1010 defines a farm unit as a farming enterprise, which includes all parcels being farmed by a single operator, whether the operator owns or leases the farmland. The land in a farm unit isn't required to be contiguous and may be located anywhere in Oregon.

Non-flood and non-drought years need to meet the criteria of ORS 308A.071(6). The landowner or operator needs to skip over any years that meet the criteria of ORS 308A.071(6) and still report five full calendar years of farm income. Each year is determined separately. Income can't be carried over or averaged with other years.

Determining the required gross income

To arrive at the number of acres for purposes of determining the required gross farm income amount, the acres devoted to farm uses under ORS 308A.056(1) **are subject to the income test.**

(See "Farm use defined [ORS 308A.056(1)]" in this section of the manual for a list of qualifying farm uses.)

For purposes of determining the required gross farm income amount, ORS 308A.071(2)(b) requires any acres devoted to "current employment" under ORS 308A.056(3) and the land, not exceeding 1 acre, used as a homestead **shall not be included in the income test.**

(See "Additional qualifying uses" defined as 'current employment' [ORS 308A.056(3)]" in this section of the

manual for a list of qualifying current employment uses.)

Example: A 100-acre parcel with a 1-acre homesite has 20 acres in woodlot, 50 acres in forestland, 20 acres in cropland, and the rest is wasteland. The income requirement is \$2,000 for the 20 acres identified as cropland under ORS 308A.056(1). All of the other acres are excluded from the acres subject to income testing for the following reasons:

The non-EFU homesite is specifically excluded from acres subject to the income test under ORS 308A.071(2)(b). The non-EFU homesite may qualify for home-site special assessment by separate application if the owner can meet the qualification requirements of ORS 308A.253.

The 20-acre woodlot is currently employed under ORS 308A.056(3). Any land currently employed under ORS 308A.056(3) is specifically excluded as specified in ORS 308A.071(2)(b).

The 50 acres of forestland is a different special assessment and is specifically excluded from farm use under ORS 308A.056(2).

Non-EFU wasteland may qualify for farm use special assessment only by separate application under ORS 308A.074 and isn't included in the number of acres to be tested for farm use income.

(For more examples, see "Additional examples of income requirements" in this section of the manual.)

Reviewing the reported income

To determine the **required gross income** amount, use \$100 per acre, but once the required income amount has been determined, it isn't required that each acre must produce \$100. To maintain qualification for farm use, all acres are required to produce farm income. Some acres may be marginal and produce much less than \$100; while it is possible that 1 acre may produce all of the required gross income. **All that is required is that the total income from the "farm unit" produces at least the required gross income amount.** (See OAR 150-308-1010 for definition of "farm unit.")

The farm income that can be used to satisfy the required gross income must come from farm production or acceptable farm use activities.

Farm production is the use of the farm land to produce income from the sale of farm products or farm by-products.

Farm use activities may include, but isn't limited to, farm related service income such as stud fees, bee pollination, stabling, or training horses.

For purposes of testing, the following types of income are not farm income:

1. Income from the sale of wood products from the farm woodlot.
2. Income from the sale of harvested forest products.

Note: Christmas trees are a farm product and the income from these trees qualify as farm income. Income from the sale of forest products grown in a farm nursery operation qualify as farm income from the sale of nursery stock.

3. Government payments are not income produced from the sale of farm products.

These are often payments to subsidize farm income or may be payments not to grow certain farm crops. Land in farm related government programs qualify for “current employment” under ORS 308A.056(3) and these acres are not included in the required gross income test.

Any income from actual farm production or farm use activities on land receiving government payments or in a farm related government program can be used as part of the income for the “farm unit.” Just the government payments can’t be used to satisfy the required gross income test.

4. Custom hiring such as leasing out farm equipment or income from custom farm labor doesn’t qualify as income from farm use activities. These are incomes received for services not related to the farmland being qualified.
5. Any farm income not from the production of the farmland of the farm unit being tested.
6. The imputed value of farm products from bartering or donations don’t comply with the farm use requirement to make a profit in money. (*Wood v. Lane County* TC-MD 080675C, Feb. 26, 2009)
7. Donations do not count as personal consumption or gross income for income qualification OAR 150-308-1010.

Testing of non-EFU land owned separately [ORS 308A.071(2)(c)]

Farm unit means a farming enterprise which includes all parcels being farmed by a single operator, whether the operator owns or leases the farmland. (OAR 150-308-1010)

The assessor shall consider the “farm use” of the land by the owner, renter or operator together with any other lands that are a part of one farming unit being operated by such owner, renter or operator (ORS 308A.059). The

land in a farm unit isn’t required to be contiguous and may be located anywhere in Oregon.

Farm parcel means the contiguous land under the same ownership whether it is assessed as one or more than one tax lot [ORS 308A.071(7)(a)].

Net share crop rental is the value of any crop or farm product the landowner receives for the payment of leasing or renting land for farm use production. This value is further reduced for any expenses the land owner may have incurred as part of farm production cost associated with the crop or farm product received for land payment. The resulting net value of the farm crop or farm product share is a net return to the land for farm use production.

If a farm parcel is operated as part of a farm unit and the farmland of the farm unit isn’t all under the same ownership, the following gross income requirements must be met [ORS 308A.071(2)(c)]:

Example: A farm unit is 100 acres, which includes a 20-acre parcel owned separately that is leased or rented. To test the 20-acre parcel, ORS 308A.071(2)(c) requires a two-part test.

Test 1: ORS 308A.071(2)(c) first requires the 20-acre parcel to be tested under ORS 308A.071(2)(a). ORS 308A.071(2)(a) provides instructions to test the parcel as part of a farm unit. The farm unit of 100 acres is required to produce at least \$3,000 gross farm income in three of the five preceding calendar years.

Test 2: ORS 308A.071(2)(c) states that, “in addition,” the gross income from farm use of the 20-acre parcel owned separately must be at least one of the following:

- a. One-half of the gross income requirement for ORS 308A.071(1)(a):

$$20 \text{ acres} \times \$100 \div 2 = \$1,000$$

This is satisfied by the 100-acre farm operator being able to demonstrate that he or she produces at least \$1,000 gross farm income from farming the 20 acres being tested.

No farm income for the remainder of the 100 acre farm unit can be used to qualify the 20-acre parcel for test 2.

- b. One quarter of the gross income requirement for ORS 308A.071(1)(a) in cash or net crop share rent. $20 \text{ acres} \times \$100 \div 4 = \$500$.

This is satisfied by the 100-acre farm operator paying the landowner of the 20-acre parcel \$500 in cash rent for the calendar year being tested. Or it may be satisfied by the owner of the 20-acre parcel receiving a portion of the farm income produced on the 20 acres, which is commonly called a crop share. The crop share payment is from the land owner’s

share of the sale of crops or cattle, or any other qualifying farm use income produced on the 20 acres being tested. Any farming expenses incurred by the 20-acre landowner must be deducted to arrive at a net income of \$500 attributable to the 20 acres under production.

See OAR 150-308-1050 for additional examples of income requirements.

Income from consumed products— ORS 308A.071 and OAR 150-308-1050

1. The value of **products consumed by the owner personally or in the farm operation shall constitute no more than 49 percent of the required gross income.** The farm value of any crop or livestock (less cost of livestock) used by the owner or in the farming operation is the amount of money the crop or livestock would have sold for in normal marketing conditions. [ORS 308A.071(7)(b)]
2. **In determining gross income from livestock, the purchase cost must be deducted from the gross sales price.**
3. **The burden of proving “farm income” under ORS 308A.071 is upon the owner or person claiming special assessment.** Failure to provide income information may result in disqualification under ORS 308A.116.

Non-EFU applications

“Non-EFU wasteland” application requirements (ORS 308A.074)

Wasteland, dry or covered with water, lying in or adjacent to and in common ownership with farmland shall be specially assessed at “farm use” value under ORS 308A.068, if the farmland was operated as part of a farm unit that produced over one half of the adjusted gross income of the owner or owners, in the year prior to the year an application is filed under ORS 308A.074. If both husband and wife are common owners of the farmland, their total personal income must be considered. A new application must be filed by April 15 each year that such assessment is desired.

[EFU wasteland doesn't require an application, see ORS 308A.056(3) for EFU wasteland.]

“Non-EFU farmland” application requirements (ORS 308A.077)

ORS 308A.077 requires that any owner of farmland seeking to qualify for non-EFU farm use special assessment under ORS 308A.068 must make application to the

assessor on or before April 1 preceding the first year in which such assessment is desired.

The application shall be on forms the Department of Revenue prepares and the assessor supplies.

One of the following may sign the application:

- a. The owner in fee simple or for life.
- b. Any one of tenants in common or tenants by the entirety in fee simple or for life.
- c. Any person of legal age, authorized in writing to sign an application on behalf of any person described in “a” or “b.”
- d. The guardian or conservator of an owner, or the executor or administrator of an owner's estate.
- e. The purchaser of the fee simple or life estate of an owner under a contract of sale.

“Acquired non-EFU farmland as part of a farming unit” application requirements (ORS 308A.080)

ORS 308A.080 applies to the acquisition of non-EFU farmland by farm units having any combination of EFU or non-EFU land.

Upon application under ORS 308A.077, acquired non-EFU land shall be valued at farm use values if all of the following criteria are met:

1. Acquired land is **put into farm use immediately upon acquisition.** The newly acquired land must be put to a qualifying farm use in a timely manner consistent with accepted farming practices.

Example: For cropland or any other farm practices that are seasonal, if the land is acquired after the season has begun and there isn't a growing crop, it is recommended to require immediate farm use in the next available season.

2. Acquired land is **operated as part of the total farming unit** with the original land. The original land doesn't have to be contiguous with the non-EFU land being acquired. (See OAR 150-308-1010 for definition of a “farm unit.”)
3. Acquired land owner **must file an application on or before April 1** preceding the first year special farm use assessment is desired. This can be any number of years beyond the date of acquisition, provided the land was immediately put into farm use upon acquisition. The first year the acquired property may be eligible for special assessment is the calendar year following acquisition. Any land acquired January 1 or later must wait until April 1 of the next calendar year. (See OAR 150-308-1070)

4. The purchaser of the acquired land owns the original land.
5. Original land is in farm use.
6. Original land is specially **assessed as EFU or non-EFU under ORS 308A.107.**
7. Original land **produced gross income of at least \$10,000** in the calendar year prior to acquisition.

Non-EFU land acquired under ORS 308A.080 that qualifies for farm use special assessment shall be added to and treated as part of the entire farming unit upon acquisition for purposes of meeting the gross income requirements of ORS 308A.071.

Reviewing non-EFU applications

Reviewing applications for non-EFU farmland requires a careful review of the application to determine which tax year the land first qualifies. Upon review of the history of the account the land may qualify in the current tax year or portions of the application may have to wait until the land can meet minimum farm use and/or income requirements. If the land is involved in a change of special assessment under ORS 308A.706(1)(d) roll over provisions the land will qualify immediately and the owner will have five years to meet minimum farm use and income requirements as specified in ORS 308A.724.

The following discussion provides information to determine qualification criteria under varying circumstances. (See also “Requalification” in this section of the manual.)

New applications: New applications must meet both the “farm use” requirements of ORS 308A.068(1) and the “farm income” requirements of ORS 308A.071 as follows:

“Farm use” requirements: ORS 308A.068(1) requires new applications of land to demonstrate current farm use at the time of application, and farm use for the immediate two years preceding the year of application for each acre under application.

“Farm income” requirements: ORS 308A.071 specifies at the time of application the farm unit must meet minimum farm use income requirements for three of the five immediate preceding non-flood, non-drought years, and farmer and non-farmer illness years. This is commonly called the “farm income test.”

(See ORS 308A.071 in this section for more information).

Non-EFU land under a new application takes at least two years if the land use is part of a farm unit within the past five non-flood, non-drought, farmer and non farmer illness calendar years and will likely require three years if the land isn’t part of an existing farm unit.

Example of two years to qualify: Sometimes land may have been disqualified from farm use within the preceding five years. At the time of application if the owner can prove qualifying income history within the preceding five years, it is possible to meet the three of five year income test and have an application approved with just the preceding two years “farm use” requirement of ORS 308A.068(1).

Example of three years or more to qualify: Non-EFU land that hasn’t been farmed in the past five years or more will need to be farmed at least three years before it can meet the three of five year “farm income” test. The “farm use” requirement for current use and two preceding years of “farm use” as specified in ORS 308A.068 will also need to be met at the time the application is submitted.

Each acre of land under application is reviewed for farm use. Farm use activities may change from year to year so the acres in use on an application may need to be qualified separately.

Acres requiring a separate application: Sometimes, an owner may already have a portion of his or her land in non-EFU special assessment and subsequently decides to clear additional land that hasn’t been recently farmed. The cleared land will require a separate application and because this land hasn’t been farmed in the past five years, it will take at least three years to meet both the “farm use” and “farm income” requirements.

When reviewing a new application, it may be discovered that not all of the acres under the application have been used for “farm use” for at least the two preceding years. The acres that can meet both “farm use” and “farm income” will qualify. Those acres that don’t meet either the “farm use” or “farm income” requirements will require a separate application at a future date when both the “farm use” and “farm income” requirements can be satisfied.

Example: An owner acquires land that hasn’t been farmed for several years and begins developing the land into a vineyard in phases of 5 acres each year. After three years the owner submits an application with no farm use in prior years four and five. As specified in ORS 308A.056(3), all acres planted into vineyard will qualify as immature perennials three years after being planted. Immature perennials don’t have to meet income requirements as specified in ORS 308A.071(2)(b).

The 5 acres that are three years old will qualify. The 5 acres that are two years old will qualify by separate application next year. The 5 acres that are one year old will qualify by separate application in two years. Any land that is planted in the current year will need to qualify by separate application in three years. Any land that hasn’t been planted in the current year will require

a minimum of three years following the year of planting. This is a good illustration why each acre needs to be reviewed separately for qualification.

Land uses may involve several different types of farm activities and some acres may have breaks in farm use or may have been used within the prior five years at the time of application. The important thing to remember is that each acre must be in a qualifying farm use under ORS 308A.056(1) or (3) for the two preceding years as required by ORS 308A.068(1) and must also meet the income requirements of ORS 308A.071. Any acres not qualifying may qualify by separate application when they can meet both the “farm use” and “farm income” requirements.

Note: These application requirements are for landowners who are submitting a timely April 1 application under ORS 308A.068, 308A.071 and 308A.077. If land has been disqualified from a different special assessment and is changing to non-EFU special assessment under ORS 308A.706(1)(d) and ORS 308A.724(2) **the qualification requirements for “farm use” and “farm income” are the same, but the owner has five years to meet them.** (See ORS 308A.718 “Disqualification, notification procedures” in the addenda of this manual for additional information on change in special assessments.)

(See “Non-EFU income requirements” of this section for information when reviewing applications for compliance with ORS 308A.071 income requirements.)

Change in special assessment under ORS 308A.706(1)(d): Following a disqualification, an owner may elect a “change in special assessment” and immediately qualify under ORS 308A.706(1)(d) to non-EFU farm use special assessment and **will have up to five years to meet both the “farm use” and “farm income” requirements** as specified in ORS 308A.724.

Note: See ORS 308A.724 for application timelines for a change in special assessment following a disqualification. See also “Disqualification notification procedures” in the appendix for additional information on change in special assessments.

Acquired land under ORS 308A.080: Newly acquired non-EFU land can qualify for farm use special assessment if an application is submitted by April 1 of any assessment year following acquisition. (See OAR 150-308-1070.) The land under application must be immediately put into “farm use” following acquisition, but doesn’t have to meet “farm income” requirements. The minimum \$10,000 gross income requirement for the existing farm unit will be used to meet the “farm income” requirement.

(See ORS 308A.080 in this section for additional information.)

Non-EFU “gross income questionnaires”

The income requirements of ORS 308A.071 is required as part of the application for non-EFU special assessment. In years following the year of application, the assessor is responsible to send “gross income questionnaires” to assure the non-EFU land under application **continues** to meet the “farm income” requirements of ORS 308A.071 meeting the same criteria as a new application. (ORS 308A.071(4) and (5), OAR 150-308-1050, 150-308-1070.)

The income questionnaire can also be used to verify the land continues in a qualifying “farm use”.

After initial application, continued “farm use” is required each year. However, because disqualifications are required to be timely, you may only use the current year or the entire prior calendar year to disqualify land no longer in farm use.

If the income questionnaire demonstrates any acres weren’t in a qualifying “farm use” in prior years two through five, you can’t disqualify for those years, but this may alert you to verify in future years that the land maintains a qualifying “farm use.”

If you discover land is no longer in farm use for the current year, it is recommended you notify the owner that he or she is in danger of losing the special assessment. If the owner continues to no longer use the land for the remainder of the current year, any portions of the land no longer in farm use should be timely disqualified in the next assessment year.

(See “Non-EFU income requirements” of this section for information when reviewing gross income questionnaires for compliance with ORS 308A.071 income requirements.)

Requalification

Requalification generally [ORS 308A.086(1) and (2)]

ORS 308A.086 allows EFU or non-EFU land that was previously in farm use special assessment to requalify provided the land can meet the EFU farm use requirements of ORS 308A.062, or in the case of non-EFU, meet application requirements the same as any other land qualifying for non-EFU special assessment under ORS 308A.068.

Special requirements for requalification of EFU and non-EFU land. [ORS 308A.086(3)]

- **ORS 308A.086(3)(a) relating to non-farm dwellings in an EFU zone:** Any EFU land that is subject to non-farm dwelling restrictions of ORS 215.236 shall not

requalify for farm use special assessment until the land is either no longer in an EFU zone or until the land owner combines the land with a contiguous parcel which satisfies ORS 215.236(5). (See “Disqualification” section of this manual.)

- **ORS 308A.086(3)(a) and (b) relating to compatible non use:** Any EFU or non-EFU land previously disqualified that is lying idle or isn’t being used for industrial, commercial, residential, or other use that is incompatible with a purpose to return the land to farm use is protected from collection of additional taxes under ORS 308A.706(1)(a). This land can requalify as long as there hasn’t been a “change of use”. If there has been a change in use such as residential, commercial, industrial, or any other use incompatible with returning the land to farm use, then the protection under ORS 308A.706(1)(a) no longer applies and the account should be processed following the statutory instructions of ORS 308A.712(2). (See “Disqualification” section of this manual).
- **ORS 308A.086(3)(b) relating to requalification of non-EFU land under ORS 308A.089:** If non-EFU land has been disqualified in the current year under ORS 308A.116(1)(c) for not meeting income requirements, it may requalify during the first year of disqualification under ORS 308A.089. If the land doesn’t requalify for non-EFU special assessment during the first year of disqualification, then it may requalify for non-EFU special assessment in a future assessment and tax year as specified in ORS 308A.086(1) and (2). (See “Disqualification” section of this manual.)
- **ORS 308A.086(3)(b) relating to subdivisions on non-EFU land:** When a subdivision plat is recorded on non-EFU land, the land is required to be disqualified under ORS 308A.116(1)(d). The land may requalify by meeting the requirements of ORS 308A.116(4). A new application under ORS 308A.724(3) is required to be submitted no later than 30 days following the disqualification. It is recommended to assist the taxpayers to make the timeliest requalification.
- **ORS 308A.086(3)(b) relating to abatement for failure to meet non-EFU income requirements:** Non-EFU land that has been disqualified under ORS 308A.116(1)(c) for failure to meet the income requirements of ORS 308A.071 may abate additional taxes provided the land is assessed based on market value and remains in limited farm use. For each year the land remains disqualified, but continues limited farm use practices, the oldest year of additional taxes will be abated. If during the abatement period, the land once again can meet the non-EFU qualification requirements of ORS 308A.068 like any other land being qualified, the land may requalify as specified under ORS 308A.122. (See “Disqualification” section of this manual.)

- **ORS 308A.086(3)(c) relating to change in special assessment of EFU or non-EFU land:** Following a disqualification from EFU or non-EFU special assessment, or any other special assessment identified under ORS 308A.706(1)(d), the land owner may have an option to change to a different special assessment. This is a form of requalification into a different special assessment. (See “Disqualification” section of this manual for timing and other information.)

Note: Some disqualifications don’t allow a change in special assessment under ORS 308A.706(1)(d). (See “Disqualification” section of this manual.)

Exempt farm property

Exempt agricultural products and equipment ORS 307.315, 307.320, 307.325 and 307.390 through 307.398 and OAR 150-307-0460.

Farm agricultural products, trees, shrub, plants, crops, fish, poultry, bi-valve mollusks (oysters), livestock, fir bearing animals, bees and vermiculture (worms) supplies and products defined in ORS 307.315 to 307.325 are exempt.

Farm machinery and equipment as defined in ORS 307.390 to 307.398 are exempt from property taxation:

- Farm machinery and equipment used **primarily:**
 - In the preparation of land, planting, raising, cultivating, irrigating, harvesting or placing in storage of farm **crops**.
Per (OAR 150-307-0460) machinery and equipment used to place a farm crop in storage are exempt from taxation. **However, once processing of the crop is begun, it is no longer a crop, but a product.**

Example: Apples are picked and go directly into cold storage. This would be considered “placing in storage of farm crops.” When these same apples are sorted, washed or boxed it becomes a product and placing it back into cold storage until sold isn’t considered “placing in storage of a farm crop.” At this point apples change from a crop to a product.

When the same machinery and equipment are used for both placing in storage a farm crop and processing a farm product, the primary use is what determines its assessment status.

Example: (OAR 150-307-0460) An unlicensed farm vehicle is used 45 percent of the time to move cleaned, sorted, washed, and bagged carrots ready for market (product); 30 percent of the time to move freshly-picked carrots from the field to the warehouse or cold storage facility;

and sits idle 25 percent of the time. The vehicle is used primarily in a non-exempt status and is fully assessable, even though that use isn't 50 percent or more of the time available.

- For the purpose of feeding, breeding, management or sale of or the produce of, livestock, poultry, fur-bearing animals or bees or for dairying and the sale of dairy products.
- In any other agricultural or horticultural use or animal husbandry or any combination thereof.
- Tools, machinery, and equipment, owned by or in the possession or under the control of the taxpayer that are used by the taxpayer predominantly in the construction, reconstruction, maintenance, repair, support or operation of the farm machinery, equipment, and other real and personal farm improvements.
- Center pivots, wheel lines, and movable set lines.
- Frost control systems.
- Trellises used for hops, beans, or fruit.
- Hop harvesting equipment.
- Oyster racks, trays, stakes, and other in-water structures used to raise bivalve mollusks.
- Equipment used for the fresh shell egg industry that is directly related and reasonably necessary to produce, prepare, package, and ship fresh shell eggs from the place of origin.
- Radio communications equipment, meteorological equipment, and other personal property used in connection with the operation of the field burning smoke management program established under ORS 468A.555 to 468A.620 and 468A.992.

Exempt government farmland ORS 307.060 and 307.110

Per ORS 307.060, leased real property of the United States held or occupied primarily for agricultural purposes under the authority of a federal wildlife conservation agency or held or occupied primarily for purposes of grazing livestock is exempt.

Per ORS 307.110(3)(b), real or personal property of this state or any institution or department thereof or of any county or city, town or other municipal corporation, or political subdivision of this state leased to or rented by persons, other than sub-leases or sub-renters, for agricultural or grazing purposes and for other than a cash rental or a percentage of the crop is exempt. If the government agency charges a cash rent or receives a percentage of the crop then the land is assessable. If the use of the land meets farm use qualifications of ORS 308A.056, the land should be assessed at farm use values.

Homesites ORS 308A.253

It is important to make a distinction between qualified homesites and homesites that don't qualify for home-site special assessment. Homesites that don't qualify for farm homesite special assessment are assessed based on market value the same as other rural lands as specified in OAR 150-308-0240.

"Homesite" means land under the dwelling and all tangible improvements to the land under and adjacent to a dwelling and other structures that are customarily provided in conjunction with a dwelling. As specified in OAR 150-308-1120, "homesite" includes site developments as defined in OAR 150-307-0010 and amenities associated with the raw, undeveloped land such as topography that affords the site a particular view, river frontage, property access, and utility access.

A homesite may consist of more or less than 1 acre in size. The specially assessed value of the homesite is the real market value of 1 acre of land regardless of the qualifying size of the homesite area. (See "Valuation" section.) ORS 308A.256(4)

EFU homesites used in conjunction with a farm operation don't require an application to qualify for special assessment under ORS 308A.253 and 308A.256.

Non-EFU homesites used in conjunction with a farm operation may qualify by annual application. To qualify the owner in the year prior to application must obtain over one-half of their personal adjusted gross income from farming as specified in ORS 308A.253. If both husband and wife are owners of the land under the dwelling their total personal income must be considered. Due to the strict personal income requirements not many non-EFU homesites qualify for homesite special assessment. Once qualified, the homesite will be specially assessed the same as any other qualified homesite under ORS 308A.250 to 308A.259. To continue non-EFU homesite qualification the owner will need to file a new application by April 15 each year homesite special assessment is desired.

Qualified homesites may be occupied by the farmer or anyone actively working the farm operation. Certain retired farmers may receive homesite special assessment provided they continue to meet the criteria under ORS 308A.253. Homesites that are vacant (including retired farmer homesites) continue to qualify as long as they are not rented or leased out for non-farm purposes. ORS 308A.259

Farm labor camps are not homesites. Any qualifying farm labor camp should be processed under ORS 307.480 to 307.510.

Picker cabins and other temporary farm worker shelters that don't qualify as farm labor camps or farm homesites may be considered farm related buildings

as long as they are not rented or leased for non-farm purposes. The land under these facilities should be specially assessed under ORS 308A.107 according to their farm use productivity classification the same as any other farm related building.

Potential additional tax notation (ORS 308A.083)

Once qualified the notation “potential additional tax liability” shall be entered on the assessment and tax roll. The notation will remain on the roll until the tax has been either cancelled or paid.

Sometimes the notation will remain even if the land is no longer qualified. See “Disqualification” and “Additional tax” sections for removal of the notation.

Appeals—Magistrate Division

An applicant may appeal an application that has been wholly or partially denied because the property failed to qualify for special assessment to the Magistrate Division of the Oregon Tax Court. A complaint filed with the Magistrate Division requires a filing fee. The appeal must be filed within 90 days of the knowledge of the denial, but not later than one year after the act. More information can be found in ORS 305.275, 305.280, 305.404 to 305.560, and 308A.718.

Complaints to the Magistrate Division should be mailed or delivered to the following addresses.

By mail:

Oregon Tax Court
Magistrate Division
1163 State Street
Salem OR 97301

In person:

Clerk, Oregon Tax Court
Magistrate Division
1241 State Street NE
Salem OR 97301

Decisions of the Magistrate Division may be appealed to the Regular Division of the Oregon Tax Court within 60 days after the date of the decision with an additional filing fee.

Appeals—Oregon Department of Revenue

When the county has denied an application due to late filing, the taxpayer may apply to the Department of Revenue for relief under ORS 307.475, the hardship statute. Petitions filed under the hardship statute may be filed through December 15 of the year in which the failure to apply timely for the special assessment occurred.

Petitions to the department should be mailed to:

Property Tax Division/Conference Unit
Oregon Department of Revenue
955 Center Street NE
Salem OR 97301-2555

If the department determines that the taxpayer had good and sufficient cause for not filing a timely application with the assessor, the department may send a written recommendation to the assessor to approve special assessment for any land that would qualify under the application.

If the department fails to find cause to issue a recommendation to the assessor, the petitioner may appeal the department's order to the Magistrate Division within 90 days. The magistrate will review the case and determine whether the department abused its discretion when it declined to recommend the assessor accept the application.

Valuation

Introduction

Before 1963, assessments of Oregon farm properties were based on market data information that didn't represent the sale of comparable property for comparable uses. ORS 308.345 (now under ORS 308A.092) was enacted to provide for the valuation of certain agricultural land to reflect value for farm use only.

The special assessment provided by ORS 308A.092 pertains to two categories of land:

1. Farm land located in an exclusive farm use zone. (EFU)
2. Farm land located outside an exclusive farm-use zone, which is specially assessed because the owner's application for special assessment is approved. (Non-EFU)

Both categories of farmland must be primarily devoted to farm use as provided by ORS 308A.056 (farm use) to qualify for the special assessment.

If a farm isn't within an exclusive farm use zone and the owner doesn't file an application for farm use assessment or qualify for another special assessment or exemption program, the appraisal, for assessment purposes, must be based on market value for highest and best use as provided by ORS 308.205 and 308.146.

Farm use mass appraisal procedures

The basic procedure followed in the mass appraisal of properties that qualify for farm use special assessment is:

- Classify land and establish value zones under ORS 308A.107;
- Use an income approach under ORS 308A.092 to establish typical net incomes per acre for each land classification in each value zone;
- Capitalize farm use net income for each tax code area (ORS 308A.092);
- Complete valuation land card; and
- Assess each acre (or portion) of land using appropriate land classification tables and assessment valuation requirements of ORS 308A.107.

Any portions of a farm such as non-qualifying homesites, non-qualifying wasteland, non-qualifying farm land, real property improvements, buildings, fixtures (except property described in ORS 307.390 to 307.398), or taxable property that doesn't qualify for farm use special assessment valuation under ORS 308A.107 or

homesite valuation ORS 308A.256 will be appraised for its highest and best use based on real market value in accordance with ORS 308.205 and 308.146 unless it qualifies for exemption or other special assessment such as forest land, historic property, open space, riparian land, etc.

Land classification

The appraiser in the field classifies land by using aerial photographs. Classification lines are drawn directly on the photo as illustrated in the soil classification map example. Much of the land capabilities and usage can be identified by examination of the aerial photographs. Obvious physical features such as cultivated land, rock outcroppings, and wet spots can be identified on the photograph. However, a field inspection is necessary to determine things such as soil depth and texture, and to check the indications on the photo for any changes that may have occurred since the photo was taken, such as clearing, leveling, or irrigation. (See addenda for "Land classifications" and see "Accepted farming practice" in the "Qualification" chapter of this manual.)

Value zones

Land values are established on a per acre basis for each class of land. It is often necessary to divide the county into value areas or zones. Geological or economic conditions might change the value for the same class of soil in different areas. Variables such as rainfall, frost zones, and distance to market centers can result in different values for the same class of land. These value differences can be assessed using value zones.

Land classification and appraisal records

The land classification systems that most counties use recognize the productivity concept of value inherent in the income approach required by ORS 308A.092. To use the land classes, the assessor must develop the net income to be capitalized for each of the land classes. Once this has been done, the assessor can proceed to capitalize the net incomes to obtain the farm use values of the various land classes. An appraisal land card must be completed by extending the farm use value of each land class against the number of acres of the class in the tax lot. This procedure is the same as that followed in completing market value farm land appraisal cards. The homesite value, and any other land not qualifying for farm use assessment, even though it is appraised

based on market value, should be carried on the farm use appraisal card.

Note that the computation of the farm use value does not in itself meet the requirements of ORS 308.234 (when the property was last appraised). To be considered as a current appraisal, the property must be visually inspected at the site to reflect any changes that have occurred since the last physical appraisal. In addition to changes in the specially assessed portions of the property, a current market value appraisal must be made. The current farm use record shall show the date the last

physical appraisal of the property was made and the appraiser making the appraisal.

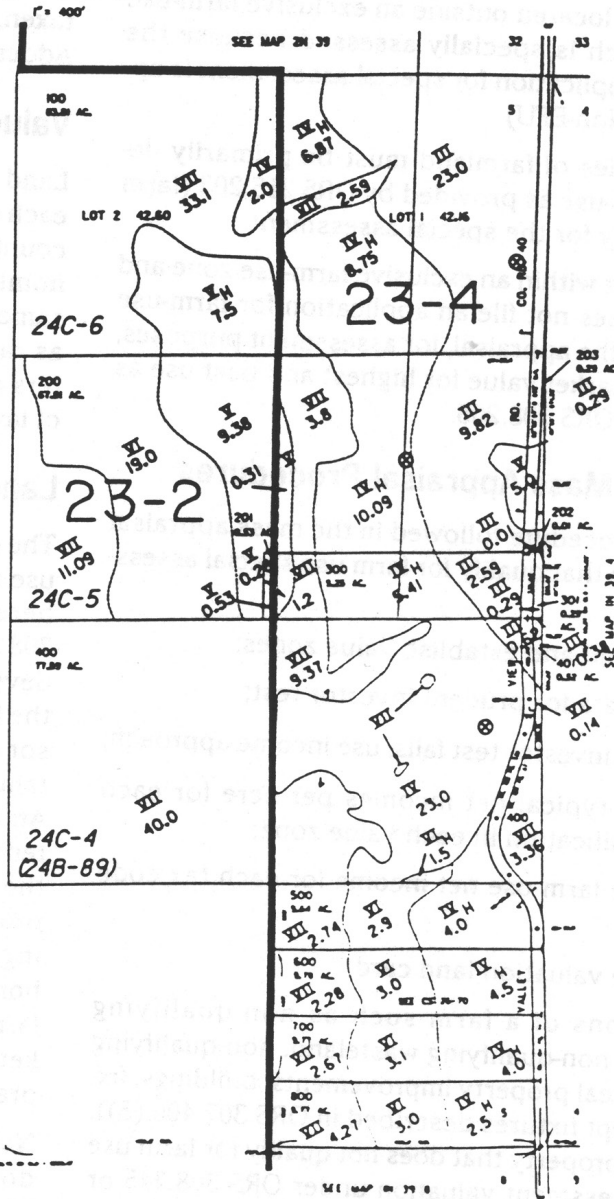
The assessor shall keep all data and the computations used in developing farm use values based on land class. This is done annually for each assessment roll.

A soil map identifies land productivity and classification. The soil map should identify the basic land class and number of acres in each land class for each tax lot or parcel. The land class acreage is then recorded onto the "specially assessed land appraisal" card. The following is an example of a soil map.

THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSE ONLY

SECTION 5 T.5N R.39E. W.M.
UNION COUNTY

IN 39 5
SOIL MAP



SOIL MAP
IN 39 5

Farm board of review

ORS 308A.095 provides for an optional county board of review that is advisory in nature and is restricted to the review of the income and expense factors the assessor uses to appraise farm-use land.

The appraisal process can be lengthy and the board has a limited time to do its work. Therefore, the assessor is urged to provide the board with all information to be reviewed in a timely manner. Information submitted to the board should include all data considered in arriving at typical incomes and expenses.

By statute (ORS 308A.095), each county board has five members. Two members represent county business, are appointed by the county court, and serve two years. The county assessor appoints two members and they serve two years. One member is appointed by the four members appointed to the board and serves one year. All members must be knowledgeable and experienced in agricultural land values.

The board of review is subject to the “public meetings laws” of ORS 192.610 to 192.690 and legal notice requirements of ORS Chapter 193. Therefore, meetings are open to the general public and a notice of time and place of the meetings must be given. Written minutes of all meetings must be kept and made available to the public.

Income approach to farm use land value

Each year the assessor shall determine farm use values by using the “income approach” in ORS 308A.092 and 308A.107.

The application of this statutory income approach requires the development of two basic components:

- Net income per acre (before local property taxes); and
- Capitalization rate (which includes a component for local property taxes).

The net income per acre is divided by the capitalization rate to arrive at a specially assessed value (SAV) per acre for land qualifying for farm use special assessment.

The calculated SAV per acre for each class and area is then recorded into tables. Each SAV table has a corresponding maximum specially assessed value (MSAV) table.

Each year the MSAV table from the prior year for each class and area is adjusted in compliance with ORS 308A.107 and carried forward to create a corresponding MSAV table for the SAV tables created from the current year farm income study. The assessed value (AV) for each land class in a tax account is then determined per acre by

selecting the lesser of the SAV table or the MSAV table. (See also “Maximum specially assessed value (MSAV) for farmland” of this section of the manual.)

Net income per acre (before local property tax)

The assessor has the responsibility to determine, by land class, the net income of farmland to be capitalized into a farm use value. To develop a net income the following farm income methods can be utilized:

- Cash rent.
- Crop share.
- Owner operator.

Note: For examples and an explanation of each of these methods, see “Farm use income approach examples” of this section of the manual.

Property tax expense isn't deducted from the gross income, because the legislated capitalization rate includes an allowance for property taxes.

Capitalization rate (includes a component for local property taxes)

The capitalization rate shall be the effective rate of interest the Federal Farm Credit Bank System charges at the time of closing on loans for farm properties. This is estimated as an average over the immediate past five years, plus a component for the local tax code rate. The Oregon Department of Revenue will annually determine and certify to the county assessors the interest rate to be used. It shall be the responsibility of the assessor in each county to determine the tax rate for each tax code area in which farm use property is located. The appraiser adds this tax rate to the interest rate certified by the Oregon Department of Revenue to arrive at the capitalization rate to be used. (See addenda for example of the DOR interest rate certification letter).

Example of farm use calculation:

| | | | | |
|----------------------|---|-----------------|---|------------------|
| <i>Interest rate</i> | | <i>Tax rate</i> | | <i>Cap. rate</i> |
| (7.11% | + | 1.62% | = | 8.73%) |

| | | |
|-----------------------|---|-------------------------------|
| Typical rent/AC | = | \$50.00 |
| Typical expenses/AC | = | <u>- 2.50</u> |
| Typical net income/AC | = | \$47.50 (before property tax) |

$$\frac{\text{Typical net income/AC}}{\text{Capitalization rate}} = \text{Farm use SAV per acre}$$

$$\frac{\$47.50/\text{AC}}{8.73\%} = \$544 \text{ Farm use SAV per acre}$$

Farm use income approach examples

This section provides examples of how income data can be used to estimate farm use value for land. The custom in the area and the availability of data will determine which method (cash rent, crop share, or owner operator) is best. The yields, prices, and other data used in the following examples illustrate the income technique and development of farm use value based on the assessor's land classification.

General farm area

The typical rental agreement in the general farm area is a cash rent lease. Cash rents should be used to analyze land income in these areas. However, if you are unable to obtain sufficient cash rental data, it may be necessary to employ the crop share method.

Rent levels will vary depending on whether the land is irrigated or dry. In some instances, rent includes an amount for the irrigation system as well as for the land involved. In such cases, the gross rent must be reduced by the rent for the irrigation equipment to determine the amount of rent attributable to the land.

The following are examples of how to calculate and make the reduction to gross rents for irrigation equipment and other landlord expenses.

Assessor's class I irrigated land (landlord irrigation)

Valuation of class I irrigated land with landlord furnishing the irrigation equipment.

Basic data:

1. The irrigation development consists of a drilled well, electric motor and pump, electrical services, buried mainlines, and hand move laterals. The well is part of the land and its value will be included with the farm use value. The motor, pump, and buried mainlines are real property improvements and will be assessed based on real market value on an improvement appraisal card. The hand move laterals are personal property and are exempt from taxation pursuant to ORS 307.398.
2. The land and irrigation equipment are rented for a cash amount per acre with the landlord responsible for major repairs on the motor and pump. In addition, the landlord expenses are property taxes, liability insurance, and management of the investment (tenant manages the operations on the land). The tenant is responsible for **all other maintenance and the electric power costs**.
3. An amount needs to be deducted from the landlord's gross income to satisfy the requirement of the investment in the irrigation equipment in addition

to the above landlord costs. The amount deducted shall consider the return on the investment, return of the investment (depreciation), and an amount for property taxes on the equipment. The interest rate for the return on the investment will be the market rate on which the investment is made. Assume for the following example that the net income for the investment (land and equipment) is based on the same rents used for the farm use computation and recent sales reflects a 2.9 percent rate of return. In the example the irrigation equipment assessed as real property improvements (pump, motor, and underground mainline) has a remaining life of 15 years, and the personal property (sprinkler laterals) has a remaining life of 10 years. The tax rate for the code area in which the property is located was 1.62 percent for the past tax year.

4. Rent is for bare land; therefore, no deduction is required for ORS 307.320 (deciduous trees, etc.).

Valuation:

| | | |
|--------------------------------|---------|-----------------------|
| Landlord gross income per acre | | \$110.00 |
| Landlord expenses | | |
| Management at 3% | \$3.30 | |
| Insurance—liability | 1.00 | |
| Major repairs | 3.00 | |
| Irrigation equipment | | |
| Real, \$150 per acre @ 11.19%* | \$16.79 | |
| Irrigation equipment | | |
| PP, \$35 per acre @ 12.9%** | + 4.52 | |
| Total expenses | | <u>28.61</u> |
| Landlord net income to land | | <u><u>\$81.39</u></u> |

| | | |
|---------------------|--------------|--|
| Interest rate | 7.11% | Certified by DOR |
| Tax rate | + 1.62% | Estimated rate for the district in which the property is located |
| Capitalization rate | <u>8.73%</u> | |

$\$81.39 \div 8.73\% = \932 Farm use SAV per acre for assessor's class I irrigated land

* Interest 2.9% + Depreciation 6.67% + Taxes 1.62% = 11.19%

**Interest 2.9% + Depreciation 10.0% = 12.9%

Note: For an explanation of interest, see "Developing rate of return." pg 3-10

Assessor's class I row crop land (crop rotation)

Basic data:

1. Assessor's class I irrigated land rents for different amounts, depending on the crops raised. The crops grown are fitted to a rotating pattern. Two years of potatoes are followed by two years of grain and then five years of alfalfa. After alfalfa, the land is put back

in potatoes. In determining the typical rent, consideration must be given to the crops grown. The rents to be used are those received by owners for the various uses in the prior year. An example is:

| | |
|--|----------------|
| 2 years rented for potatoes at \$210 per acre | \$420 |
| 2 years rented for grain at \$80 per acre | 160 |
| 5 years rented for alfalfa hay at \$100 per acre | + 500 |
| 9 years | <u>\$1,080</u> |

$\$1,080 \div 9 \text{ years} = \120 per year typical rent.

- The land is irrigated with the tenant responsible for upkeep and cleaning of the ditches. If irrigation equipment is included, an extra amount is charged per acre.
- The landlord is responsible for furnishing the alfalfa seed when the stand is established. The landlord's alfalfa stand costs and allowance per year is:

| | |
|---------------------|---|
| Cost of seed | \$35.00 |
| Establishment risk* | + 3.50 |
| | <u>\$38.50</u> |
| | $\$38.50 \div 9 \text{ year} = \4.27 per year |

*One out of 10 seedings will fail resulting in the additional cost of \$35 for seed. The tenant is still responsible for the cash rent and will normally plant a grain crop in the year of the seeding failure.

Seed $\$35.00 \div 10 = \3.50

- The landlord's other typical expenses include property taxes, liability insurance, management, and water charge. The expense for water is the operation and maintenance charge (O&M). Any payments for debt retirement and interest of the irrigation district are not deductible.

Valuation:

| | | |
|---|--------------|--|
| Landlord gross income per acre | | \$120.00 |
| Landlord expenses | | |
| Management at 3% | \$3.60 | |
| Insurance—liability | 1.00 | |
| Water (O&M) | 29.35 | |
| Power cost | 10.40 | |
| Alfalfa stand | + 4.27 | |
| Total landlord expenses | <u>48.62</u> | |
| Landlord net income to land before property taxes | | <u>\$71.38</u> |
| Interest rate | 7.11% | Certified by DOR |
| Tax rate | +1.62% | Estimated rate for the district in which the property is located |
| Capitalization rate | <u>8.73%</u> | |

$\$71.38 \div 8.73\% = \817.64 Farm use SAV per acre for assessor's class I row crop land

Center pivot irrigated lands (crop rotation)

Basic data:

The preferred method of determining farm use value for pivot irrigation systems uses current rents of developed pivot irrigation land. The rents usually reflect irrigated farm land being rented with an expectation of making a profit from raising cash crops.

Circle pivot irrigated lands rent for different amounts depending on the crops raised, soil productivity, and whether buildings and structures are included in the lease. The example shown is for a five year bare land lease. Pumping power costs or water charges will vary depending on the type of water source, the distance from the water source, and the depth of wells.

Example: The landlord has developed the pivot irrigation system, 135 acres are irrigated, and potatoes are the main cash crop in this five year rotation:

5-year lease with crop rotation

(potatoes are main cash crop)

| | |
|--|-----------------|
| 1 year potatoes gross rent per acre | \$375.00 |
| 3 year alfalfa gross rent per acre (135 x 3) | 405.00 |
| 1 year corn gross rent per acre | +135.00 |
| | <u>\$915.00</u> |

$\$915.00 \div 5 \text{ years} = \183.00 average gross rent

Valuation:

| | | |
|--------------------------------|---------------|--|
| Landlord gross income per acre | | \$183.00 |
| Landlord expenses | | |
| Management at 5% | \$9.15 / acre | |
| Insurance liability | 2.00 / acre | |
| Water (power/water cost) | 60.00 / acre | |
| System repairs | 20.00 / acre | |
| System charge* | 13.43 / acre | |
| Pivot charge | +25.20 / acre | |
| Total landlord expenses | | <u>-129.78</u> |
| Landlord net income to land | | <u>\$53.22</u> |
| Interest rate | 7.11% | Certified by DOR |
| Tax rate | + 1.62% | Estimated rate for the district in which the property is located |
| Capitalization rate | <u>8.73%</u> | |

$\$53.22 \div 8.73\% = \609 Farm use SAV per acre for row crop circle pivot irrigated lands

*Assessed value of machinery and equipment: \$16,200

$\$16,200 \div 135 \text{ acres} = \120.00 per acre

| | |
|----------------------|---------------|
| Return on investment | 2.90% |
| Return of investment | 6.67% |
| Tax rate | <u>+1.62%</u> |
| | 11.19% |

$\$120.00 \times 11.19\% = \$13.43 \text{ per acre system charge}$

Machinery and equipment consists of property improvements needed to support the operation of the center pivot such as motor, pumps, pumping station, pipe clusters, buried pipeline, and pivot pad.

**Market value of typically maintained center pivot: \$30,375

$\$30,375 \div 135 \text{ acres} = \225.00 per acre

| | |
|----------------------|--|
| Return on investment | 2.90% |
| Return of investment | 8.30% |
| Tax rate | <u>+0.00%</u> (exempt per ORS 307.398) |
| | 11.20% |

$\$225.00 \times 11.20\% = \$25.20 \text{ per acre pivot charge}$

Center pivot developed by lessee

An alternate method of determining farm use value uses long term leases where the lessee installs the irrigation system. A disadvantage of this method is that it is hard to know if the contract rent of a long term lease is, in fact, current market rent.

Example 1: Existing farmland conversion

(Landlord pays property taxes)

A fairly flat dryland wheat field is a cash rent lease at \$45 per acre for 20 years with the tenant to install a center pivot irrigation system including the water delivery system to the field. The landlord pays taxes on the land and the tenant pays the taxes on the improvements. The landlord also pays liability insurance of \$2.00 per acre. The DOR interest rate is 7.11 percent and the tax rate is 1.62 percent.

Valuation:

| | |
|---------------|----------------|
| Rent per acre | \$45.00 |
| Insurance | <u>- 2.00</u> |
| Net rent | <u>\$43.00</u> |

| | | |
|---------------|----------------|--|
| Interest rate | 7.11% | Certified by DOR |
| Tax rate | <u>+ 1.62%</u> | Estimated rate for the district in which the property is located |

Capitalization rate 8.73%

$\$43.00 \div 8.73\% = \492 Farm use SAV

Example 2: Develops sagebrush land

(Lessee pays taxes)

An uneven sagebrush patch is leased for 15 years at \$40 per acre. The tenant clears and levels the land, pays all taxes, and installs the irrigation system. The landlord pays only liability insurance at \$2.00 per acre. The DOR interest rate is 7.11 percent, the rate of return from sales of similar uneven sagebrush land is 2.9 percent, and the estimated tax code rate is 1.62 percent.

The clearing, land leveling, and soil preparation costs are \$17.50 per acre. This is an additional cost to the tenant and needs to be reflected in the rent paid.

Valuation:

| | |
|---------------------------------------|---------------|
| Rent per acre | \$40.00 |
| Insurance | <u>- 2.00</u> |
| Net rent | \$38.00 |
| Tenant land preparation adjustment* | <u>+ 1.67</u> |
| Net rent after preparation adjustment | <u>39.67</u> |

Adjustment for tenant paying tax

(Cap. rate \div DOR int. rate)

$8.73\% \div 7.11\% = 122.8\%$ (portion of capitalization rate attributed to property tax)

Adjusted net rent ($122.8\% \times \$39.67$) = \$48.71

$\$48.71 \text{ net rent} \div \text{cap. rate of } 8.73\% = \$557 \text{ Farm use value}$

Note: Dividing \$39.67 in example 2 by the DOR rate of 7.11 percent achieves the same value. However, making the adjustment to \$48.71 allows this to be compared to rents where the landlord pays the land taxes to determine a typical rent. Using this method also fulfills ORS 308A.092, which says the capitalization rate must include the local tax rate.

*Adjustment for tenant land preparation

| | |
|--|----------------|
| Interest rate of return | 2.90% |
| Recapture (1 \div 15) of irrigation system | <u>+ 6.67%</u> |
| Cap. for land preparation | 9.57% |

Clearing, leveling, and soil preparation: \$17.50

Land preparation adjustment: $\$17.50 \times 9.57\% = \1.67

If the landlord pays all taxes, the tax per acre on the improvements should be subtracted from the rent. Check the leases carefully. As indicated in example 2, a small thing like who pays the land taxes can make a large difference in the net rent. Making no adjustment for clearing, leveling, and soil preparation or tenant paid taxes would have indicated a farm use SAV of only $\$38.00 \div 8.73 = \435 .

Valuation of class III non-irrigated land

(Cash rent)

Basic data:

1. Cash rented for \$50 per acre for bare land.
2. Landlord's typical expenses include property taxes, liability insurance, and management of the investment.

Valuation:

| | | |
|---|--------------|----------------|
| Landlord gross income per acre | | \$50.00 |
| Landlord expenses | | |
| Management at 3% | \$1.50 | |
| Insurance liability | <u>+1.00</u> | |
| Total landlord expenses | | <u>-2.50</u> |
| Landlord net income to land before property taxes | | <u>\$47.50</u> |

| | | |
|---------------------|----------------|--|
| Interest rate | 7.11% | Certified by DOR |
| Tax rate | <u>+ 1.62%</u> | Estimated rate for the district in which the property is located |
| Capitalization rate | <u>8.73%</u> | |

$\$47.50 \div 8.73\% = \544 Farm use SAV per acre for assessor's class III non-irrigated land

Wheat farm area

The crop share rental is the usual rental agreement in the wheat counties. For many years the typical crop share allocation was one third to the landlord and two thirds to the tenant. However, this allocation of the crop has been changing in recent years as leases are renewed to reflect changes in wheat prices, yields, cost of farming, and government programs. Some, but not necessarily all, of those variations are as follows:

1. Landlord receives one third of the crop; pays one third of the fertilizer and weed spray material; and pays all of the real property taxes.
2. Landlord receives one third of the crop; and the tenant pays for all of the fertilizer, weed spray material, and property taxes.
3. Landlord receives 40 percent of the crop and pays only the property taxes.

Because of variations, it is important that the rental data be obtained from the individual county as it is essential that rents be based on typical landlord/tenant agreements for the area involved.

The government farm programs change over time and may affect prices received for wheat and the number of acres that can be planted in wheat. Program controls

may vary from year to year and from county to county, requiring that this data be obtained from the individual county United States Department of Agriculture Natural Resources Conservation Service (NRCS) office.

The past government program allowed the planting of wheat on a percentage of the total wheat base acres, which was considered in determining the cropping program. Under the 1965 and 1970 farm programs, when a certain number of acres had to be set aside, wheat growers were paid certificate payments for the part of the crop that went for domestic consumption. The certificate payment was added to the market price the grower received for wheat to arrive at the total wheat income. A later program did away with these certificate payments and was replaced by a target price for wheat. As long as the market price of wheat (five month average, July through November) was above the target price, no payments were normally received by the grower from the government.

The 1988 and 1989 farm programs required a certain number of acres to be diverted from wheat. Producers were paid a deficiency payment. The payments, when added to the market price the grower received for wheat, equaled the total wheat income. It was necessary to convert these payments to an amount per bushel of wheat raised.

In today's market, the government continues to provide wheat and barley subsidies for price control and is more actively involved in crop insurance to minimize loss from crop failure not covered by private insurance.

To ensure that all the counties are using a similar base on which they compute farm use specially assessed values for wheat land, the market price of wheat will be determined annually by the Department of Revenue, and the expense period as shown in the following example will be used.

Assessor's class III dryland wheatland (crop/share) (summer fallow area)

Basic data:

1. The typical rental agreement is a crop/share rent with the landlord, who only furnishes land, receiving one third of the crop and paying one third of the cost of fertilizer, spray material and their application expense plus the cost of fire and hail crop insurance. In addition, the landlord pays all the property taxes and liability insurance.
2. Typically, 90 percent of the crop is planted in wheat and the 10 percent not in wheat is rotated into barley.
3. The price of wheat determined by the Department of Revenue for 2006 issued to the assessor was \$3.72

per bushel. This price is the average of the two preceding August 1 through December 31 dates, for No. 1 soft white wheat, adjusted for grades, at Portland, Oregon. Based on tenant delivery to the local elevator, the average marketing and storage costs the past two years has been \$0.46 per bushel (storage 0.06, handling 0.12, transportation 0.25, and wheat growers tax 0.03). \$3.72 less \$0.46 = \$3.26 net to the grower. The average government subsidy payments for the last two years is \$0.52 for the bushels raised. The \$0.52 added to the \$3.26 wheat price equals the total income from wheat—\$3.78 per bushel with typical yields of 55 bushels per acre. **Note:** Any other legitimate income or expenses may require an adjustment to the price.

4. For illustration purposes, the average price of fertilizer was \$0.50 per pound of nitrogen and \$5.35 per acre for spray material for the past two years. One and one-quarter pound of nitrogen fertilizer is applied for each bushel of wheat production. One pound of nitrogen is applied for each bushel of barley production—with typical yields of 50 bushels per acre.
5. Crop insurance has been running \$1 (\$0.70 for hail and \$0.30 for fire) for each \$100 of insured value. Liability insurance based on the typical operation size has been \$0.10 per \$100 gross income. Multi Peril Crop Insurance (MPCI) for uninsured crop losses such as drought or crop failure is typically \$5.00 per acre in the county. **Note:** CRC Federal Crop insurance for uninsured crop losses is another form of government crop insurance available but the typical grower in the county prefers MPCI.
6. The typical wheat farm in the county isn't fenced. For those farms that are fenced only about one third of the landlords pay any of the fencing cost. (Tenant doesn't pay extra for any grazing.)

Valuation:

Gross income per acre

| | |
|---|---------------|
| 55 bushels per acre yield at \$3.78 = \$207.90 x 0.9 = | \$187.11 |
| 50 bushels per acre yield at \$2.50 = \$125 x 0.1 = | <u>+12.50</u> |
| | \$199.61 |

Landlord receives 1/3 of crop every other year from each acre (1/3 ÷ 2 years = 1/6)

| | |
|--|---------|
| Annual landlord gross income \$199.61 x 1/6 | \$33.27 |
|--|---------|

Landlord expenses:

Fertilizer (nitrogen):

| | |
|---|---------------|
| Wheat 68.75 lbs. N x \$0.50 = \$34.38 x 0.90 | \$30.94 |
| Barley 50 lbs. N x \$0.50 = \$25 x 0.10 | 2.50 |
| Weed spray | 5.35 |
| Crop ins. \$199.61 x \$1 per \$100 | 2.00 |
| MPCI ins. \$5/acre | <u>+ 5.00</u> |
| | \$45.79 |
| \$45.79 x 1/6 = | \$7.63 |
| Management (\$33.27 x 5%) | 1.66 |
| Liability ins. \$199.61 x \$0.10 per \$100 | <u>+ 0.20</u> |
| Total landlord expenses | <u>- 9.49</u> |
| Annual net income | \$23.78 |

| | | |
|---------------------|----------------|--|
| Interest rate | 7.11% | Certified by DOR |
| Tax rate | <u>+ 1.62%</u> | Estimated rate for the district in which the property is located |
| Capitalization rate | <u>8.73%</u> | |

\$23.78 ÷ 8.73% = \$272 Farm use SAV

Livestock area

The major rental data available in a livestock area will be in the form of pasture rentals. Landlords rent pasture land on an animal unit month (AUM) basis (for this example). An AUM is the total amount of feed needed by one mature beef cow for one month equivalent to a 1,000 pound animal. It furnishes about 400 pounds of total digestible nutrients (TDN) and is equivalent in feed value to about 800 pounds of hay.

Types of pasture will vary in carrying capacity and in rental rates from rangeland to irrigated meadows. The rental rates may vary from county to county and may vary within a county, depending on location and type of pasture available. Use the rental rate that is typical for the area and type of pasture.

Assessor's class III meadow hayland (owner/operator) (AUMs)

The following is an example using an owner/operator setup. The costs are for illustration only. Local costs and cultural practices must be used. Normally this method of computation of farm use values will be used only when there is no rental data available.

Basic data:

1. 300 acres of flood irrigated meadow hayland on a 10,000 acre ranch.
2. Hay yield is 2 tons per acre and is valued at \$75 per ton.
3. 1/2 AUM per acre of aftermath grazing having a value of \$10 per AUM.

4. Labor is charged at \$7 per hour.
5. 50 HP tractor at \$8 per hour.
6. Self propelled swather at \$20 per hour.
7. PTO twine baler at \$17 per hour.
8. Machinery expenses of \$1.25 per hour for irrigation, \$3 per hour for stacking, and \$3 per hour for fencing.
9. Other expenses such as custom fertilizing at \$15 per acre, baling twine at \$6 per acre, fence material at \$.50 per acre, interest on capital at \$3 per acre, general overhead at \$4 per acre, and typical management of 8 percent of gross income.

Valuation:

| | |
|-----------------------------------|-------------|
| Gross income per acre | |
| Hay—2 tons at \$75 | \$150.00 |
| Aftermath grazing—1/2 AUM at \$10 | <u>5.00</u> |
| Total gross income | \$155.00 |

Owner/operator expenses

| Operation variable | Labor Hours | Labor Value | Machinery | Total other | Cost |
|--------------------|-------------|-------------|-----------|----------------|--------|
| Harrow | 0.20 | \$1.40 | \$1.60 | | \$3.00 |
| Fertilize | | | | Custom \$15.00 | 15.00 |
| Irrigate | 2.00 | 14.00 | 2.50 | | 16.50 |
| Swathing | 0.25 | 1.75 | 5.00 | | 6.75 |
| Baling | 0.50 | 3.50 | 8.50 | Twine 6.00 | 18.00 |
| Stacking | 1.50 | 10.50 | 4.50 | | 15.00 |
| Fences | 0.50 | 3.50 | 1.50 | Material 0.50 | 5.50 |

| | |
|--------------------------------------|-----------------|
| Fixed: Interest on operating capital | 3.00 |
| General overhead | 4.00 |
| Management at 8% of gross* | <u>+ 12.40</u> |
| Total expense | <u>\$99.15</u> |
| Gross income per acre | \$155.00 |
| Total expenses | <u>- 99.15</u> |
| Net income | <u>\$ 55.85</u> |

| | | |
|---------------------|--------------|--|
| Interest rate | 7.11% | Certified by DOR |
| Tax rate | + 1.62% | Estimated rate for the district in which the property is located |
| Capitalization rate | <u>8.73%</u> | |
| \$55.85 ÷ 8.73% = | <u>\$639</u> | Per acre (includes growing crops) |
| | <u>- 64</u> | Value of plants at (10% of value based on sales) |
| | <u>\$575</u> | Farm use value per acre for assessor's class III meadow hayland. |

* Includes management of the ranch operation and management of the investment.

Assessor's class VII rangeland (crop value) (AUMs)

Usually it requires more than 1 acre of rangeland to provide the forage for one animal-unit-month (AUM). The number of acres required to provide an AUM may affect the rental rate.

Basic data:

1. Six acres required to furnish one AUM of feed.
2. Land rents for \$12 per AUM.
3. The landlord expenses are management, material for fence maintenance, and liability insurance.

Valuation:

| | | |
|---|--------------|--|
| Landlord gross income per acre | | |
| \$12 per AUM ÷ 6 acres per AUM | \$2.00 | |
| Landlord expenses | | |
| Management at 3% | \$0.06 | |
| Fence maintenance material | 0.10 | |
| Insurance | + 0.05 | |
| | <u>-0.21</u> | |
| Landlord net income to land before property taxes | \$1.79 | |

| | | |
|---------------------|--------------|--------------------------------------|
| Interest rate | 7.11% | Certified by DOR (2006) |
| Property tax rate | + 1.62% | Estimated local tax for the district |
| Capitalization rate | <u>8.73%</u> | |

$\$1.79 \div 8.73\% = \20.50 per acre (includes growing crops)

| | | |
|----------------------------|---------------|---|
| Less value of growing crop | <u>- 2.05</u> | (10% of value; ORS 307.320) |
| | \$ 18.45 | (\$18 rounded) Farm use value per acre for assessor's class VII rangeland |

It may be that rental data is too scarce on hay land to be used for arriving at farm use value. In such instances, it will be necessary to use the owner/operator's income method. The "Enterprise data sheets," developed by the Cooperative Extension Service, Oregon State University, will be helpful in analyzing the income and expenses of an owner/operator property.

Developing rate of return

| | | |
|---|-----------------|---------------------|
| Sale no. 1 (\$300,000 down, balance @ 7%) | | \$ 1,300,000 |
| Improvements | \$220,000 | |
| Personal property | 30,000 | |
| Dwelling site 1 acre (+OSD) | <u>+ 50,000</u> | |
| | | <u>- 300,000</u> |
| Net to farm land | | <u>\$ 1,000,000</u> |

| Acres | Land class | Typical rent/acre | Property expenses/acre | Typical tax/acre | Net income/acre | Net operating income |
|-------|------------|-------------------|------------------------|------------------|--------------------------------------|----------------------|
| 700 | III | \$50.00 | \$2.50 | \$8.82 | \$38.68 | \$27,076 |
| 160 | V | 17.50 | 1.53 | 2.97 | 13.00 | <u>+ 2,080</u> |
| | | | | | Total net income to farm land | \$29,156 |

$\$29,156 \div \$1,000,000 = 2.9\%$ rate of return (after property tax)

All usable sales are analyzed in the above manner and the indicated rates are tabulated into final rate of return estimates for each land class.

Rates of return are used to calculate return on investments. The previous example was non-irrigated farmland. When a sale of irrigated land includes the real and personal property irrigation equipment, a portion of the rent needs to be apportioned to allow the owner

a return for the irrigation equipment investment. In the previous example, only the farmland was capitalized to develop a rate of return for the land. The examples in this manual use the same rate of return for land and irrigation improvements, however, in practice rates of return for irrigation equipment should be analyzed and capitalized separately from land.

Other considerations when valuing farm properties

Determine crop deduction

ORS 307.320 defines items grown on agriculture lands that are to be exempted. They include:

- Cultured Christmas trees.
- Deciduous trees.
- Shrubs.
- Plants or crops (annual or perennial).
- Hardwood timber.

To make sure the value of the plants and crops are not included in the appraised value of the land, deduct the value of any trees, plants and crops from sales before establishing base unit values.

1. For land in production (owner occupied), deduct the value of any plants or crops included in a sale.

Consider:

- a. The cost of the seed, shrub, nursery tree, or cutting.
- b. The cost of planting and establishing a crop.
- c. The risk involved in:
 - (1) Establishing the stand (loss implies replanting).
 - (2) Continuing the stand (loss of an annual harvest).
- d. The quality and quantity of the stand.

If you have enough sales of bare land to establish the base value, you will have met the statutory provisions. However, this probably won't occur except in areas that are primarily devoted to grain farming. In other areas, bare land sales may be only of sufficient quantity to provide a check on the value of the growing crop arrived at by the cost of establishing the stand. You can get information about the cost of seed and planting costs from extension service offices, farmers, and others involved in agriculture.

2. For bare land not in production or leased land with no expenses to the owner, no crop deduction is warranted.

Water rights

Irrigation is an important addition to the land, provided the land can respond to the water. The same amount of water applied to two different types of soil can produce

different benefits. This may result in different values to the water right.

Water right priorities are based on the date the water right was established. The earlier the water right is established, the greater the right to benefit from available water.

When a water right is secured for a parcel of land through the application and approval process, that right is adjudicated to the land. The value of the water is generally reflected in the land value. The exception is where the water is applied to different parcels of land within the ownership in different years. In these cases, and in areas where water rights can be sold separately, the water may be valued separately from the land. There are several sources from which water for irrigation can be obtained. Information regarding these sources or water rights in general is available from:

- Irrigation district offices.
- District Water Master.
- Oregon Water Resources Department.

Valuation of water rights

The value of water rights can be easily determined if sales of similar land exist, where one sale having water rights can be compared to another that doesn't. Also, in areas where water rights are sold separately from the land, the value of the water right will be found in sales of the water right only. In areas where the water rights are not sold separately, the value can be determined by capitalizing the added production from irrigation into an indication of value for the water.

Applying land values

Record the number of acres. Apply the unit value for the class identified and compute a total value of all acres in each class. Adjustments for special considerations such as flooding or water right restrictions can be made as an adjustment to the land class value for the acres involved. Any increments to the land such as water rights, natural resources and real property irrigation equipment should be documented as a comment on the "specially assessed land appraisal" card and recorded on the back side of the real market value "land appraisal" card.

Homesites

Homesites that qualify for special assessment under ORS 308A.256 are to be valued at the average real market value of "one acre" of land for the total contiguous acres under the same ownership. This does not mean they have to BE a physical acre-only the method of valuing a homesite uses the acre standard, EFU

homesites automatically qualify if they are used in conjunction with an acceptable farming practice. Non-EFU homesites will be recorded on the “land appraisal” at real market value in accordance with ORS 308.205 and 308.146, unless they qualify by annual application under ORS 308A.253. The bare land value of the homesite is the average value of one acre of land as calculated under ORS 308A.256 even if the physical size of the homesite is more or less than one acre.

OAR 150-308-1140 onsite developments of a qualifying homesite are to be recorded on the “specially assessed land appraisal” card. The onsite developments are to be valued at \$4,000 or their depreciated replacement cost, whichever is less. Onsite developments are defined under OAR 150-307-0010. (See also “Valuation of farm and rural homesites” in this section of the manual.)

Note: For buildings that house farm workers see “Land under farm buildings.”

Woodlots

Woodlots up to 20 acres should be specially assessed using their underlying farm use land classification. Any woodlot acres over 20 acres will need to be recorded on the “land appraisal” card based on real market value, unless it qualifies as forestland. Any qualifying forestland will be recorded on the “specially assessed land appraisal” card. (See “Qualification” chapter of this manual for additional information.)

Wasteland

Wasteland is specially assessed by its underlying land classification which is generally class VII or VIII. EFU wasteland automatically qualifies for special assessment. Non-EFU wasteland will need to be recorded on the “land appraisal” card based on real market value, unless it qualifies by annual application under ORS 308A.074.

See an example of a “specially assessed land appraisal” card on page 3-13.

Valuation of dwellings, rural buildings, and real property improvements

The valuation of dwellings, farm buildings and real property improvements are to be valued and assessed at the lesser of real market value or maximum assessed value (ORS 308.232 and 308.146).

Dwellings

The residential buildings on farm properties are influenced by many of the same factors that determine value for single family dwellings. The best support for market indications and depreciation guides may be

developed by using data gathered from sales of tract type properties in an area having similar amenities. Use the Department of Revenue *Cost Factors for Residential Buildings* to develop replacement cost values.

Record dwelling information on a “Residential appraisal” card in the same way as for any residential appraisal.

Land under farm buildings

Farm buildings are defined by ORS 308A.056 as “buildings supporting accepted farm practices.” The land under farm buildings supporting accepted farm practices is employed and is given the same special assessed farm use value as if the land were in production. Barns, machine sheds, shops, utility buildings, dairy buildings, egg production, seed cleaning/storage, potato sheds and buildings that house farm workers are examples of buildings supporting accepted farm practices. Land under farm-related buildings shall include the area around the buildings for access and parking, which is a necessary function for the farm operation.

Land under farm processing facilities

EFU land under buildings used for processing or retailing other farmers products or changing a farm product to a different product must meet processing facility criteria of ORS 308A.056, otherwise the land doesn't qualify as a building supporting accepted farm practices and must be valued and assessed based on real market value in accordance with ORS 308.205 and 308.146. (See “Qualification” chapter of this manual for additional criteria.)

Farm buildings

Review the farming operations in the area and establish building benchmarks to indicate the types and sizes of the buildings that constitute functional improvements. With the typical types of farm buildings in mind, you can answer the following questions to develop a reasonable value estimate for farm buildings.

1. In your judgment, what is the estimated physical condition of the building?
2. Does the building now, or could it, provide practical shelter for livestock, grain, feed, machinery, or supplies on the subject property?
3. Does the building conform to the present farming systems of the area? If not, could it be economically altered to fit?
4. Does all or part of the building contribute to the value of the farm?
5. Is the building typical of the area?

6. If the building is destroyed, would it be replaced by the same building today?
7. Does the building add an aesthetic value that the market recognizes?

In most cases, answering these questions will help determine the amount of accrued depreciation that applies to a particular farm building. Farm buildings not used for their original purpose should be adjusted to reflect the present usefulness or aesthetic value, rather than the use intended by its original design.

Due to changing farming methods and/or crops, it is common to find farm buildings that are limited in use or completely unnecessary to the present farming operation. You must estimate the percent usefulness of the buildings. Often, buildings with little or no utility are given a value by appraisers merely because the building exists. However, your value estimate should reflect actual market value. If a particular building doesn't have value to purchasers it shouldn't be included in the appraisal as a value item. It is correct, however, to note the existence of the building on the appraisal card and state a reason for zero value (if the account is an improvement only account, the overall value cannot be zero).

Example of percent useful: The subject building is a 3,000-square-foot loft barn in good physical condition. However, due to changing farming practices, it is now used as a machine and seed storage building. New construction in the area for the same use is typically a 2,000-square-foot utility building. The physical percent good of the subject is estimated at 75 percent. To find the percent useful, the cost new of the replacement building is divided by the cost new for the subject building. The costs new are estimated by using the cost factors contained in the Department of Revenue's *Cost Factors for Farm Buildings*.

Calculating replacement cost new:

Step 1

| | |
|--------------------------|-----------------------|
| Class 5—utility building | |
| 2000 sq. ft. x \$6.70 | = \$13,400 (cost new) |
| Class 5—loft barn | |
| 3000 sq. ft. x \$10.40 | = \$31,200 (cost new) |

Calculating the percent useful:

Step 2

| | |
|----------------------------|------------------|
| Utility building/loft barn | = percent useful |
| \$13,400/\$31,000 | = 43% |

Note: Physically, the loft barn appears to be approximately 75 percent good.

Calculating the percent good:

Step 3

| | |
|---------------------------|------------|
| 75% physical x 43% useful | = 32% good |
|---------------------------|------------|

$$\text{Depreciated replacement cost} = \$31,200 \times 0.32 = \$9,984$$

Other forms of functional obsolescence must be considered separately. The above technique doesn't measure obsolescence resulting from poor layout and design. Examples of these include low ceiling height, support posts set closely together, and other items that restrict use.

Another type of functional obsolescence is overimprovement caused by a super abundance of buildings. Each building may be typical of the building type needed for the present highest and best use of the land. Due to a surplus number of buildings, each building is assigned a portion of the obsolescence reflected in the total. For example, there are three hay storage barns on a property that needs only two. In such a case, each building suffers an equal amount of functional obsolescence. If one of the buildings is unfavorably located and is seldom used, most or all of the obsolescence would likely accrue to that building.

On the back side of the "Residential appraisal" card, record the farm building inventory and complete the building diagram showing the location of the farm buildings in relation to the residence. See an example on page 3-15.

Real property improvements

Building fixtures such as milking and milk storage equipment, seed cleaning, automatic feeders, wired in computers, built-in appliances, plumbing fixtures, electrical fixtures, processing equipment, cages, stanchions, and stalls are to be valued and assessed at real market value in accordance with ORS 308.205.

In accordance with ORS 307.397, the following real property improvements are exempt if they are used for agricultural or horticultural purposes:

- Frost control systems.
- Trellises.
- Hop harvesting equipment.
- Oyster racks, trays, and stakes or other in-water structures used to raise bivalve mollusk.
- Fresh egg shell equipment.
- Field burning equipment.

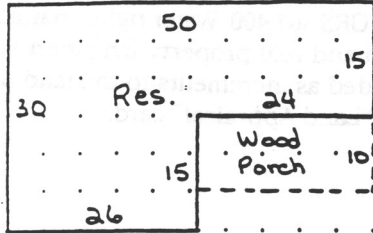
Buried irrigation, motors, pumps, pumping stations, and electrical service that are real property improvements are to be inventoried and assessed on the back side of the "Land appraisal" card. If pumping stations and irrigation pipes are located in more than one taxing district, they must be separately inventoried in the taxing district in which they are physically located. A well is considered to be part of the land and its value will

BUILDING DIAGRAM AND OUTBUILDINGS

REMARKS:

(2)
(1)

Res : $26 \times 30 = 780 \text{ sq}$
 $15 \times 24 = 360 \text{ sq}$
1140 sq



Primrose Lane

| NO | TYPE | | DESCRIPTION | | | | | DIMENSIONS | AREA S.F. BASE ADJ BASE | REPL. COST LUMP SUM TOTAL | QUAL. INDEX % MDP. | REPL. COST | DEP. % PHYS % USE % GOOD % | DEPRECIATED REPLACE- MENT COST |
|----|--------------|-------|-------------|-------|-------|-------|-------|------------|-------------------------------|------------------------------------|--------------------------|---------------|-------------------------------------|--------------------------------------|
| | USE | FOUND | FLOOR | ROOF | WALLS | MISC. | | | | | | | | |
| | | | | | | | x | | | | | | | |
| | | | | | | | x | | | | | | | |
| | | | | | | | x | | | | | | | |
| 1 | Loft | Conc | Conc | Gamb. | B&B | | 40x75 | 3000 | | | | | 75 | |
| | | | | | | | x | 10.40 | | 100 | | | 43 | |
| | Barn | Cls 5 | | | | | x | | 31200 | | 31200 | | 32 | 9980 |
| 2 | Utility Bldg | Pole | Conc | Gable | B-E | | 40x50 | 2000 | | | | | | |
| | | | | | | | x | 6.70 | | 100 | | | | |
| | | Cls 5 | | | | | x | | 13400 | | 13400 | | 85 | 11390 |
| 3 | | | | | | | x | | | | | | | |
| | | | | | | | x | | | | | | | |
| | | | | | | | x | | | | | | | |
| 4 | | | | | | | x | | | | | | | |
| | | | | | | | x | | | | | | | |
| | | | | | | | x | | | | | | | |
| 5 | | | | | | | x | | | | | | | |
| | | | | | | | x | | | | | | | |
| | | | | | | | x | | | | | | | |
| 6 | | | | | | | x | | | | | | | |
| | | | | | | | x | | | | | | | |
| | | | | | | | x | | | | | | | |
| 7 | | | | | | | x | | | | | | | |
| | | | | | | | x | | | | | | | |
| | | | | | | | x | | | | | | | |
| 8 | | | | | | | x | | | | | | | |
| | | | | | | | x | | | | | | | |
| | | | | | | | x | | | | | | | |

TOTAL DEPRECIATED REPLACEMENT COST—OUTBUILDINGS AND OTHER IMPROVEMENTS (TRANSFER TO VALUE SUMMARY)

21370

Specialty assessed value (SAV) farm homesite (qualifying)

The valuation of a farm homesite acre for an EFU zoned parcel or qualified non-EFU parcel is a special assessment and is found under ORS 308A.256.

A homesite may be of any size. Regardless of the size of the homesite, ORS 308A.256(3) requires the value of a qualifying homesite to be the value of 1 acre.

Under this statute the value of 1 acre of land for each homesite must be calculated as the average market value per acre for the total contiguous ownership plus the value of the onsite improvements (or OSD), limited to \$4,000.

To determine the value of a **qualifying** homesite:

1. **Total** the number of acres of bare land of the parcel and contiguous acres under the same ownership.
2. **Divide** the total real market value of the subject's bare land acreage by the total number of acres. The real market value is determined by comparing the subject with parcels of similar size and amenities that have recently sold.
3. **Add** a maximum of **\$4,000** for the improvements necessary to establish the homesite. OAR 150-308-1140.

Land comprising homesites for dwellings being used in conjunction with farm use in EFU zones and non-EFU qualifying homesites shall be valued at the special value provided by ORS 308A.256.

Land comprising a non-qualifying homesite shall be assessed based on its real market value as defined in ORS 308.146 pursuant to ORS 308A.259. See "Valuation of rural homesites (non-qualifying)."

"Homesite" is the raw land, and improvements to the land, under and adjacent to a dwelling, and other structures if any, which are customarily provided in conjunction with the dwelling and are defined as site improvements by OAR 150-307-0010. Land comprising the homesite for qualifying farm use dwellings includes those amenities associated with the raw, undeveloped land. Examples include topography that afford the site a particular view, property access, and utilities access. OAR 150-308-1120.

"Site developments" are improvements to the land that become so intertwined with the land as to become inseparable. Examples of land improvements for on-site development for homesites include but are not limited to:

- (A) Domestic wells.
- (B) Domestic water supply systems.
- (C) Domestic sanitary disposal systems.

- (D) Gravel driveway and roads necessary for access to the dwelling.
- (E) Landscaping and related improvements.
- (F) Extension of utilities to the dwelling, and
- (G) Other offsite developments or onsite developments on or under the land created for the dwelling and associated buildings and structures.

"Onsite developments" are synonymous with site improvements, and site preparation. Site developments consist of both "offsite developments" and "onsite developments."

OAR 150-308-1140 and OAR 150-307-0010

The value of site development improvements shall be included as part of the land value. Site development value shall be carried as a separate item on the land record for specially assessed farm land.

"Other land improvements" may include such items as paved driveways, fencing, elaborate access entrance, and landscaping that doesn't contribute to the homesite. These land improvements are not onsite developments and are to be assessed based on market value under ORS 308.146.

Buildings, structures, improvements, machinery, and equipment are not onsite developments and are to be assessed based on market value under ORS 308.146. These are improvements on the land are real property when erected upon or affixed to the land.

Valuation of rural homesites (non-qualifying)

Non-qualifying homesites are valued and assessed based on rural land appraisal concepts under OAR 150-308-0240 the same as any other rural homesite. The rural homesite value is a component of only the parcel the homesite is located on and an adjustment for utility shall be made to the homesite value for such amenities as view or river frontage. This differs from the assessment of a qualifying specialty assessed homesite which requires any added value for homesite amenities to be divided as an average with all of the contiguous common ownership acres and parcels.

Oregon Administrative Rule (OAR) 150-308-0240 states:

The real [market] value for rural lands shall be based on an average price per acre for each size of parcel. Adjustments to the value shall be made to those acres with more or less utility. For improved parcels the value of the site developments as defined by OAR 150-307-0010 must be added.

Under this rule, the value of a homesite is calculated as the **average** market value per acre for the parcel, plus the value of onsite developments with no limitation. However, if the homesite has additional utility

or inutility features such as a river front, view, poor access, etc., the homesite value can be adjusted for such features or amenities. The value of the homesite, however, isn't considered a utility adjustment. The utility value of the homesite is to be calculated as part of the average market value per acre for the parcel. If zoning allows greater utility such as land divisions, then land schedules can be developed to reflect typical land division sizes occurring in the market area.

Both the qualifying and non-qualifying homesite procedures require an average market value for the homesite acre. A difference in value and procedure is recognized when it is necessary to make an adjustment for utility, zoning, or contiguous acres of common ownership. Where qualifying EFU or qualifying non-EFU has a \$4,000 OSD value limit, rural residential homesites are assessed based on market value and don't have an OSD limit.

(See "Farm/forest specially assessed RMV, SAV, MAV, & AV calculation matrix" and "M-50 calculation examples" in the addenda of this manual.)

Measure 50 maximum assessed value limitations

Maximum assessed value (MAV) for the account

ORS 308.146 (MAV for the account)

Property tax limitation Measure 50 requires that a maximum assessed value (MAV) be determined for all tax accounts. For the tax year beginning July 1, 1997, the MAV is the tax account's 1995 real market value minus 10 percent. For subsequent tax years, the MAV is equal to 103 percent of the assessed value (AV) for the preceding tax year or 100 percent of the MAV for the preceding tax year whichever is greater. The **market value based MAV** is allocable to all improvements, homesites and land.

Maximum assessed value (MAV) for the market portion

ORS 308.146 (MAV for the market portion)

The market portion for a tax account is any land, homesites or improvements that don't qualify for special assessment, partial exemption or exemption and must be assessed based on market value as specified in ORS 308.146.

For the tax year beginning July 1, 1997, the maximum assessed value (MAV) for the market portion of the account is the real market value determined under ORS 308.205 for the tax year beginning July 1, 1995, reduced by 10 percent.

For tax years beginning after July 1, 1997, the MAV for the market portion is equal to 103 percent of the assessed value (AV) for the preceding tax year or 100 percent of the MAV for the preceding tax year, whichever is greater.

Maximum specially assessed value (MSAV) for farmland portion

ORS 308A.107 (MSAV for the specially assessed portion)

For the tax year beginning July 1, 1997, the farmland maximum specially assessed value (MSAV) per acre is the value per acre for each class and area determined under ORS 308.370 (now ORS 308A.107) for the tax year beginning July 1, 1995, reduced by 10 percent.

For tax years beginning after July 1, 1997, the MSAV per acre is 103 percent of the farmland MSAV per acre for the previous assessment year. Thereafter, the farmland MSAV was increased by 103 percent annually through the 2001–02 tax year. Beginning July 1, 2002 and for each tax year thereafter, the farmland MSAV per acre for each class and area is equal to 103 percent of the assessed value (AV) per acre for the preceding tax year or 100 percent of the MSAV per acre for the preceding tax year, whichever is greater.

For the MSAV on property that newly qualifies, use corresponding SAV and MSAV tables to determine the AV the same as any other land that is specially assessed. ORS 308A.107(6)

If a new land class study is performed, follow the procedure outlined under OAR 150-308-1090.

Maximum specially assessed value (MSAV) for homesite portion

ORS 308A.256 (MSAV for the specially assessed portion)

For the tax year beginning July 1, 1997, the homesite maximum specially assessed value (MSAV) is the value determined under ORS 308.377 (now codified under ORS 308A.256) for the tax year beginning July 1, 1995, reduced by 10 percent.

For tax years beginning after July 1, 1997, the homesite MSAV is 103 percent of the homesite MSAV for the previous assessment year. Thereafter, the homesite MSAV was increased by 103 percent annually through the 2003–04 tax year. Beginning July 1, 2004 and for each tax year thereafter, the homesite MSAV is equal to 103 percent of the homesite's assessed value (AV) for the previous tax year or 100 percent of the homesite's MSAV for the previous tax year, whichever is greater.

The homesite MSAV for homesite's that newly qualify for the first tax year is calculated using a ratio per ORS 308.377(6) [now codified under ORS 308A.256(6)].

Assessed values (AV) for the account

ORS 308.146 (AV for the market portion)

ORS 308.156 (AV for disqualified farmland or homesites)

ORS 308A.107 (AV for the specially assessed farmland portion)

ORS 308A.256 (AV for specially assessed homesite portion)

Measure 50 (M-50) tax limitation under ORS 308.146(4) requires any portions of an account that is specially assessed land or homesites for farm use to be processed to an assessed value under ORS 308A.107 (farmland) and 308A.256 (homesites). Any taxable portions (land and improvements) being assessed based on market value will be processed under ORS 308.146 or in the year of disqualification processed under ORS 308.156(4) (a) or (b).

In the first year specially assessed farmland or a homesite is disqualified the market based MAV is calculated as an exception as specified under ORS 308.156(4)(a) and the exception amount is added to the MAV market portion under ORS 308.146 in subsequent tax years. (See appendix for ORS 308.156, MAV exceptions following a disqualification.)

As specified in ORS 308.156(4)(b), don't process the market based MAV if the land changes to a different type of special assessment, partial exemption or exemption. Process the M-50 limitation under the program granting the partial exemption or special assessment.

The M-50 value for the account is a sum of the assessed values under 308.146 for the market portion, 308.156(4) (a) for any disqualified portions, ORS 308A.107 for specially assessed farmland portions, and 308A.256 for specially assessed homesite portions. The M-50 value for the account may also include in the sum total other assessed values, such as forestland, wildlife habitat, or open space special assessments.

(See "Specially assessed RMV, SAV, MAV, & AV calculation matrix" and "M-50 calculation examples" in the addenda of this manual for additional information.)

Disqualification

Before you disqualify

Process each disqualification with the understanding that the action can be appealed. It is very important to select the correct statutory reason and to follow the appropriate procedures for disqualification. You will need to be prepared to defend the action in court. Failure to cite the correct statute for disqualification could render the disqualification invalid. The objective is to provide accurate administration of the special assessment programs.

Disqualifications and special assessment programs

Unless otherwise noted, disqualifications of qualified land and homesites in this farm procedures manual apply only to the following related special assessment programs. These are the programs that ORS 308A.706(1)(d) and ORS 308A.718 has paired together. A taxpayer can change to any one of these special assessment programs with a timely application or request following a disqualification provided the land can meet the qualification requirements.

(See “Hexagon diagram” in the appendix.)

Land

- Exclusive farm use (EFU) (ORS 308A.062).
- Non-exclusive farm use (non-EFU) (ORS 308A.068).
- Designated forestland (DFL) in western Oregon (ORS 321.358).
- Designated forestland (DFL) in eastern Oregon (ORS 321.839).
- Small tract forestland (ORS 321.709).
- Wildlife habitat (WLH) (ORS 308A.424).
- Open space (OS) for certain golf courses (ORS 308A.727).

Homesite

- Homesites used in conjunction with farm use, forest use, and wildlife habitat special assessment (ORS 308A.250 to 259).

Types of farm use disqualifications

Exclusive farm use (EFU) (ORS 308A.113)

- No longer in farm use.
- Land is removed from an EFU zone.
- Non-farm dwelling (ORS 215.236).

Non-exclusive farm use (non-EFU) (ORS 308A.116).

- Taxpayer request.
- Land is sold or transferred to an ownership making the land exempt .
- No longer in use.
- No longer in use for failure to meet income requirements under ORS 308A.071.
- Recording a subdivision plat.

Farm homesite (ORS 308A.259)

Government exchange (ORS 308A.730)

Reviewing an account for disqualification

Special assessments only apply to land and homesites. Improvements such as dwellings, barns, permanent structures, fixtures, automatic feeders, milking equipment, seed cleaning equipment, and processing equipment are taxable based on market value and are not specially assessed or exempt unless otherwise required by law. (See “Qualification” section for “Exempt farm property.”)

Homesites are comprised of the bare land that is used for a residential dwelling and the onsite developments (OSDs) which support the residential dwelling. As specified in OAR 150-307-0010, OSDs include but are not limited to items such as grading, fill, drainage, wells, water supply systems, septic systems, utility connections, extension of utilities to any structure(s), retaining walls, landscaping, and graveled driveway areas.

Generally, only EFU homesites that are used in conjunction with the farming activities in EFU zones qualify. Non-EFU homesites require an annual application that most taxpayers can't meet [see ORS 308A.253(3)], so very few if any non-EFU homesites in a county qualify for homesite special assessment even though the non-EFU homesite may be used in conjunction with qualifying farm use land. Homesites that are rented out to someone not involved in farm use activities don't qualify and should be disqualified. Vacant homesites can't be disqualified (ORS 308A.259). (See “Homesite disqualifications” for additional information.)

An account may be comprised of multi-uses and assessments. Often farm properties will have other types of special assessment such as a portion of the account will be in forestland or wildlife habitat special assessment. Each special assessment program is assessed separately under their own statutes. While there may be several

different special assessments in the same account, there can't be more than one special assessment on the same land at the same time. Special assessments can't overlay or overlap one another. Any acres that don't maintain an acceptable farm use practice can be disqualified and still allow any remaining acres that do meet an acceptable farm use practice to remain qualified for special assessment. Qualification or disqualification is determined from year to year. At anytime the land no longer qualifies, it should be disqualified.

When reviewing an account over time from year to year portions of an account may change as other portions of the same account continue to qualify, or change to a different special assessment, or may be disqualified. When reviewing an account, look at each year and each acre of assessment individually for any changes that may have occurred.

When land is removed from special assessment, the first step in the process is to determine what is to be disqualified and the reason for the disqualification. You need to go to the statutes that apply to the land use. If a portion of a property is EFU, and a portion is non-EFU land, and a portion is forestland, then disqualify the EFU portions under the EFU statutes and the non-EFU portions under the non-EFU statutes and the forestland portions under the forest use statutes. Homesite disqualifications are also processed under different statutes than land use disqualifications. Homesites can't continue to qualify if the land used in conjunction with the homesite is disqualified.

Processing a disqualification and Measure 50 requirements

After determining the reason for the disqualification and the appropriate statutes to disqualify, process the disqualification under ORS 308A.718 taxpayer notification. In the event the land or a homesite is disqualified and then changes to another special assessment [roll-over under ORS 308A.706(1)(d)] or a new application is submitted (such as non-EFU income re-qualification under ORS 308A.089), the land may continue to qualify without a break in special assessment, however, it is still processed as a disqualification for Measure 50 under ORS 308.156(4)(a) or (b) and the old application or special assessment classification is no longer valid.

[See "Disqualification notification procedures" and "ORS 308.156(4) MAV exceptions following a disqualification" in the appendix of this manual.]

Measure 50, the 1997-98 tax reform bill, allows the maximum assessed value (MAV) to be recalculated for specially assessed or exempt property upon disqualification [ORS 308.156(4)].

If the reason for the disqualification applies to ORS 308.156(4)(a), the disqualification is processed as a "market MAV" exception under ORS 308.156(5) and (6). If the reason for the disqualification applies to ORS 308.156(4)(b), the disqualification is processed as a "specially assessed MSAV" exception under the special assessment or exemption program the land is changing to and the "market MAV" isn't processed.

[See appendix ORS 308.156(4) MAV exceptions following a disqualification.]

Disqualifications involving new construction may require the market MAV for the "land" to be calculated in a different year than the market MAV for the "dwelling and onsite" improvements. The market MAV for the "land" is calculated as a result of a disqualification under ORS 308.156(4)(a) when land is cleared and construction of the dwelling begins. If this disqualification occurs between January 1 and August 14, then ORS 308A.113 (EFU) and 308A.116 (non-EFU) require the disqualification to be effective back the January 1 assessment date and the market MAV for the land is calculated under ORS 308.156 (5) and (6). The dwelling improvements occurring January 1 or later in the same assessment year will receive a MAV calculation as new improvements under ORS 308.153 in the next January 1 assessment year. Even though both changes occurred at the same time, the market MAV for the land and improvements will be processed in different years by direction of statute.

In the event a special assessment is reinstated by the tax court, the disqualification isn't processed as a MAV exception under ORS 308.156(4) and the old application or special assessment classification remains valid. **Once the disqualification is appealed the assessor can't reinstate the disqualification, only the tax court can reinstate an account that is in the appeal process.**

Following a disqualification, additional taxes are processed under separate statutes. If land or homesites are disqualified, the additional taxes may or may not occur depending on the circumstances of the disqualification. (See "Additional tax" section of this manual.)

(See also "Disqualification notification procedures" in the appendix of this manual.)

Effective date of disqualification

The disqualification isn't effective until the assessment and tax rolls have been changed.

Reference: Oregon Tax Court opinion *Meeks v. DOR*, 7 OTR 113 (1977) states "the actual change of the roll by the county assessor or his duly authorized agent is the essential overt act which proves the assessor's exercise of his judgment and establishes the disqualification as having actually occurred."

A “no longer in use” disqualification isn’t effective unless the ORS 308A.718 disqualification notification letter is mailed to the taxpayer no later than August 14, as specified by ORS 308A.113 (EFU) and 308A.116 (non-EFU). (See also “Disqualification timing”—special provision for “no longer in use.”)

Sale or transfer to an ownership making land exempt requires the land to be calculated for disqualification and additional taxes one day preceding the sale or transfer for land involving non-EFU, wildlife habitat, or conservation easement special assessments as specified under ORS 308A.703. Forestland special assessments are specifically excluded from this requirement under ORS 308A.709.

Disqualification timing—general rule

June 30 disqualifications: general rule

The assessment year is the calendar year. ORS 308.007(1) (b). The assessment year beginning January 1 corresponds to the current tax year beginning July 1 of the same calendar year. ORS 308.007(2)(a). Changing the assessment and tax rolls is the overt act that proves and establishes the date of disqualification as having actually occurred. *Meeks v. Dept. of Revenue*, 7 OTR 113 (1977), page 117. A disqualification may be made any-time during the assessment year.

To be effective for the current tax year, the disqualification date must occur between July 1 of the previous assessment year and no later than June 30 of the current assessment year, unless otherwise specified by law.

Example: A July 1, 2015 disqualification will be effective for the current July 1, 2016 tax year. The July 1, 2016 tax year is commonly called the 2016–17 or 16–17 tax year.

The disqualification notification letter required by ORS 308A.718 must be mailed to the taxpayer no later than 30 days following the date of disqualification. A disqualification letter mailed beyond the 30 day period required by ORS 308A.718 isn’t in compliance and is invalid.

No longer in use disqualifications have special provisions and don’t follow the general rule.

Disqualification timing—special provision for “no longer in use”

August 14 disqualification notification letter: special provisions

There is a special provision to allow discovery beyond June 30 for disqualifications under ORS 308A.113 for (EFU), and 308A.116 (non-EFU) for “no longer in use” and “no longer in farm use for failure to meet the income requirements of ORS 308A.071.” The disqualification

can occur at any time during the assessment year, but is effective for the current tax year only if the disqualification notification letter required by ORS 308A.718 is mailed to the taxpayer no later than August 14 of the assessment year. The disqualification is then processed as if the land was disqualified back in time to the January 1 assessment date.

Disqualifications “after” the current tax year timelines

Disqualifications must be on time. Land disqualified after June 30 (general rule) or if the taxpayer disqualification notification letter is sent after August 14 (special provisions for “no longer in use”) will remain specially assessed for the current tax year as specified in ORS 308A.062 (EFU) and 308A.068 (non-EFU). All MAV calculations under ORS 308.156(4) are processed for a change in assessment occurring in the next tax year. **The notification letter to the taxpayer under ORS 308A.718 must appropriately use the next tax year for the change in assessment and additional tax calculations, otherwise the notification letter may be considered invalid in the event of a tax court appeal.**

Disqualifications July 1 or after: general rule

A disqualification that occurs between July 1 and December 31 of the assessment year shall continue to qualify for farm use special assessment for the current tax year as specified in ORS 308A.062 (EFU) and ORS 308A.068 (non-EFU). *Example:* A July 1, 2007 disqualification will remain in farm use special assessment for the current tax year 2007–08. The disqualification notation on the assessment and tax rolls will remain in effect for the disqualification date of July 1, 2007 and the appropriate change in assessment, additional tax calculations, and all MAV calculations under ORS 308.156(4) will occur for the next tax year 2008–09.

Disqualifications August 15 or after: special provision for “no longer in use”

No longer in farm use for failure to meet the income requirements of ORS 308A.071:

[ORS 308A.116 (non-EFU)]

If non-EFU land is disqualified for failure to meet the income requirements of ORS 308A.071, the disqualification is invalid if it is mailed on or after August 15 of the assessment year. This type of disqualification requires current information and due process as specified in OAR 150-308-1050. Request another non-EFU questionnaire on or before March 1 of the next assessment year to verify the land continues to be “no longer in use.” Land that returns to a qualifying use can’t be disqualified.

No longer in farm use:

[ORS 308A.113 (EFU), 308A.116 (non-EFU)]

If the assessor sends the taxpayer the ORS 308A.718 disqualification notice on or after August 15 for a “no longer in use” disqualification, the farm use special assessment will continue to be assessed for the current tax year as specified in ORS 308A.062 (EFU) or 308A.068 (non-EFU).

Example: An August 15, 2007 disqualification will remain in farm use special assessment for the current tax year 2007–08. The disqualification notation on the assessment and tax rolls will remain in effect for the disqualification date of August 15, 2007 and the appropriate change in assessment and additional tax calculations will occur for the next tax year 2008–09 if the “no longer in use” continues.

Any disqualification notification letter sent for “no longer in use” after the August 14 timeline will have to be reviewed for disqualification in the next assessment and tax year. If in the next assessment and tax year circumstances change where the land will again continue to qualify **the assessor may not go back beyond the previous calendar year to disqualify for “no longer in use.”**

Example: “No longer in use” for calendar year 2006 (taxpayer notification letter under ORS 308A.718 sent to the taxpayer after the August 14, 2007 timeline).

The disqualification becomes effective on the date the assessment and tax rolls are changed (August 15, 2007), however, the land will remain specially assessed until the next tax year 2008–09 as specified in ORS 308A.062 (EFU) and 308.068 (non-EFU). **When reviewing the account for a disqualification for the next tax year (2008–09), evidence of “no longer in use” in the 2006 assessment year isn’t a valid reason to disqualify. The evidence for a change in special assessment for the 2008–09 tax year must come from the previous assessment year 2007.**

No longer in use disqualifications

Use “no longer in use” disqualification procedures under ORS 308A.113 (EFU) and ORS 308A.116 (non-EFU).

Before a property is disqualified, OAR 150-308-1100 (EFU) and 150-308-1110 (non-EFU) requires the assessor must:

- Make a reasonable effort to contact the owner, owner’s agent or person using the land;
- Make a site inspection of the property; and
- Request the recent history of the property’s use.

- Maintain a record of the inspection, any contact letters or other means of contact between the assessor and the taxpayer, and notations of the conditions found that indicate a lack of a qualifying farm use. This information must be maintained in the assessors office for a minimum of three years.
- Request an income questionnaire if the land is being disqualified for failure to meet income requirements of ORS 308A.071.

Following are some considerations for “no longer in use” disqualifications:

1. Current use is compatible with returning the land to farm use special assessment.

A. Non-use.

Idle or vacant land that is, otherwise economically feasible to engage in a qualifying farm use.

B. Under-utilization.

Land that is engaged in a farming practice, however, the farm use activity is insufficient to qualify the land for farm use as defined under ORS 308A.056.

Example: Spooner v. DOR (4 OTR, Feb 70). Only enough sheep were pastured to qualify 30 of 125 acres. In this example, if any of the pasture was capable of being hayed and the owner or operator was haying the land, it may justify that any acres being hayed would continue to qualify. Disqualification for under-utilization is a judgment call and will need to be researched and well documented.

C. Unacceptable farm use practice.

Land is engaged in a farming practice where the mode of operation isn’t common with farms of a similar nature. (ORS 308A.056)

Example: A low production orchard that isn’t pruned, fertilized, or maintained.

Example: Anderson v. DOR (OTR 2617 Feb 88) Minimal and casual use of a property that doesn’t intend to give rise to a profit in money isn’t an acceptable farm use practice. In this case the pasture was over-grown with blackberries, lack of fertilization, lack of weed control, inadequate fences, and exhibited minimal or casual management.

D. Failure to meet farm income requirements under ORS 308A.071 (non-EFU only).

If there isn’t a break in farm use, as long as limited farm use continues, additional taxes may be abated for non-EFU income disqualifications as specified in ORS 308A.119. There isn’t

a definition for limited farm use. Limited farm use implies the land may be under-utilized. Only the land actually being used for limited farming will qualify for abatement of additional taxes. Limited farming must have evidence of an intent to make a profit from farm sales or services produced from land under abatement. Any acres not being used for limited farming won't qualify for abatement.

E. Change to a different special assessment.

Farmland that changes to forestland special assessment is "no longer in farm use."

F. Change to a non-farm use compatible with returning the land to farm use.

Example: A taxpayer makes a personal choice to discontinue farming to engage in a conservation easement. The conservation agreement doesn't prohibit the taxpayer from farming the land. (ORS 308A.743)

G. Residential homesite not used in conjunction with a qualifying farm use.

An EFU lot or parcel has farmable land that isn't currently engaged in a qualifying farm use. The homesite will requalify at anytime a qualifying farm use continues.

2. Current use is incompatible with returning the land to farm use.

- A. A lot or parcel in an EFU zone obtains a land use approval for the establishment of a nonfarm dwelling under ORS 215.236.
- B. A taxpayer engages in a conservation easement. The conservation easement prohibits the taxpayer from farming the land. (ORS 308A.743)
- C. An EFU lot or parcel is used entirely for residential purposes. The lot or parcel is approximately one acre or less and doesn't have any remaining acres that could engage in a qualifying farm use practice.

Residential, commercial, industrial, or any other use that is incompatible with returning the land to farm use isn't eligible for deferral of additional taxes under ORS 308A.706(1)(a). In some cases a taxpayer may have an option to defer additional taxes under a different section of ORS 308A.706, such as a change in special assessment or not be required to pay additional taxes under ORS 308A.709. Non-EFU land that is used for an industrial, commercial or residential or other use that is incompatible with a return to farm use isn't eligible for abatement under ORS 308A.089 because abatement requires limited farming.

3. Immediate disqualification for "no longer in use."

- A. No evidence of farm use in the entire previous calendar year; or
- B. Anytime during the current assessment year the assessor has a reason to believe the taxpayer won't continue to engage in a qualifying farm use for the entire current assessment year; or
- C. There has been a change of use incompatible with returning the land to farm use such as residential, commercial, industrial, or other incompatible use.

4. Disqualification after one full calendar year of "no longer in use."

If the farm use appears to no longer be in a qualifying use but is compatible with continuing farm use and it is anticipated the taxpayer could appeal or wants to continue farm use, then the assessor may want to wait until there is a full calendar year of non-qualifying farm use before proceeding with the disqualification. In this case it is recommended to notify and communicate with the taxpayer and if the use is questionable give the taxpayer an opportunity to bring the property into compliance. Flag the file and then disqualify when there is a full calendar year of non-qualifying farm use or when the assessor is convinced the farm use will no longer continue to qualify.

In the event of an appeal, the assessor would then be able to demonstrate they have worked with the tax payer and can support the reason for the disqualification.

Removal of land from an EFU zone disqualification

Zone changes often occur prior to land use changes such as the recording of a subdivision plat or the development of property for uses other than farm use.

Non-EFU land isn't required to be disqualified when there is a zone change, unless the land is changed to an EFU zone. In the event non-EFU land changes to an EFU zone, all of the non-EFU accounts will be disqualified and any land within the new EFU zone that is engaged in a qualifying farm use practice as specified under ORS 308A.056 will automatically qualify whether or not the land was previously specially assessed under a non-EFU application.

All of the land area that is subject to a removal of an EFU zone must be disqualified under ORS 308A.113. Following the disqualification the taxpayers may:

1. Change to a different special assessment. Applications for non-EFU special assessment under ORS 308A.077 will have five years to meet the non-EFU “use” and “income” requirements as specified in ORS 308A.724. The “market MAV” isn’t adjusted when the land changes to a different special assessment as specified in ORS 308.156(4)(b). The “specially assessed MSAV” will be processed as new land for the program granting the special assessment. Additional taxes will be deferred under ORS 308A.706(1)(d).
2. If the taxpayer doesn’t or can’t change to a different special assessment or exemption, the land will be assessed based on market value and the “market MAV” will be processed as a Measure 50 exception under ORS 308.156(4), (5), and (6). Additional taxes will be deferred under ORS 308A.706(1)(a) if the land use doesn’t change incompatible with returning the land to farm use. (See “Additional tax” section.)

Additional tax considerations will depend on whether the zone change was initiated by the taxpayer or a governing body. (See “Additional tax” section.)

Nonfarm dwelling in exclusive farm use zone (ORS 215.236) disqualifications

This law **only** applies to land within an exclusive farm zone.

ORS 215.236 is a land use approval for the establishment of a nonfarm dwelling within an EFU zone which meets a specified soil classification [ORS 215.213(3) and ORS 215.283(3)].

Planning department’s responsibilities:

- Tentative approval for the nonfarm dwelling.
- Final approval after the parcel is disqualified and additional taxes are paid.

Owner’s responsibilities:

- Notify the assessor the lot or parcel is no longer used as farmland; and
- Request assessor to disqualify the parcel from any other special assessments listed in ORS 215.236(4). Taxpayer must pay additional taxes **prior to final land use approval.**

Assessor’s responsibilities:

- Disqualify the lot or parcel from farm use and any other special assessments listed in ORS 215.236(4). ORS 215.236(4) requires disqualification from EFU, designated forestland, small tract forestland, and open space special assessments. ORS 215.236 (4) does

require disqualification from wildlife habitat (WLH) special assessment or conservation easement (CE) special assessment.

- Provide the owner with written notice of the disqualification. (See “Disqualification notification procedures” in the appendix of this manual.)
- Impose additional taxes.
- Advance collection of the additional tax.
- Provide the owner with a statement of the disqualification and payment of additional taxes, if any.

The disqualified lot or parcel can requalify for farm use or other special assessments identified in ORS 215.236(4) upon combining with a contiguous lot or parcel as specified in ORS 215.236(5). Combining a contiguous lot or parcel that is also subject to ORS 215.236 isn’t a qualifying parcel. A “lot line adjustment” is a portion of a parcel and isn’t a qualifying parcel.

For CE special assessment and for counties that have WLH special assessment, ORS 215.236(6) allows land in a lot or parcel disqualified under ORS 215.236(4) to change to WLH special assessment or CE special assessment. Upon future disqualification from WLH special assessment or CE special assessment, the land in the lot or parcel will once again be subject to the disqualification criteria of ORS 215.236(4) and requalification criteria of ORS 215.236(5). (ORS 308A.724)

ORS 215.236(4) doesn’t include WLH or CE as one of the special assessments to be disqualified. Land already in WLH special assessment or CE special assessment at the time the owner informs the assessor of the nonfarm dwelling application shouldn’t be disqualified.

Department of Consumer and Business Services responsibilities:

- Responsible for the administration and enforcement of the state building code.
- May not issue a building permit for the construction of a nonfarm dwelling without evidence the owner of the lot or parcel has paid the additional tax, if any, imposed by the county assessor.

Disqualification of land zoned for urban uses (ORS 197.754 and 197.756)

On the date the zone for urban uses is established, the Assessor must no longer qualify any more land under EFU or non-EFU special assessment. Because this is a zone change, existing EFU land must be disqualified under ORS 308A.113 and may be requalified as non-EFU special assessment under ORS 308A.077. Following the change in special assessment under ORS 308A.706(1)(d) as specified in ORS 308A.724 the owners will have five

years to meet the use requirements of ORS 308A.068 and income requirements of ORS 308A.071.

Any land that ceases to be used for farm use following the date the area is zoned for urban uses may not requalify for EFU or non-EFU special assessment as long as the land continues to be zoned for urban uses. Any land that has statutory requalification special provisions such as ORS 308A.089 non-EFU income disqualifications may requalify if the land was in farm use special assessment at the time the area was zoned for urban uses. Disqualified land may not qualify for farm use special assessment (rollover) from a different special assessment listed in ORS 308A.706(1)(d) if the land wasn't in farm use special assessment at the time the land was zoned for urban uses.

After the urban use zone is created, any **lots or parcels that are sold** in an urban uses zone will be subject to disqualification from farm use special assessment. A special provision under ORS 197.756 doesn't allow disqualification from farm use special assessment if any lots or parcels are sold to a relative of the owner or to a lessee conducting farm use defined under ORS 215.203 at the time of sale. Lot line adjustments are not subject to disqualification. A lot line adjustment isn't the sale of a lot or parcel; it is the sale of a portion of a lot or parcel. (See also "Qualification" section and "Additional tax" section of this *Farm Use Manual*).

Taxpayer request disqualifications

EFU land doesn't have a provision to disqualify land at the taxpayer's request.

If the taxpayer request to have EFU land disqualified, they must discontinue farming the land for profit. It is recommended to obtain a written request from the taxpayer stating they no longer intend to use the land for a qualifying farm use. The land could then be disqualified for "no longer in use" by the assessor and a notification letter with change in special assessment options under ORS 308A.718 would be required. If no change in special assessment occurs, the land will be assessed based on market value and additional taxes will be deferred under ORS 308A.706(1)(a).

The "market MAV" will be processed under ORS 308.156(4)(a), (5), and (6). Once the land is disqualified, the taxpayer can request to pay the additional taxes under ORS 308A.715. If additional taxes are collected, there is no statutory provision for a refund in the event the taxpayer changes their mind. If the land is returned to a qualifying farm use at any time, the EFU land will once again qualify. Qualification will occur in the next or a future assessment year following the assessment year of disqualification.

Taxpayers in EFU zones that are involved in a nonfarm dwelling land use approval are not a disqualification at owner request. Process the disqualification as an establishment of a nonfarm dwelling under ORS 308A.113. [See "Nonfarm dwelling in exclusive farm use zone (ORS 215.236)."]

Non-EFU land may be disqualified at anytime under ORS 308A.116(1)(a). The taxpayer may notify the assessor to remove the special assessment.

It is recommended the notification by the taxpayer be in writing. Unlike EFU, the taxpayer may continue to farm the land for profit. The land will be assessed based on market value and the "market MAV" will be processed as a Measure 50 exception under ORS 308.156(4), (5), and (6). **ORS 308A.718(6) specifically doesn't require a disqualification notification letter or options to change to a different special assessment when the owner requests the disqualification.** To requalify, the owner will need to submit a timely application and meet farm use qualification requirements following the provisions of the non-EFU special assessment program under ORS 308A.077.

If the owner is changing their operation to a different special assessment this isn't an owner request disqualification. Disqualify for "no longer in use" as farmland, because the land qualifies for a change in special assessment, and send the owner an appropriate disqualification notification letter as required by ORS 308A.718. (See "Group C sample letter" of the "Disqualification notification procedures" in the appendix.)

Exempt owner disqualifications

"Ownership making land exempt" disqualifications

As specified in ORS 307.090, all property of the state, counties, cities, towns, school districts, irrigation districts, drainage districts, ports, water districts, housing authorities, or other public or municipal corporations are exempt from property tax when used or intended for corporate purposes are exempt.

As specified in ORS 307.040, all property of the United States, its agencies, or instrumentalities, is exempt from property tax to the extent that taxation is forbidden by law.

ORS 308A.116 (non-EFU) and ORS 308A.430 (wildlife habitat) special assessments have special provisions for the sale or transfer of land to an ownership making the land exempt. Upon discovery, the disqualification and any additional taxes are calculated and determined one day preceding the sale or transfer to the ownership making the land exempt as specified in ORS 308A.703. There is no timeline for the discovery.

Note: As specified in ORS 308A.709, forestland acquired by a federal, state, or local governmental agency has been specifically eliminated from the additional tax provisions of ORS 308A.703(5).

If the exempt ownership continues agricultural practices or grazing uses by leasing or renting the land to a taxable owner for cash or crop share, then continue farm use special assessment as specified in ORS 307.110. Upon termination of the lease or rental agreement, the land will become disqualified and no additional tax is collectable as required by ORS 308A.709(2)(a).

Because the land goes from specially assessed to exempt status, the Measure 50 “market MAV” isn’t calculated as specified by ORS 308.156(4)(b).

ORS 308A.718(6)(b) doesn’t require a disqualification notification letter for this type of disqualification.

“Exempt by application” disqualifications

The special provision for exempt ownership doesn’t apply to owners that are exempt by application (institutional, religious, fraternal, interment properties, etc.). Owners that are exempt by application are otherwise taxable owners that receive the exemption by submitting a qualifying application. When the exemption is approved, the land will change use incompatible with returning the land to a farm use. Process the disqualification for “no longer in use” the same as any other taxpayer.

If not all of the land in a parcel is going to be under the exempt application, it may continue to qualify for special assessment the same as any other taxpayer. If the owner doesn’t continue special assessment on any non-exempt portion, then disqualify the land for “no longer in use” and follow disqualification timing requirements and procedures the same as any other taxpayer.

The “market MAV” for any land that is going from special assessment to exemption may not be processed as an exception under ORS 308.156(4)(a), (5), and (6) as specified in ORS 308.156(4)(b). Process the “exemption MSAV” as an exception under the provisions of the exemption program, if applicable.

An application for exemption will be a change of use to a use incompatible with returning the land to a farm use. **Disqualify either EFU or non-EFU land for “no longer in use.”**

(See “Disqualification notification procedures” in the appendix of this manual).

Non-EFU income disqualification

Land that initially qualifies for non-EFU special assessment must prove that each acre under application qualifies for “farm use” under ORS 308A.056. Once

“farm use” is established, the non-EFU land identified in the application will be tested to meet the required minimum gross income test of ORS 308A.071. The land not exceeding one acre used for the homesite and any acres qualified under ORS 308A.056(3) current employment, are not be included as acres that are income tested as specified in ORS 308A.071(2)(b). Each income tested acre must be used to produce gross income from the sale of farm products or services, however, the income from the entire farm unit can be used to qualify the land being tested. The farm unit is all the land in a farming enterprise which includes all the parcels farmed by a single operator, whether the operator owns or leases the farmland, OAR 150-308-1010.

(See “Qualification” section for additional information.)

Each year after the initial qualification for non-EFU special assessment, the land must continue to maintain the minimum gross income requirements of ORS 308A.071. Additionally, each acre must remain in a qualifying farm use. Any acreage should be considered for disqualification in any year the land fails to maintain either “farm use” under ORS 308A.056 or “minimum gross income requirements” under ORS 308A.071.

(See “Disqualification timing—special provision for “no longer in use.”)

To maintain compliance with ORS 308A.071, the assessor is required under OAR 150-308-1050 to mail a “gross income questionnaire” on or before March 1 of each assessment year. Because the income test is a 3 of 5 year test, a questionnaire should be mailed out at least every third year to assure compliance with ORS 308A.071. Accounts that demonstrate a need for more frequent testing should be flagged and sent a gross income questionnaire as needed to assure compliance.

Following the March 1 mailing, the taxpayer has until April 15 of the assessment year to return the gross income questionnaire. The returned gross income questionnaire needs to be reviewed for both “use” and “gross income requirements.”

Any acres that don’t meet “farm use” requirements in the previous calendar year may be subject to disqualification. Any acres not meeting farm use requirements in years prior to the previous calendar year can’t be disqualified for no longer in use, however, will be counted as one year of non-qualifying income for the 3 of 5 year income test.

Upon review of the “gross income questionnaire” any acres that don’t meet the 3 of 5 year “required minimum gross income” test may be subject to disqualification. Failure to return the gross income questionnaire doesn’t result in a disqualification. In either case, send the taxpayer a letter of intent to disqualify (commonly called a show cause letter). The taxpayer has 30 days

from date of the show cause letter of intent to come into the office or demonstrate to the assessor why the land should continue to qualify. The last day to send the disqualification notification letter required under ORS 308A.718 is August 14, so the intent to disqualify letter must precede the August 14 deadline, by more than 30 days. Otherwise, the taxpayer won't have received a full 30 days to show cause as specified in OAR 150-308-1050.

During the 30 day show cause period, the taxpayer must provide sufficient farm use income or information to avoid disqualification.

Note: Sometimes the required minimum gross income amount may need to be adjusted from one year to the next, such as, land that qualifies for current employment under ORS 308A.056(3) won't be included in the income requirement. Such as, land that has been converted to immature perennials, water impoundments are developed, or the land qualifies for a farm related government program.

Disqualify any acres not in compliance if the taxpayer doesn't respond within the 30 day show cause period, or fails to provide sufficient farm use income at the show cause hearing.

An ORS 308A.116 non-EFU disqualification for "no longer in use for failure to meet income requirements under ORS 308A.071" has the following options:

1. **Requalification.** Following the disqualification ORS 308A.089 allows the owner to submit a new application and requalify for non-EFU special assessment by December 15 of the first year in which the disqualification is in effect. The application must meet all of the use and income requirements the same as any other property qualifying for non-EFU special assessment. The taxpayer must also pay a requalification fee and submit a signed affidavit that the statements for the requalification are true. If the taxpayer requalifies under ORS 308A.089, then the non-EFU special assessment will requalify for the current assessment and tax year. The old application remains disqualified and the special assessment is based on the new application. The "market MAV" is processed as an Measure 50 exception under ORS 308.156(4)(a), (5), and (6) because the land isn't a change to a different special assessment. Process the "specially assessed MSAV" as newly qualified land under ORS 308A.107(6). The assessment and tax rolls will be corrected under ORS 311.205
2. **Changing to a different special assessment.** The disqualification notification letter under ORS 308A.718 will require the owner be given an option to change to a different special assessment. Additional taxes will be deferred for the change in special assessment. **The additional taxes can't**

be abated under ORS 308A.119 because the land isn't going to be assessed based on market value under ORS 308.146. Process the "specially assessed MSAV" as newly qualified land under the program granting the special assessment.

3. **Abatement of additional taxes.** To qualify for abatement under ORS 308A.119, the disqualified non-EFU land is assessed based on market value under ORS 308.146 or as otherwise provided by law without regard to any special assessment laws and "limited farm use" continues without a break in farm use. The "market MAV" is processed as an Measure 50 exception under ORS 308.156(4)(a), (5), and (6). (See "Additional tax" section).
4. **Discontinue farm use.** If the taxpayer discontinues farm use and can't or doesn't change to a different special assessment, the additional taxes will be deferred under ORS 308A.706(1)(a). The land will be assessed under ORS 308.146 based on market value or as otherwise provided by law. The "market MAV" is processed as an Measure 50 exception under ORS 308.156(4)(a), (5), and (6).

Subdivision disqualifications

EFU subdivisions and homesites: To create a subdivision on EFU land usually requires a zone change. In the event of a zone change, see "Disqualification for 'removal of land from an EFU zone.'"

Sometimes more intensive land uses are allowed in an EFU zone such as a "destination resort" overlay. If a "destination resort" overlay doesn't change the EFU zone status and the land continues to qualifying for farm use, then ORS 308A.113 doesn't have a provision to disqualify land partitions or subdivisions.

In 2005, legislative changes were implemented to accommodate 2004 voter land use reform Measure 37. Under the provisions of law, most Measure 37 claims are being processed as a waiver to an EFU zone. This EFU zone waiver allows an owner to subdivide the land under a Measure 37 claim without changing the status of the EFU zone. If the subdivision is allowed to remain EFU, as the result of a Measure 37 waiver, then ORS 308A.113 doesn't have a provision to disqualify land for the recording of a subdivision plat in an EFU zone.

If the conditions of a Measure 37 claim, changes the zoning from EFU to a zone other than EFU, then process a disqualification for "removal of land from an EFU zone."

Land involved in a "destination resort" or a "Measure 37 claim" that remains EFU will continue to be specially assessed under farm use until the land is disqualified under ORS 308A.113 for:

- “No longer in use”; or
- “Establishing a nonfarm dwelling on the land under ORS 215.236.”

Disqualifications for the establishment of a nonfarm dwelling under ORS 215.236 will depend on whether the acquired ownership associated with a Measure 37 claim occurred prior to ORS 215.236 becoming law. It is recommended to contact the local planning department to determine whether the subdivision or land partitions will be subject to nonfarm dwelling requirements under ORS 215.236 in either a “destination resort” or a “Measure 37 claim.”

Upon the recording of a subdivision plat or partitioning land (including a destination resort), the account must be processed as a “market MAV” exception under ORS 308.156(1).

Prior to development of an EFU subdivision or destination resort, if farm use discontinues and the land lays idle or otherwise is used compatible with returning the land to farm use, the land will be disqualified for “no longer in use” and the additional taxes are deferred under ORS 308A.706(1)(a) until the land changes use incompatible with returning to farm use. Any undeveloped land may requalify at any time farm use continues.

As a subdivision or destination resort is developed, any land that is currently in special assessment will be disqualified for “no longer in use” when any soil is disturbed for streets, roads, utility services, or commercial uses. These generally are a change of use incompatible with returning the land to a farm use and additional taxes can’t be deferred under ORS 308A.706(1)(a). The land will be assessed based on market value and the “market MAV” will also be processed under ORS 308.156(4)(a), (5), and (6). (See “Additional tax” section.)

The MSAV for any existing specially assessed homesites won’t be recalculated because EFU land doesn’t have a provision to disqualify when subdividing or partitioning. When a subdivision or partition occurs, only the “marked related MAV” is calculated under ORS 308A.256(1). A newly qualifying homesite MSAV for undeveloped lots or parcels may be calculated under ORS 308A.256(6) for the first tax year the newly developed homesites are created.

As EFU parcels and lots within the subdivision or destination resort are developed for new residential homesites, the disqualification for any land that is in current farm use special assessment will depend on the farm use capability of each individual lot or parcel on the date the soil is disturbed for a change to a residential homesite. EFU parcels or lots that are large enough to have acreage in excess of the homesite area are still EFU land that may qualify for EFU special assessment. By

statute, disqualification of the homesite area (approximately one acre) will depend on whether:

1. The homesite is used in conjunction with a qualifying farm use.

If the EFU land is currently under EFU special assessment, disqualify the land area being used for the homesite (approximately one acre) from special assessment for “no longer in use” and requalify the land for EFU homesite special assessment under ORS 308A.253. The “market MAV” isn’t calculated because the land is going from one special assessment to another as specified in ORS 308.156(4)(b). See *Douglas County v. DOR* No. 3167 June 11, 1992 cross motion for summary judgement. Process the newly qualified “homesite MSAV” under ORS 308A.256(6).

2. The homesite isn’t used in conjunction with a qualifying farm use.

If the EFU land is currently under EFU special assessment, disqualify the land from special assessment for “no longer in use” and assess the non-qualifying homesite at market value under 308.146 and 308.205. Additional taxes are not collectable for the farmland developed for a residential homesite if the homesite is compatible with farm use. The remaining acres are deferred under ORS 308A.706(1)(a) because the land and homesite is zoned EFU and can be returned at anytime in the future to a qualifying use. The “market MAV” for the disqualified farmland converted to a homesite and any disqualified remaining acres is processed under ORS 308.156(4)(a), (5), and (6) because the land will be assessed based on market value.

3. The homesite is a “change of use” to a residential use.

- A lot or parcel of approximately one acre in size that is entirely improved with landscaping and other onsite developments associated with a residential homesite and no excess land capable of qualifying for farm use special assessment is disqualified for “no longer in use” under ORS 308A.113. Additional taxes are not eligible for deferral under ORS 308A.706(1)(a) for the residential change of use. Collect additional taxes as required under ORS 308A.703.
- The homesite lot or parcel is disqualified under ORS 308A.259 for establishing a nonfarm dwelling pursuant to ORS 215.236. Additional taxes are collectable as specified in ORS 215.236.
- Lots or parcels in an EFU “subdivision” or “destination resort” that have restrictions that don’t allow farming are disqualified for “no longer in use” under ORS 308A.113. Additional taxes

can't be deferred under ORS 308A.706(1)(a) for the residential change of use. Collect additional taxes as required under ORS 308A.703.

Non-EFU subdivisions and homesites: When a subdivision plat is recorded on land that is specially assessed as non-EFU farmland, disqualify the land area in the subdivision for "recording of a subdivision plat" under ORS 308A.116. Wildlife habitat, designated forestland, and small tract forestland special assessments have similar statutory requirements for the recording of a subdivision plat involving those special assessments. Often counties coordinate with the planning department so the additional taxes are collected simultaneous on the same day of the subdivision plat recording.

If the tax and assessment rolls are changed for a subdivision **disqualification prior to July 1** of the assessment year the additional taxes will be collected for the current tax year and imposed for the current general tax roll.

Example: If the assessor changes the assessment and tax rolls between January 1, 2007 and June 30, 2007 the disqualification will be effective for the 2007–08 tax roll. The additional taxes can be estimated and pre-collected for the current general tax roll. The additional taxes are required to be paid under ORS 308A.116 for this disqualification. After paying the additional taxes, the land may requalify for non-EFU special assessment in the current 2007–08 tax year if the taxpayer can meet the subdivision requalification criteria specified in ORS 308A.116. If the disqualification occurs more than 30 days prior to April 1 of the current assessment year, the taxpayer will have until April 1 to requalify as specified in ORS 308A.077.

If the date of the disqualification notice is beyond the April 1 application period, ORS 308A.724(3) allows the taxpayer 30 days from the date of the disqualification notice to reapply for non-EFU special assessment. The old application is disqualified and since the land didn't change to a different special assessment the "market MAV" exception for the subdivided land area is processed under either ORS 308.156(1) or 308.156(4)(a). For any land that meets the requalification requirements of ORS 308A.116, process the "specially assessed MSAV" for the account as newly qualified land under ORS 308A.107(6).

If the tax and assessment rolls are changed for a subdivision **disqualification July 1 or after** of the assessment year, the land will remain in special assessment and the additional taxes will be collected for the next tax year and imposed for the next years general tax roll.

Example: If the assessor changes the assessment and tax rolls on or after July 1, 2007 as specified in ORS 308A.068, the land remains in non-EFU special assessment for the current 2007–08 tax year and the

disqualification becomes effective July 1, 2007 and the assessed value is changed for the next tax year 2008–09. If additional taxes are pre-collected they must be estimated and collected for the 2008–09 tax year general roll. The additional taxes are required to be paid under ORS 308A.116 for this disqualification. After paying the additional taxes the land may requalify for non-EFU special assessment in the 2008–09 tax year if it can meet the subdivision requalification criteria specified in ORS 308A.116. Under ORS 308A.077, the taxpayer has until April 1 of the next assessment year to submit a new application for non-EFU special assessment. The old application is disqualified and the "market MAV" exception for the subdivided land area is processed under either ORS 308.156(1) or 308A.156(4)(a). Process the "specially assessed MSAV" on the account for any land that newly qualifies for farm use special assessment under ORS 308A.107(6). All MAV calculations are processed for a change in assessment occurring in the next tax year 2008–09. **The notification letter to the taxpayer under ORS 308A.718 must appropriately use the correct tax year (2008–09) for the change in assessment and additional tax calculations, otherwise the notification letter may be considered invalid in the event of a tax court appeal.**

Partitioning: The provisions of a subdivision disqualification don't apply to land partitions for either EFU or non-EFU farmland. A land partition is a division of a legal lot or parcel into two or three parcels in a calendar year. A land partition will require processing the account for a Measure 50 MAV exception under ORS 308.156(1).

Homesite disqualifications

Establishing a homesite on land that is currently under a special assessment program, the land first must be disqualified for "no longer in use" from the special assessment program the homesite is being located on. If the homesite qualifies for homesite special assessment under ORS 308A.253, it will be processed as a newly qualified "homesite MSAV" Measure 50 exception under the provisions granting the new special assessment as specified in ORS 308.156 (4)(b). If the land use change doesn't qualify for homesite special assessment, the disqualification will be assessed based on market value under ORS 308.146 and 308.205 and the "market MAV" will be calculated as a Measure 50 exception under ORS 308.156(4)(a), (5), and (6).

Existing specially assessed farm homesites can be disqualified at anytime the assessor discovers the homesite isn't being used in conjunction with farm use and is used for a nonfarm purpose as specified in ORS 308A.259. Homesites that are rented out to someone not involved in farm use activities don't qualify and should be disqualified. A homesite used only a few times a year

for farm use activities and then sets vacant the remaining time is considered to be used in conjunction with the farmland. Vacant homesites generally only apply to EFU zones unless the owner of non-EFU land can qualify the homesite by application under ORS 308A.253. Existing specially assessed farm homesites that are vacant shall continue to qualify for special assessment as long as the homesite remains habitable. Land under homesites that are no longer habitable may be assessed as a farm related storage building if used as part of the farm operation. As specified in ORS 308A.056(3), land under a farm related building shall be assessed at farm use values under ORS 308A.107.

As specified in ORS 308A.259, **additional taxes are not collectable for an existing specially assessed homesite that is disqualified**, unless the existing homesite is involved in a nonfarm dwelling land use approval partition under ORS 215.236.

Homesites special assessments are separate programs from land use special assessments. Either the establishment or disqualification of a homesite won't affect any remaining qualifying portion of a lot or parcel from continuing to qualify for farm use or any other special assessment. However, a farm homesite won't qualify for farm homesite special assessment unless it is used in conjunction with qualifying farm use land that is currently under farm use special assessment.

Specially assessed land and homesites involved in subdivisions or EFU overlays require special processing. See "Subdivision and homesite disqualifications" for additional information.

Nonfarm dwellings in EFU zones require special processing. See "Nonfarm dwelling in exclusive farm use zone (ORS 215.236) disqualifications."

Government exchange of land

A government exchange occurs when a taxable owner exchanges specially assessed land for land that is held by an exempt government body. The exchange must be of approximate equal value.

ORS 308A.730 requires a taxpayer to submit a timely application following the exchange of land with a government agency. With a qualifying application, additional taxes are deferred under ORS 308A.706. Failure to meet the following application timelines will result in a disqualification and additional taxes under ORS 308A.703:

1. If the exchange takes place prior to July 1, the owner shall file the application on or before August 1.
2. If the exchange takes place on or after July 1, the owner shall file the application on or before April 1 of the following year.

(See "Disqualification notification procedures" in the appendix of this manual for processing the exchange.)

Processing the Measure 50 MAV will depend on whether the taxable owner qualifies their acquired land for special assessment.

1. If the land owner doesn't or can't qualify for a change to a different special assessment, the land will be assessed based on market value and the "market MAV" will be processed as an exception under ORS 308.156(4)(a), (5), and (6).
2. If the land owner successfully meets the application requirements and timelines for a change to a different special assessment, the tax account acquired by the taxable owner will be processed as a "specially assessed MSAV" Measure 50 exception under the provisions granting the new special assessment as specified in ORS 308.156 (4)(b).

If the land qualifies for the exchange, there are specific additional tax instructions that must be followed. (See "Additional tax" section.)

Conservation management effect on disqualification (ORS 308A.743)

The existence of a recorded conservation easement or deed restriction on land specially assessed for farm use won't cause a disqualification, unless the terms of the conservation easement or deed restriction prevent the land from continuing to qualify for special assessment.

If the conservation easement or deed restrictions prevents the land from being able to meet special assessment qualification requirements, the land should be disqualified for "no longer in use" under ORS 308A.113 (EFU), 308A.116 (non-EFU), or any other special assessment unable to continue qualification under the terms of the easement.

A conservation easement or deed restriction that doesn't interfere with the land continuing to qualify for special assessment may co-exist on the same land.

Disqualification notification letter

There are specific statutory requirements under ORS 308A.718 regarding the information that must be sent to a taxpayer when land is disqualified from special assessment.

See "Disqualification notification procedures" in the appendix section of this manual.

The disqualification notification procedures in the appendix address disqualifications from all special assessments relating to forestland, farm use, conservation easement, and wildlife habitat special assessment

programs. The notification procedures include sample letters that demonstrate statutory requirements and suggested language to use in the notification process.

The disqualification notification letter required by ORS 308A.718 must:

- Have a valid date of disqualification (see “Effective date of disqualification”);
- Be sent to the taxpayer within 30 days after the date the land is disqualified;
- Be in writing;
- State the subject property has been disqualified from special assessment;
- State the reason for disqualification;
- State that the property will be assessed under ORS 308.156;
- State the amount of additional tax liability that will be imposed or if the land isn’t used for another use the amount of potential additional tax liability [ORS 308A.706 (1)].
- Summarize options and have provisions to change (rollover) into another special assessment, if applicable, under ORS 308A.706(1)(d) or ORS 308A.727 (open space) as specified in ORS 308A.724;
- Provide a statement of appeal rights within 90 days of date of disqualification.

No disqualification notice under ORS 308A.718 is required if the disqualification is:

- At the property owner’s request; or
- For acquisitions by government or tax exempt entities identified under ORS 307.040 or 307.090.

Note: If the acquisition is by a taxpayer that must submit an application to receive tax exemption, upon approval of the exemption, send the taxpayer a disqualification notification letter under ORS 308A.718 for an incompatible “no longer in use” change of assessment the same as any other taxpayer that discontinues farm use special assessment.

Appeals—Magistrate Division

An applicant may appeal a disqualification to the Magistrate Division of the Oregon Tax Court. A complaint filed with the Magistrate Division requires a filing fee. The appeal must be filed within 90 days of the knowledge of the disqualification, but not later than one year after the act. More information can be found in ORS 305.275, 305.280, 305.404 to 305.560, and 308A.718.

Complaints to the Magistrate Division should be mailed or delivered to the following addresses.

By mail:

Oregon Tax Court
Magistrate Division
1163 State Street
Salem OR 97301

In person:

Clerk, Oregon Tax Court
Magistrate Division
1241 State Street NE
Salem OR 97301

Decisions of the Magistrate Division may be appealed to the Regular Division of the Oregon Tax Court within 60 days after the date of the decision.

Additional tax

1. General information

Special assessment programs are in place to recognize that farm and forest properties are environmentally and economically beneficial to Oregon. When property is specially assessed, the owner pays reduced property taxes if they manage their land under the guidelines of the special assessment program. If a property ceases to meet the qualifications of special assessment, it is disqualified from the program. Each year that land is specially assessed a “potential additional tax liability” accrues to the land. The potential tax will only be an actual tax if a collection is required, and won’t necessarily include each year a potential additional tax existed. The additional tax laws and procedures are similar on farm and forest properties. This chapter will focus on the provisions as they relate to farmland special assessments. For forestland-related procedures, refer to *Forestland Assessment Procedures*, 150-303-424.

Specially assessed homesites generally don’t have provisions to collect additional taxes.

Additional tax only applies to the years the land was specially assessed [ORS 308A.703(4)]. Any years when the additional tax has already been collected or abated can’t be collected again. Additional tax can’t be collected for any year the land wasn’t specially assessed (exempt or assessed at market value) or wasn’t collectible under ORS 308A.709.

1A. Overview of statutes

Additional tax statutes ORS 308A.700–733 apply to the following special assessments:

1. Exclusive farm use (EFU).
2. Non-exclusive farm use (non-EFU; all zones other than EFU).
3. Western Oregon designated forestland.
4. Eastern Oregon designated forestland.
5. Small tract forestland (STF Option).
6. Wildlife habitat (WLH).
7. Conservation easement (CE) special assessment.

There are five basic scenarios regarding additional tax that will be addressed in this section:

1. The additional tax could be imposed and collectible following disqualification from special assessment. ORS 308A.703 is the statute that addresses the additional tax upon the land’s disqualification from special assessment from items 1A 1-4, 6, and 7.

ORS 308A.707 addresses additional taxes when land is disqualified from Small tract forestland (STF Option).

2. The additional tax could be deferred upon disqualification. This means that the potential tax remains on the property, but the tax isn’t collected, the tax collection is deferred. ORS 308A.706 lists circumstances when the additional taxes will be deferred upon disqualification from one of the special assessments listed in 1A 1-4, 6, and 7. There is no deferral of taxes upon disqualification of item 1A 5–Small Tract forestland (STF Option).
3. There are situations where the additional tax isn’t deferred or collected upon disqualification. ORS 308A.709 lists the circumstances when additional taxes are not imposed.
4. Any additional tax that had been deferred under ORS 308A.706 may later become imposed or collectible. ORS 308A.712 explains the situations and process for collecting additional taxes that had previously been deferred under ORS 308A.706.

1B. Additional tax versus disqualification

Don’t mix “additional tax” definitions and procedures with “disqualification” definitions and procedures. They are separate statutes and separate processes.

First there is a disqualification, and then consider whether or not to collect the additional tax. Not all disqualifications result in an additional tax. Sometimes the additional tax will be collected many years after the disqualification. It is important to keep the “potential additional tax” (PAT) notation on the assessment and tax roll. If in doubt, don’t remove the notation from the roll.

An entire account may be disqualified and only portions require an additional tax computation. The other portions may have no additional tax or the additional tax is deferred. Careful review is needed of all uses, all acres, and reasons for disqualification separately. Some portions may be affected differently than other portions.

2. Additional tax upon disqualification

ORS 308A.703 addresses imposition of additional taxes upon disqualification from items 1A 1-4, 6, and 7 from special assessments. ORS 308A.707 addresses imposition of additional taxes upon disqualification of special assessments specifically for item 5–Small Tract Forestland (STF Option).

Before deciding to collect, determine whether the additional taxes are collectable. Review the account history to make sure that any prior year's additional taxes haven't been previously collected, deferred under ORS 308A.706, cancelled under ORS 308A.709, or abated under ORS 308A.119 (applies to non-EFU special assessment only). If the additional taxes are in a deferred status under ORS 308A.706, you must follow ORS 308A.712 to process the additional tax for those years.

If neither ORS 308A.706 (deferred), 308A.709 (no additional tax), or 308A.119 (abatement) apply, then the additional taxes are processed under ORS 308A.703.

Following disqualification, the additional tax imposed will be added to the next assessment and tax roll to be collected like other property taxes.

Land in an area **zoned** "urban uses" as specified in ORS 197.754 and 197.756 shall not be subject to additional taxes under ORS 308A.700 to 308A.733 if the land ceases to be used for farm use within the five years following the date the area is zoned for urban uses. After the five year time period any land disqualified from farm use special assessment will be subject to additional taxes as specified in ORS 308A.700 to 308A.733.

2A. Calculation of taxes

OAR 150-308-1500 describes the additional tax calculation. The additional tax shall equal the difference between the taxes assessed against the land and the taxes that would have otherwise been assessed against the land had the land not been specially assessed. This calculation is performed for each year for the total number of years listed in 2B below.

Example: A property was under special assessment in 2005, and the property tax was \$2,000 for the year. It would have otherwise been taxed at \$10,000. The taxpayer gets credit for the \$2,000 and will have the "potential" to pay an additional tax of \$8,000 for that year to make up the difference.

2B. Maximum years

The number of years for which the additional taxes are calculated shall be the lesser of the number of years the land was under the special assessment, or:

Five years in the case of:

- a. Non-EFU farmland.
- b. Western Oregon designated forestland (see *Forestland Manual* for STF).
- c. Eastern Oregon designated forestland (see *Forestland Manual* for STF).
- d. EFU farmland where land remains inside an urban growth boundary.

- e. Wildlife habitat where land remains inside an urban growth boundary.

Ten years in the case of:

- a. EFU farmland where land remains outside an urban growth boundary.
- b. Wildlife habitat where land remains outside an urban growth boundary.
- c. Small tract forestland (see *Forestland Manual* for STF).

If a property wasn't in special assessment long enough to reach the maximum years, you can only collect the tax for the number of years the property was in special assessment.

See Appendix F for "Additional tax diagram."

2C. Owner request

ORS 308A.715 allows the owner of land that is disqualified from special assessment to request to pay the additional taxes, even if the taxes may be deferred under ORS 308A.706. This generally happens when an owner doesn't want the land to be encumbered, or they are in a loan transaction and either the lender or buyer wants to clear the title of the property.

The owner must make written request to the assessor to request to pay the additional taxes. If the request is made prior to August 15 of the assessment year, the additional taxes are added to the current tax roll. If the request is made on or after August 15, the taxes will be added to the next year's roll.

Once an owner makes the request and pays the taxes, they can't "change their mind" and request a refund. However, land may re-qualify for special assessment with a timely application.

3. Additional tax deferred

3A. Statutes

There are circumstances where the additional tax upon disqualification is deferred. ORS 308A.706 lists the circumstances, and ORS 308A.712 explains how to determine the amount of deferred additional taxes once they become due for each scenario. The following table shows the circumstance and corresponding additional tax statute for farmland special assessments.

3B. Change to other special assessment

The most common reason for deferring the additional taxes upon disqualification of farmland is that land qualifies for another special assessment under ORS 308A.706(1)(d). This statute is commonly referred to as the "roll over" statute because it allows an owner to

defer or “roll over” the additional taxes when they go to another special assessment.

It is important to maintain the “potential additional tax” notation on the assessment roll in this circumstance.

3C. Government exchange

Under ORS 308A.730, a taxable owner with land under farm or forestland special assessment may apply for land coming from the government to qualify for special assessment, EFU farm use doesn’t require an application, simultaneously in the transfer if the land exchange is of approximately equal value.

The wildlife habitat and conservation easement special assessments are not listed as special assessments that are included in this application process under ORS 308A.730. However, the collection statute ORS 308A.712(3), isn’t restrictive of which special assessments the collection may occur, which gives latitude to the assessor if this should be the case. The land going to the government and the land coming from the government in the exchange should be under the same special assessment since a “rollover” would also need to occur to change from one special assessment to another. The qualification requirements for WLH and CE require significant lead time to make a successful application by their respective due dates. A successful application will result in no gap in special assessment for which a PAT exists. Failure to make a successful application will result in the assessor requiring proof that the PAT is paid before the deed of transfer may be recorded by the clerk.

In this situation, the additional taxes on the land that was specially assessed is transferred to the land acquired by the taxable owner. These additional taxes are deferred on the taxable owner’s acquired land. However, upon any future disqualification, the additional taxes will begin with the last year the land was under special assessment, up to the maximum number of years allowed, as listed in 2B of this section. To reach the maximum number of years, you may need to include some of the years the owner’s original land was under special assessment.

3d. Additional taxes following deferral

If the potential additional taxes were deferred following disqualification under ORS 308A.706, and later become collectable, the additional taxes, and maximum years of collection are determined under ORS 308A.712.

3D1. Maximum years

The number of years of additional tax computation shall be the total number of continuous tax years that farmland special assessment was in effect for the land, not to exceed:

- a. Five years; or
- b. Ten years if the property had been previously disqualified from EFU farm use or wildlife habitat located in an EFU zone outside the urban growth boundary.

3D2. Calculating the tax

To identify the number of years to collect, determine the following:

1. Total number of years land was under special assessment.
2. If the land had been previously disqualified from either farm use or wildlife habitat on land that is outside the urban growth boundary and in an EFU zone.
 - a. If no, the number of years you calculate the tax on is the lesser of the number of years in special assessment or five years.
 - b. If yes, the number of years you calculate the tax on is the lesser of the number of years in special assessment or 10 years.

For the special assessments listed below, the number of years that may be taken into consideration for the purposes of the additional tax calculation is five years.

Farm Use in an EFU zone inside UGB (ORS 308A.062)

Farm Use in non-EFU zone (ORS 308A.068)

Designated Forestland western Oregon (ORS 321.358)

Designated Forestland eastern Oregon (ORS 321.839)

Wildlife Habitat inside UGB (ORS 308A.424)

Additional tax statutes

| Reason for deferral | Statute | Additional taxes | Statute |
|---|----------------|---|-------------|
| EFU or non-EFU land isn't being used as farmland and isn't being used for an industrial, commercial, residential or other use that is incompatible with returning the land to farm use. | 308A.706(1)(a) | Additional taxes imposed at the time land use changes to a use incompatible with returning the land to farm use. | 308A.712(2) |
| Governmental exchange of land of approximate equal value. | 308A.706(1)(b) | Calculate additional tax on taxable owner's original land. Transfer the tax amount to the account of the acquired land. | 308A.712(3) |
| Land acquired and used for natural heritage purposes. | 308A.706(1)(c) | Additional taxes imposed at time land no longer used as natural heritage per ORS 308A.706(1)(c) | 308A.712(4) |
| Land qualifies for another special assessment. | 308A.706(1)(d) | Additional tax may be imposed at time of disqualification from special assessment, if collectable. | 308A.712(5) |
| Non-EFU farmland fails to meet the income requirements of ORS 308A.071. | 308A.706(1)(e) | Additional taxes are abated for each year of limited farm use. Unabated years remain a potential additional tax. | 308A.119 |

Example 1: Farm land was under non-EFU from 1996 through 2000. The owner let the land lay idle so the land was assessed based on market value, and the additional taxes were deferred under ORS 308A.706(1)(a). In 2004, the owner qualified the land for wildlife habitat special assessment. In 2006, the owner changed the use incompatible with returning the land to special assessment. Additional taxes are to be collected under ORS 308A.703 for the two years the land was in WLH, and the additional taxes deferred in 2001 are to be collected under ORS 308A.712(2). ORS 308A.712 requires the number of years to be collected shall be the total number of years (whether or not continuous) that the farm use was in effect for the land not to exceed five years for non-EFU land and the EFU land inside the urban growth boundary, and 10 years for EFU land outside the UGB.

In this example, three years of additional taxes, 1998–99 through 2000–01, can be collected because the number of years to be collected can't exceed five years for non-EFU land.

| Tax year | 2006-07 | 2005-06 | 2004-05 | 2003-04 | 2002-03 | 2001-02 | 2000-01 | 1999-00 | 1998-99 | 1997-98 | 1996-97 |
|----------------------------|---------|---------|---------|-------------|---------|---------|-----------|---------|---------|---------|---------|
| Special assessment program | | WLH | | Based on MV | | | ←Non-EFU→ | | | | |
| Years to compute add tax | | x | x | | | | x | x | x | | |

Example 2: Land was under non-EFU special assessment from 1996 through 2004, inside the UGB. In 2005, the owner rolled the land over to wildlife habitat special assessment. In 2006, land was disqualified from special assessment for an incompatible change of use. The maximum number of years for additional tax calculation is five years. Calculate the difference between the tax paid under special assessment and the tax that would have otherwise have been paid for each tax year 2001–02 through 2005–06.

| Tax year | 2006–07 | 2005–06 | 2004–05 | 2003–04 | 2002–03 | 2001–02 | 2000–01 | 1999–00 | 1998–99 | 1997–98 | 1996–97 |
|----------------------------|---------|---------|-----------|---------|---------|---------|---------|---------|---------|---------|---------|
| Special assessment program | | WLH | ←Non-EFU→ | | | | | | | | |
| Years to compute add tax | | x | x | x | x | x | | | | | |

Example 3: Land was under EFU assessment from 1996 through 2000 and land was outside the urban growth boundary. The owner decided to roll over into designated forestland (DFL) in 2001–02 and remained under DFL through 2005–06. Because land was disqualified from EFU outside the urban growth boundary within the last 10 years, and the land has been continuously in special assessment, there is a 10-year look back. Additional tax is computed on each tax year from 1996–1997 through 2005–2006.

| Tax year | 2006–07 | 2005–06 | 2004–05 | 2003–04 | 2002–03 | 2001–02 | 2000–01 | 1999–00 | 1998–99 | 1997–98 | 1996–97 |
|----------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Special assessment program | | ←DFL→ | | | | | ←EFU→ | | | | |
| Years to compute add tax | | x | x | x | x | x | x | x | x | x | x |

In the above example, the land must have been continuously subject to special assessment within the past 10 years, otherwise calculate five years additional tax [ORS 308A.712(5)(b)(A)].

Example 4: Assume same scenario as example 3, only land was under EFU from 1996 through 1998 and under DFL from 1999 through 2005. Because land was disqualified from EFU outside the urban growth boundary within the last 10 years, and the land has been continuously in special assessment, there is a 10-year “look back,” which means you look back to tax year 1996–97. Per ORS 308A.712(5)(b)(B), the additional tax for the DFL is limited to five years. Calculate the DFL additional tax for years 2001 through 2005, then compute the years under EFU (1996–1998). Because DFL additional tax is limited to five years, the additional tax can’t be assessed for 1999 or 2000.

| Tax year | 2006-07 | 2005-06 | 2004-05 | 2003-04 | 2002-03 | 2001-02 | 2000-01 | 1999-00 | 1998-99 | 1997-98 | 1996-97 |
|----------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Special assessment program | | ←-DFL-→ | | | | | ←-EFU-→ | | | | |
| Years to compute add tax | | x | x | x | x | x | | | x | x | x |

In the above example, the land must have been continuously subject to special assessment within the past 10 years, otherwise calculate five years additional tax [ORS 308A.712(5)(b)(A)].

Example 5: In 2002, the county governing body removed the land from an EFU zone and additional taxes weren’t imposed as specified in ORS 308A.709(1)(c). Upon removal of the EFU zone, the land was disqualified and the owner applied for non-EFU special assessment and had five years to qualify, ORS 308A.724(2). In 2006, the owner changed the use of the land to an industrial use.

Additional taxes are to be collected under ORS 308A.703 for the four years the land was in non-EFU special assessment. The years the land was in EFU special assessment are not collectable due to the removal of the land from an EFU zone as specified in ORS 308A.709(1)(c) and ORS 308A.712(6).

| Tax year | 2006-07 | 2005-06 | 2004-05 | 2003-04 | 2002-03 | 2001-02 | 2000-01 | 1999-00 | 1998-99 | 1997-98 | 1996-97 |
|----------------------------|---------|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Special assessment program | | ←-Non-EFU-→ | | | | ←-EFU-→ | | | | | |
| Years to compute add tax | | x | x | x | x | | | | | | |

4. No additional tax

4A. Statutes

ORS 308A.709 and 197.754 addresses circumstances when there is no additional tax following disqualification. In these situations, the “potential additional tax” notation may be removed from the roll and no additional taxes are imposed or collected.

4B1. Acquired by governmental agency (eminent domain)

Eminent domain is the power of a government agency to condemn or take property from private ownership for public benefit provided there is just compensation to the owner (i.e., the government agency adequately compensates the owner for the value of the property).

ORS 308A.709(1)(a) specifies the acquisition by the government entity requires the “lawful exercise of the power of eminent domain.” An eminent domain acquisition may be by force, but many times government

agencies acquire the property through negotiation with a willing owner. For an acquisition to qualify under ORS 308A.709, the government agency has to have the power to condemn the property in question. The agency must also be able to demonstrate the reason it acquired the property was for a purpose that would have allowed condemnation had the owner not been willing to sell. (OTC 2022, 2177 January 8, 1985, *Nature Conservancy v. DOR*)

4B2. Acquired by government agency (parks and recreation)

The land becomes exempt from property taxation.

These acquisitions are covered under ORS 308A.709(1)(b)(c).

4B3. Leased public property

ORS 308A.709(2)(a) addresses public property leased to a taxable owner under a cash rent or crop share agreement. Any land specially assessed for farm use as described in ORS 307.110 isn't required to pay additional taxes if the land is disqualified due to termination of the lease. If the lease is cancelled after June 30 then the land remains specially assessed as farm use land until the next year. If the land transfers to a taxable owner between July 1 and December 31 then the PAT is collectable from the new owner. This statute only applies to farm special assessment. If the lease is cancelled after June 30 then the land remains specially assessed as farm use land until the next year. If the land transfers to a taxable owner between July 1 and December 31, then the PAT is collectable from the new owner. See "Exempt owner disqualification" in this manual.

4B4. Removal of Land from EFU Zone

ORS 308A.709(1)(e) specifies additional taxes can't be imposed for land that ceases to be located within the boundaries of an exclusive farm use zone as the result of a change in the boundaries of the zone or removal of the zone following an action by:

1. A governing body of a city or county that wasn't initiated by the owner of the land;
2. The State Parks and Recreation Department for public park purposes under ORS 390.121; or
3. The State Fish and Wildlife Commission for wildlife management purposes under ORS 496.146.

EFU zone changes that are initiated by an action of the land owner will have additional taxes deferred for any land meeting the criteria of ORS 308A.706.

Example: Following the zone change, if the owner lets the land lay idle, the additional taxes are deferred under ORS 308A.706(1)(a) as long as the land isn't used for another use and remains compatible with returning the land to a farm use.

Example: Following the zone change, the owner changes to non-EFU special assessment. The additional taxes are deferred under ORS 308A.706(1)(d) for the change in special assessment. As specified in ORS 308A.724, the owner has five years to meet the non-EFU farm use and income requirements of ORS 308A.068 and ORS 308A.071.

See also "Removal of land from an EFU zone" in this manual.

4B5. Land zoned for urban uses (ORS 197.754 and 197.756)

Land in an area zoned "urban uses" as specified in ORS 197.754 and 197.756 shall not be subject to additional taxes under ORS 308A.700 to 308A.733 if the land ceases to be used for farm use within the five years following the date the area is zoned for urban uses. After the five-year time period any land disqualified from farm use special assessment will be subject to additional taxes as specified in ORS 308A.700 to 308A.733.

5. Non-EFU abatement

If, on July 1 of any year, farmland specially assessed as non-EFU is disqualified from farm use special assessment due to any requirement of ORS 308A.071, the additional taxes can be abated. The abatement **only** applies to non-EFU land that is disqualified under ORS 308A.116 for failure to meet the income requirements of ORS 308A.071.

To qualify for abatement, the land must not have discontinued farm use and must maintain a limited farm use for each year the abatement continues. If there is a break in farm use at any time, including non-use, the abatement stops and there is no provision to requalify for continued abatement.

As limited use is completed, the assessor abates additional taxes beginning with the oldest year for which the additional taxes are due up to five years or the number of years the farm use was in effect, whichever is less.

The abatement **only** relieves the additional tax liability. If an owner discontinues the limited use or requalifies the land for farm use special assessment or other special assessment, the abatement ends. Any abated years completed will reduce the potential additional tax liability.

Following are some abatement examples:

Non-EFU abatement examples

Codes: PAT = Potential additional tax liability
 FV = Farm use value assessment
 MV = Real market value assessment
 F = Farm use
 LF = Limited farm use
 \$ = Minimum income requirement satisfied
 A-1, 2, ...x = Abated (tax year abatement occurs)

Example #1: Disqualification due to lack of income—abatement (308A.119)

| | | | | | | | |
|------------|-------|-------|-------|-------|-------|---|-------|
| | | | | | | Disqualify (Lack of income) 308A.116 ↑ | |
| Tax year | 03-04 | 04-05 | 05-06 | 06-07 | 07-08 | | 08-09 |
| Tax status | PAT | PAT | PAT | PAT | PAT | | |
| Value | FV | FV | FV | FV | FV | | MV |
| Use | F | F | F | F | F | | LF |
| Income | | \$ | | \$ | | | N/A |

Abatement procedure

1. Calculate PAT liability (5 year maximum).
2. Abate year for year (oldest year first).
3. Must complete limited use for 08–09 before oldest year (03–04) can be abated.
4. Assess at RMV.
5. Qualifies automatically with limited farm use.
6. No income requirement during abatement.

Example #2: Owner abated 3 years then quit farming (308A.116)

| | | | | | | | | | |
|------------|--|----------------------------------|---------|-------|-------|-------|-------|-------|-------|
| | Disqualify (Lack of income) 308A.116 | Disqualify No use 308A.116 | | | | | | | |
| Tax year | 03-04 | 04-05 | 05-06 | 06-07 | 07-08 | 08-09 | 09-10 | 10-11 | 11-12 |
| Tax abated | (08-09) | (09-10) | (10-11) | | | | | | |
| Tax status | A-1 | A-2 | A-3 | PAT | PAT | | | | |
| Value | FV | FV | FV | FV | FV | MV | MV | MV | MV |
| Use | F | F | F | F | F | LF | LF | LF | Quit |
| Income | | \$ | | \$ | | N/A | N/A | N/A | |

Abatement procedure

1. Abatement terminates
 - a) 3 oldest years have been abated.
 - b) 2 unabated years (06–07 and 07–08) remain PAT. No additional tax until use change incompatible with farm use. 308A.706(1)(a).
2. Continue assessment @ RMV.

Example #3: Requalification after 3 years on abatement (308A.122) and change of use after 2 years requalified farm use [308A.706(1)(a)]

| | Disqualify (Lack of income) 308A.116 | | | | | Requalify 308A.122 | | *Change of use incompatible 308A.712(2) | | | |
|------------|--|---------|---------|-------|-------|-----------------------|-------|---|-------|-------|-------|
| Tax year | 03-04 | 04-05 | 05-06 | 06-07 | 07-08 | 08-09 | 09-10 | 10-11 | 11-12 | 12-13 | 13-14 |
| Tax abated | (08-09) | (09-10) | (10-11) | | | | | | | | |
| Tax status | A-1 | A-2 | A-3 | PAT | PAT | | | | PAT | PAT | |
| Value | FV | FV | FV | FV | FV | MV | MV | MV | FV | FV | MV |
| Use | F | F | F | F | F | LF | LF | F | F | F | |
| Income | | \$ | | \$ | | | \$ | \$ | \$ | \$ | |

Failed 3 of 5 years
(Disqualify)
Passes 3 of 5 years
(Requalify if owner applies)

Abatement procedure

1. Abatement terminates
 - a. 3 oldest years have been abated.
 - b. 2 unabated years remain PAT. If requalified after 5 years the unabated years (06-07 and 07-08) will no longer apply due to 5 year maximum potential additional tax liability period.
2. Must submit new application (308A.077) for special assessment and continue to meet 3 of 5 year test the same as any qualifying farm.
3. Assess at farm use value.

Notes:

Can't discontinue farm use (must maintain limited use) (or abatement ends with no provision to get back on abatement).

Can only receive abatement on non-EFU land from lack of income (no income requirement while in abatement). No abatement for EFU land.

*Change of use disqualification would require additional tax for tax years 11-12 and 12-13. ORS 308A.712(2) requires the assessor to skip over the market value (MV) years "whether or not continuous" and apply additional taxes for unabated years (06-07 and 07-08). To reach the maximum 5 years, the assessor shall skip over the unabated years "whether or not continuous" and collect any years that remain a potential tax liability (years prior to 03-04). However, in the event during the look back the account has experienced a prior collection of additional taxes, the assessor may not skip over those years "whether or not continuous."

Appendix A: Farm use legislation and history

| | |
|--|------|
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History of farm use special assessments

Purpose

This section will familiarize the reader with changes in farm laws since the inception of the farm use special assessment program enacted by the 1961 Legislature.

It's important to realize that a taxpayer or even a co-worker has heard the same terminology relating to different special assessment programs and doesn't realize that each program operates under its own set of laws. They may use one term when they mean something entirely different. These laws are not permanent. Through the years the laws have often changed. Many times people will refer to a law and think it still applies when changes have occurred to make it more or less restrictive. Therefore, there is a need to study the course of events to accurately relate to the changes and any misunderstandings over time. The purpose of this section is to help the reader relate to some of the farm use law changes that have occurred since the special assessment program as we know it today began in 1961.

Brief background

Farm use special assessment evolved after the state reappraisal program was created in the late 1950s and early 1960s. Farm use special assessment evolved after the state reappraisal program was created in the late 1950s and early 1960s. Farm reappraisal was mandated by the 1953 Legislature. Farm use zoning and farm use assessment came about as a result of legislative action because taxes on farmland were determined to be excessive compared to incomes, particularly in areas with urban influence. Therefore, a 1961 legislative change allowed for farm zone special assessments.

One of the shortcomings of the 1961 change was that it only allowed for special assessment in areas that had already been planned and zoned for farm use. At that time, less than 10 percent of the state of Oregon was zoned. That left the remaining 90 percent with no means of relief. The 1963 session of the Legislature then enacted ORS 308.370 that provided special assessment of EFU and non-EFU (unzoned) farmland (commonly called farm deferral). The 1963 legislation also enacted ORS 215.203 and 215.213 zoning laws to provide a definition for farm use and permitted uses in a farm use zone.

In 1965, the legislative assembly enacted ORS 308.239 (later codified ORS 308.345) to give assessors guidance to value land qualifying for farm use special assessment. Legislation required that only properties sold from a farmer to a farmer would be considered a sale to use to establish values for farm use.

In 1967, ORS 308.345 introduced the prudent investor test. At that time, all real property was valued at 25 percent of market value and the laws were in the process of being changed to 100 percent of market value. The prudent investor test recognized that farm properties didn't sell at a return commensurate with commercial interest rates. Since farm property sale prices are generally above a level that provides sufficient return to a prudent investor, the Legislature required assessors to use a modified income approach with a capitalization rate that reflects prudent investment rates. Under this method, farm properties are assessed at a value according to their rate of return. Only if the rate of return becomes a prudent investment will farm sales be used to establish market value.

This is the basis for the special assessment program we have today. The following topics have been drafted to provide the reader with background information for the many changes to the farm use special assessment program.

Topics

Farm use definition (ORS 215.203)

Few changes have been made in the definition of farm use since 1963. Originally, the wording required the farm be a bona fide farm operation. However, for 10 years no one could agree on what a bona fide farm was, so the 1973 legislation included the definition of farm use as part of Senate Bill 101. Senate Bill 101 stated in more specific terms that property farmed in a manner normal for the particular area and the particular farming operation would be considered a valid farm use operation. Terms that didn't have one meaning to all people, such as bona fide, were removed.

Special assessment terminology (greenbelt, deferral)

Often, different terms have been used to mean the same thing, such as greenbelt or deferral. Today, the farm use special assessment program is called EFU or non-EFU (exclusive farm use) farmland.

"Greenbelt" is a term some people use in error synonymously with special EFU/non-EFU assessment. Greenbelt was a zoning term for providing urban containment by putting a farm zone band immediately surrounding an urban area. By establishing a greenbelt, it would be too expensive to provide services from the urban area through the greenbelt zoned area with the idea that it would prevent the outlying lands from being developed.

In reality, as soon as the prices increased in the urban areas, buyers migrated to less expensive properties outside the urban zone, so it became necessary to zone the entire state.

“**Deferral**” is another name used for special EFU/non-EFU assessment programs. This term was derived from the initial program statutes that referred to the “deferred tax liability.”

“**Greenways**” were created by the Legislature in the early 1970s. These were areas along our rivers and streams that were to be preserved for cleaning the water in the streams and to provide what was called the Willamette Greenway, which was the area where the development rights were to be acquired by the state. While land in a greenway may qualify for farm use special assessment, the term greenway isn’t a special EFU/non-EFU assessment term. Along with the greenways, a term that we often hear is wetlands and riparian lands.

A “**wetland**” determination classifies wetlands on a farm according to requirements of the 1985 Food Security Act. Farm activities may be restricted for farmers to receive United States Department of Agriculture (USDA) benefits. While these restrictions may affect the income status of a farm account, the term wetland isn’t a special assessment term.

Note: Wetland may qualify as wasteland under ORS 308A.056(3)(e) and constitute “currently employed”, for EFU zoned land. In non-EFU zones wasteland requires an application.

“**Riparian**” lands are those lands adjacent to a body of water that qualify for a property tax exemption under ORS 308A.350 to 308A.383. The Oregon State Department of Fish and Wildlife regulates riparian lands. Application for riparian land special assessment is filed with the county assessor.

Other special assessment programs

Other special assessment programs have qualification and disqualification procedures similar to the language found in the farm use program. The following is a list of other property tax special assessment programs (reference ORS 308A.733):

| | ORS |
|---------------------------|------------|
| Open space | 308A.315 |
| Wildlife habitat | 308A.427 |
| Conservation easement | 308A.459 |
| Riparian exemption | |
| Habitat exemption | 308A.362 |
| Western Oregon forestland | 321.358 |
| small tract | |
| forestland | 321.706 |
| Eastern Oregon forestland | 321.839 |

Land in a subdivision

When the special assessment program first began, land in a subdivision wasn’t a criterion for disqualification. The 1971 Legislature provided that any non-EFU property that was platted into a subdivision after September 9, 1971 wouldn’t be eligible for farm use special assessment. In the early 1980s during the recession, there were a lot of properties that had been platted but no change in use had occurred. There was no demand for the lots. Properties continued to be farmed, so the 1983 Legislature enacted ORS 308.387 (now 308A.116). ORS 308A.116 allows properties that have been platted to requalify for farm use special assessment. Upon requalification the property remains qualified until a change of use occurs or it no longer meets the farm use qualification. More recently, EFU zones are being subdivided.

Minimum acreage

Originally the greenbelt law required there be at least five acres to qualify for farm zoning. Once the land was zoned for farming the assessor was required to assess the land at farm use value. The five acre requirement was replaced when gross income requirements were first introduced in ORS 215.203 in 1967.

Homesite special assessment (ORS 308.377 & 308.378)

Prior to 1980, farm homesites weren’t to exceed one acre and they were valued at market value for both EFU and non-EFU. The 1979 Legislature created a special assessment for farm homesites which allowed the land portion of a qualifying homesite to be assessed at farm use land value. Special assessment of farm homesites in an EFU zone were automatic when farm-related dwellings occupied the homesite (see OAR 150-308-1140 for definition of farm-related dwellings). Non-EFU homesites qualified if occupied by farm-related dwellings and an application was made to the county assessor on or before April 15 that showed over 50 percent of the dwelling’s occupants’ adjusted gross income was from farming. This program was in force between 1980 and 1987. ORS 308.395 (non-EFU) and 308.399 (EFU) didn’t require additional tax for homesite disqualification. When homesite land no longer qualified, it and any on-site improvements were assessed at market value.

In 1987, the Legislature created special provisions for the treatment of homesites under ORS 308.377 and ORS 308.378.

ORS 308.377 changed the homesite land value from farm use land value to average market value per acre of all contiguous acres plus a \$4,000 maximum on-site value for both EFU and non-EFU qualifying homesites.

ORS 308.378 protects both EFU and non-EFU qualified farm homesites from additional taxes in the event of disqualification from special assessment under ORS 308.377, except, if the homesite is involved in a land partition for a nonfarm parcel under ORS 215.263 (4). This allows a farmer to discontinue the use of a farm related dwelling and use it as a nonfarm related homesite without having to pay potential additional taxes even though the homesite is disqualified and assessed under ORS 308.205 (market value).

Non-farm dwellings (additional taxes)

Sometimes there is confusion between ORS 308.378 and ORS 215.236 regarding additional taxes on non-farm dwellings.

ORS 308.378 prohibits additional taxes for the disqualification of a homesite qualified for valuation under ORS 308.377 except if the homesite is involved in a land partition under 215.263(4). This allows a farmer to change an existing farm related dwelling to a nonfarm dwelling. There would be a disqualification but no additional tax (except if there is a partition) and it applies to both EFU and non-EFU homesites.

ORS 215.236 passed by the 1981 Legislature requires disqualification and that additional taxes are paid prior to the owner receiving a building permit for the establishment of a nonfarm dwelling in an EFU zone. The disqualification and additional taxes apply to the entire nonfarm parcel.

In 1985, ORS 215.236 was modified so that all EFU zoned farm and forest specially assessed land is required to follow the requirements of ORS 215.236. Previously, this law only included disqualification of farm-use assessment.

A parcel that has been partitioned for a nonfarm dwelling and disqualified can become a qualifying parcel if it is combined with an existing, contiguous, farm use "lot or parcel" (not a few users through a lot line adjustment) and is again devoted to farm use. The nonfarm dwelling will then become a farm dwelling entitled to its one-acre homesite assessment under ORS 308.377, now renumbered to ORS 308A.256 in 2003.

Application required for non-EFU homesites and wasteland

Prior to the 1979 Legislature, homesites were assessed at market value for both EFU and non-EFU farms. The 1979 Legislature created a special assessment which allowed the land portion of a qualifying homesite to be assessed at farm use land value. EFU homesites used in conjunction with the farm automatically qualify. However, an application by April 15 is required each year an applicant wishes to qualify for homesite and wasteland special assessment in a zone other than exclusive

farm use. To qualify the applicant (and spouse) must earn at least 50 percent of their adjusted gross income from farming. A copy of their income tax return must be filed with the application.

Most of the large farms are in EFU farm zoned areas. However, some of the farmers who live closer to an urban area have their homesite located in a (non-EFU) rural residential zone which is contiguous to their farming operation. Another common applicant is a farmer located in rangeland or timberland areas which are often zoned other than exclusive farm use.

Disqualification of specially assessed farmland

When the special assessment program began in 1964, ORS 308.390 required all the disqualification information—market value, farm use value, and additional tax years—to be on the tax roll and tax billing. Because this information was available, there was no formal disqualification procedure. The 1971 Legislature required the farm use value to be the only value on the tax bill. This 1971 change made it necessary to develop procedures which required the taxpayer be notified of the assessors' intent to disqualify and the amount of additional tax that would be placed on the next general tax roll.

Prior to the 1973 Legislature, there was no disqualification penalty (additional tax) on EFU farmland. The 1973 Legislature passed SB101, which provided a penalty (additional tax) for disqualification of EFU farmland with a maximum penalty of 10 years outside the urban growth boundary and five years inside the urban growth boundary.

Prior to the 1973 Legislature, the disqualification penalty on non-EFU farmland was a maximum of five years with six percent simple interest per year. The 1973 Legislature increased the number of years from five years to ten years. Each of those years had a 6 percent simple interest applied for each year from the day that tax would originally have been due. By 1979, the simple interest could have accumulated to a maximum of 60 percent for the oldest year.

In 1981, the Legislature changed the process for recalculating the disqualification penalty on farmland. A multiplier was used instead of figuring the difference in tax for each year. The Legislature also eliminated the 6 percent interest. The new maximum computation was five times the difference in value times the tax rate for the last year in which the property was specially assessed. The multiplier made the additional tax computation much easier for the assessors office. The law change had the overall effect of reducing the amount of liability for the average farm deferral property owner. However, property owners who had recent zone changes that upzoned their properties generally

experienced a considerable increase in the amount of their additional tax liability (disqualification penalty).

1981 legislation also required disqualification of farm use assessment in order to get a final approval for non-farm parcels or nonfarm homesites under ORS 215.236. This affected specially assessed EFU land only (see “Nonfarm dwellings”).

In 1985, ORS 215.236 was expanded to require disqualification and payment of additional taxes prior to receiving a nonfarm building permit on all farm, forest, or open space designations.

In 1987, ORS 308.382 (EFU) and ORS 308.384 (non-EFU) provided for disqualification when the assessor discovered non-qualifying idle farmland. The additional taxes are computed, but, not extended to the tax roll until the farmland is disqualified under ORS 308.390 (non-EFU) and ORS 308.397 (EFU). See “Additional taxes computed but not extended” below.

In 1990, Oregon voters passed Measure 5. In response to Measure 5, the 1991 Legislature passed HB2550 which eliminated the multiplier and required that additional taxes could only be imposed for each year under property tax limitation.

OAR 150-308-1530 states in part:

(3) *Additional tax computation:*

(a) Additional taxes computed for 1991–92 tax year and thereafter shall be the difference between the taxes assessed against the land in that year and the taxes that would have been assessed against the land had the land not been in farm use.

(b) Additional taxes computed for the years of exemption prior to the 1991–92 tax year shall be computed on the difference of value of the last year of special assessment prior to the 1991–92 tax year times the tax rate for that year times the number of remaining years the special assessment was in effect.

(c) The number of years for which the additional tax shall be collected shall be the total number of years (whether or not continuous) that the special assessment was in effect for the land, not to exceed five years.

OAR 150-308.399 states in part:

(3) *Additional tax computation:* Compute additional taxes in accordance with OAR 150-308.395(3) (a) and (b). The number of years the additional tax shall be collected shall be the total number of years (whether or not continuous) that the special assessment was in effect for the land not to exceed ten years if the land is located outside an urban growth boundary and five years if the land is located within an urban growth boundary.

The above administrative rules provide that counties use the multiplier for years prior to the time of Measure 5, which would have been before the July 1, 1991 tax year. For the 1991–92 tax years and thereafter, the tax differences are figured separately for each year under the Measure 5 limitation up to a maximum of 5 years for non-EFU or EFU within an urban growth boundary, and 10 years for EFU outside an urban growth boundary. This method will be phased in over the next few years until the additional tax computation (disqualification penalty) is no longer affected by the tax years prior to the 1991–92 tax year.

In 1990, Ballot Measure 5 changed the definition of market value for property taxation. The 1991 legislation passed House Bill 2550, which requires both the real market value and the special assessed value on the property tax notice to the taxpayer.

Additional taxes computed but not extended

The 1987 Legislature enacted ORS 308.382 (EFU) and ORS 308.384 (non-EFU) which provided a different treatment of idle farmland upon disqualification. Upon discovery idle farmland is disqualified, placed on the roll at market value, and the potential tax liability is calculated, but not extended to the tax roll. Calculating but not extending means that the additional tax is computed and the amount is displayed on both the assessment and tax roll but won't be extended to be collected. Prior to this legislation, land that was discovered to be idle was disqualified and additional taxes were extended to the roll.

This may have also been an answer to part of the problem with financing properties under special assessment because many lenders ended up with additional tax bills when properties were no longer farmed. Many government guaranteed loans only applied to the residential portion so the lenders received the tax bill on the farm land. This law is now codified under ORS 308A.706(1)(a).

Real market value defined

Below is Oregon Statute 308.205, which defines real market value.

308.205 Real market value defined. (1) Real market value of all property, real and personal, as the property exists on the date of assessment, means the minimum amount in cash which could reasonably be expected by an informed seller acting without compulsion from an informed buyer acting without compulsion, in an arm's-length transaction during the fiscal year.

(2) Real market value in all cases shall be determined by methods and procedures in accordance with rules adopted by the Department of Revenue and in accordance with the following:

(a) The minimum amount a typical seller would accept or the highest amount a typical buyer would offer which could reasonably be expected by a seller of property.

(b) An amount in cash shall be considered the equivalent of a financing method that is typical for a property.

(c) If the property has no immediate market value, its real market value is the amount of money that would justly compensate the owner for loss of the property.

(d) If the property is subject to governmental restriction as to use on the assessment date under applicable law or regulation, real market value shall not be based upon sales that reflect for the property a value that the property would have if the use of the property weren't subject to the restriction unless adjustments in value are made reflecting the effect of the restrictions.

History timeline chart

| Year | EFU or non-EFU | Statute | Qualifications | Valuation | Disqualification | Other |
|------|----------------|----------------------------|--|---|---|---|
| 1951 | | | | | | Statewide reappraisal |
| 1957 | | 307.320 | | | | Deciduous tree exemption |
| 1961 | EFU | 308.237 [Repealed 1963] | 5 acres minimum must be farmed | Farmland market value without urban influence | | Green Belt Law |
| 1961 | EFU | 308.238 [Repealed 1963] | | | July 1 if not in farm use | |
| 1963 | EFU | 215.203 | Exclusive farm use | Farmland at market value without urban influence | | Provides farm use zoning; repealed ORS 308.237 (Green Law) |
| 1963 | Non-EFU | 308.395 [Repealed 1963] | | | If not farmed, property had up to 5 year liability for deferred taxes | |
| 1963 | EFU | 308.370(1) | Exclusive farm use | Farmland at market value without urban influence | | |
| 1963 | Non-EFU | 308.370(2) | Farmed prior 2 years; application prior to February 1 of each year | Farmland at market value without urban influence | | |
| 1965 | EFU & non-EFU | 308.239 became 308.345 | | Farmland to be evaluated on basis of farm use value | | |
| 1965 | | 307.320 | | | | Expanded exemption to include agricultural products |
| 1967 | | 308.345 (HB 1692) | | Added prudent investor test | | |
| 1967 | | 308.375 | | | | Owner to be notified if application not made and could file w/late filing fee to avoid disqualification |
| 1967 | EFU & non-EFU | 215.203 | Must meet \$500/year income requirement | | | |

| Year | EFU or non-EFU | Statute | Qualifications | Valuation | Disqualification | Other |
|------|----------------|----------------------|---|---|------------------|--|
| 1967 | | 308.345 (HB 1808) | | Values determined by capitalization included DOR interest rate & local tax rate | | |
| 1967 | | 308.232 (HB 1808) | | Established assessment at 100% of TCV (change from 25% of TCV) | | |
| 1967 | EFU & non-EFU | 308.370 (HB 1808) | | Amended "be assessed at its true cash value for farm use" to "its value for farm use" | | |
| 1969 | EFU & non-EFU | 308.350 | | | | Board of review; review members 2 years, submit income approach factor to board of review |
| 1969 | | 308.380 | | | | Made farm use definition consistent with ORS 215.203. Considered farm until assessing farm use value. (Prior to this each tax lot stood on its own.) |
| 1969 | Non-EFU | 308.375 | Any deeded or recorded contract buyer may apply (prior all owners had to apply) | | | |
| 1969 | | | Amends 215.213 | | | Establishing farm dwelling on lot or parcel that is part of farming operations |
| 1971 | Non-EFU | 308.375 | Application made on or before April 1 of "first year" special assessment qualifies (prior applications were on an annual basis); new owners must apply within 60 days of purchase | | | |

| Year | EFU or non-EFU & EFU | Statute | Qualifications | Valuation | Disqualification | Other |
|-------------|---------------------------------|---------------------------------|--|--|--|--|
| 1971 | Non-EFU & EFU | 308.370 | | | Doesn't disqualify if the farm use not interfered with | Allowed exploration for geo-thermal resources without disqualifying property |
| 1971 | Non-EFU | 308.385 (repealed) | | | | Application no longer had to be recorded with county clerk by assessor |
| 1971 | Non-EFU | 308.390 (amended) | | Deleted carrying of market value on land card and tax roll | | Notation: "potential additional tax liability" on tax and assessment rolls |
| 1971 | Non-EFU | 308.395 | | | Assessor to notify owner of disqualification and amount of additional tax and interest if disqualified (5 years) maximum | |
| 1973 | EFU | SB 101, 215.203, 215.213 | Land under hired help dwellings and land under buildings supporting accepted farming practices | | | Defines "accepted farming practices" |
| 1973 | EFU | 308.397 | Removed income requirement | | Provide for additional tax liability; 5 years inside urban growth boundary—10 outside | |
| 1973 | EFU | SB 195 (308.403) | | | | District attorney to determine if zone qualifies as exclusive farm use zone; assessor shall notify county governing body of nonqualified zone and possibly subject to additional tax liability |
| 1973 | EFU & non-EFU | HB 2144 (amended 308.250) | | | | Added mint to processor's exemption |
| 1973 | EFU | HB 2220 (307.485) | | | | Exempts farm labor camps |

| Year | EFU or non-EFU | Statute | Qualifications | Valuation | Disqualification | Other |
|-------------|-----------------------|---|--|---|--|---|
| 1973 | Non-EFU | HB 2317 (amended 308.390 and 308.395) | | | Land no longer disqualified from farm use assessment due to change of ownership; did away with need for new owner to apply | |
| 1973 | EFU & non-EFU | HB 3247 (amended 310.608) | | | | Adds farm machinery to inventory exemption |
| 1973 | Non-EFU & EFU | HB 2304 (amended 321.618) | | | | Established minimum stocking for forest land at 60% of minimum provided in forest practices act |
| 1975 | EFU | SB 497 (amended 215.213) | | | | Additional non-farm use in farm zone (personal use airports) |
| 1975 | EFU & non-EFU | HB 3015 (amended 308.235) | | Valuation of land based on land use plan and zoning; capitalization rate to be used shall be average rate of interest for Federal Land Bank over past five years component for the tax rate | | |
| 1975 | EFU & non-EFU | SB 783 (amended 308.345) | | | | |
| 1975 | EFU & non-EFU | SB 262 (amended 215.203) | Farm wood lot qualified up to 20 acres (previously if over 20 acres, none qualified, now first 20 acres qualifies) | | | |
| 1977 | Non-EFU | SB 200 (amended 308.370) | | | | Allows lease for use for fishing, hunting, camping, or other recreational uses |

| Year | EFU or non-EFU | Statute | Qualifications | Valuation | Disqualification | Other |
|-------------|-----------------------|--------------------------------|--|---|--|---|
| 1977 | Non-EFU | SB 468 (amended 308.374) | Added income requirement to law; income requirement: Under 5 acres— \$500 5 to 20 acres— \$100/acre Over 20 acres— \$2,000 + | If qualified, valued at farm use value | Disqualified if doesn't meet income requirement; special assessment becomes annotated lien | |
| 1977 | | (308.404) | | Land at market value | Special assessment becomes annotated lien | Abatement process; if not qualified for income but still being farmed, abate one year for each year farmed |
| 1977 | EFU | SB 819 (215.213) | | | | Allowed uses in EFU zone added (home occupations, processing forest products, boarding of horses) |
| 1977 | EFU & non-EFU | SB 829 (308.345) | | Modified interest rate establishing farm use value (effective rate) | | |
| 1979 | EFU | SB 437 (215.203) | | Wasteland, home sites, and land under farm buildings to be valued at farm use | | |
| 1981 | EFU & non-EFU | SB 372 (308.350) | | | | Staggered terms at farm board of review |
| 1981 | EFU | SB 397 (amended 308.025) | | | | Designation of riparian lands |
| 1981 | EFU & non-EFU | HB 2122 (321.960) | | | | Allows rollover upon disqualification of zoned farmland, non-EFU farmland, forest land, and small woodlands |
| 1981 | Non-EFU & EFU | HB 2182 (308.395) | | Multiplier instead of individual year computation and interest | | Included EFU, non-EFU, small woodlands, and designated forest land |

| Year | EFU or non-EFU | Statute | Qualifications | Valuation | Disqualification | Other |
|------|----------------|---------------------------------------|---|--|---|---|
| 1981 | | HB 2225 (215.213) | | Provided for removal of property from farm use assessment if non-farm parcel or non-farm homesite approved | | |
| 1983 | EFU | SB 237 (215.253) | Land must meet requirements of non-EFU land to qualify for special assessment; must meet income requirement | | Disqualify from automatic farm use assessment; calculate and extend deferred taxes to roll; may reapply for non-EFU | This bill allowed marginal lands within EFU |
| 1983 | EFU & non-EFU | HB 2685 (308.396 amended) | | | | No additional tax on public land exchanged |
| 1983 | EFU | 215.203 (amended) | | | | Marginal land not restricting farm use or farm structures |
| 1983 | EFU | SB 347, 308.775, and 308.760 | | | | Farm or forest to open space; applies to public golf course within or adjacent to urban growth boundary |
| 1983 | Non-EFU | HB 2824 | | | | Land can requalify for farm or forest special assessment after platting |
| 1985 | EFU | SB 185 (308.403) | | | | Notification of county and requalification of farm zone within six months, assessor shall continue assessment as EFU zoned farm land; notation remains on tax roll—"potential additional tax liability" |
| 1985 | EFU & non-EFU | 215.203 | Allows farm use qualification for aquaculture | | | |
| 1985 | Non-EFU | SB 212 (308.396) | | | | Farm or forest additional tax not collected when property transfers to public park, ODOT, or Fish and Wildlife. |

| Year | EFU or non-EFU | Statute | Qualifications | Valuation | Disqualification | Other |
|-------------|-----------------------|----------------------------------|--|--|---|---|
| 1985 | EFU | SB 376 (215.213) | | | | Residential properties for handicapped persons in EFU zone. |
| 1985 | EFU | HB 2381 (215.213) | | | | Relates to partition of land zoned EFU. |
| 1985 | EFU | HB 2552 (215.213) | | | | Allows racing dog kennels in counties over 200,000 population that have a dog racing track; also allows them in adjoining counties with over 200,000 population |
| 1985 | EFU | 215.203 | | | | Continued qualification for flooded farm land |
| 1987 | EFU & non-EFU | SB 15 308.377 | ORS 308.045, ORS 308.372 | | | Changed land under homesite from farm land to average value of 1 acre plus 4,000 for on-site development |
| 1987 | EFU & non-EFU | SB 199 (follows 308.407) | | | Requires notice 1 year prior to disqualification of land financed by ODVA | |
| 1987 | Non-EFU | HB 2485 (308.345, 308.406) | Allows immediate qualification of non-EFU land purchased and made part of farming operation that exceeded \$10,000 in prior year | | | |
| 1987 | Non-EFU & EFU | HB 2664 (308.384, 308.382) | If requalifies, farm use is reapplied and notation of lien amount is removed | If land not farmed, put at market value; compute deferred tax, post lien of amount of deferred tax, but don't extend tax to roll | | Expires 1-1-1997 |

| Year | EFU or non-EFU | Statute | Qualifications | Valuation | Disqualification | Other |
|------|----------------|----------------------------------|---|-----------|--|---|
| 1987 | EFU | HB 2950 (215.213) | | | | Allows replacement dwelling in farm use zones to be used in conjunction with farm use if original house is listed as a historic property; allows breeding, boarding, and training of horses; boarding is non-farm use |
| 1987 | EFU | HB 3097 (215.213, 215.283) | | | | Allows destination resort in EFU zone |
| 1987 | Non-EFU | 308.372 | In determining gross income, purchase price of livestock to be deducted from gross income | | | |
| 1989 | EFU & non-EFU | 308.396 | | | 308.399, 308.395 | Deferred liability not collected in certain cases |
| 1991 | EFU & non-EFU | HB 2550 (308.399, 308.395) | | | Changed method of disqualification | Provided for difference in tax for each of 5 to 10 years |
| 1991 | Non-EFU | 308.372, 308.407 | New income requirements for non-EFU land starting in 1992 | | | Under 6 acres— \$650 6–30 acres— \$100/acre Over 30 acres— \$3,000 + |
| 1991 | Non-EFU | OAR 150-308.395 | | | Allowed phase-in of new system and allowed multiplier for years prior to 1991 | |
| 1992 | EFU | OAR 150-308.399 | | | Allowed phase-in of new system and allowed multiplier for years prior to 1991. | |

Oregon Revised Statute chart

| | Qualification statutes | Assessed value statutes | Disqualification statutes |
|---|---|--|--|
| Assessment based on market value | Taxable based on RMV Dwellings Farm related buildings Other buildings Non-qualifying land Non-qualifying homesite Improvements to the land Fixtures, improvements not exempt — Processing equipment — Milking parlors — Automatic feeders — Seed cleaning equipment — Buried and real property irrigation lines — Affixed irrigation pumps and motors Non-EFU leased land OAR 150-308-1040 | RMV / MAV 308.146 (< RMV or MAV) 308.156(4)(a) (M-50 MAV) 308.205 (RMV) 308.232 (RMV / assessment) 308.235 (land valuation) 308A.110 (improvements and machinery valuation) | Disqualification 215.236 (EFU nonfarm dwellings) 308A.113 (EFU) 308A.116 (non-EFU) 308A.259 (homesites) 308A.718 (taxpayer notification) 708A.743 (conservation easements) Additional tax 308A.119 (non-EFU abatement of additional tax) 308A.703 (collect additional tax) 308A.706 (deferral of additional tax) 308A.709 (no additional tax) 308A.712 (collection of additional tax deferred) |
| Special assessment | Farm use special assessment 308A.056 (farm use defined) 308A.062 (EFU land qualification) 308A.068 (non-EFU land qualification) 308A.250 (homesite defined) 308A.253 (homesite qualification) 308A.071 (non-EFU income requirements) 308A.074 (non-EFU wasteland application) 308A.077 (non-EFU application) 308A.080 (acquired land qualifications) 308A.083 (potential additional tax liability) | Farm use SAV / MSAV 308A.092 (valuation criteria) 308A.095 (farm board) 308A.107 (land SAV / MSAV) 308A.256 (HS SAV / MSAV) 308.156(4)(b) (M-50 MSAV) | Change special assessment 308A.086 (requalification generally) 308A.089 (income requalification) 308A.122 (abatement requalification) 308A.724 (change special assessment) 308A.730 (government exchange) 308A.733 (withdrawal of change) |
| No assessment— no tax | Exempt 307.060 (leased federal government land) 307.110 (leased public land) 307.315 (nursery stock) 307.320 (trees, shrubs, plants, crops) 307.325 (ag products in possession of farmer) 307.390 (mobile field incinerators) 307.391 (smoke management equipment) 307.394 (farm machinery and equipment) 307.397 (certain machinery and equipment) 307.398 (irrigation equipment) | Exempt 308.156(4)(b) (M-50 MSAV) | |

Appendix B: Resource information

| | |
|--|------|
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Oregon land classification system

Although land classes may vary somewhat from county to county, the following classing system is considered basic and will apply in most instances.

The major classes are identified by roman numerals I through VIII. Classes I through IV cover land which is, or could be, tilled. Classes V, VI, and VII cover land not tillable because of steep slopes, rocky soils, and other limiting factors. Class VIII is generally unusable land.

Following are descriptions of the eight classes:

Class I

1. General productivity rating:

This is the best tillable land, expected to maintain at least better than average levels of productivity for most crops typical to the area. Good to excellent yields may be expected under typical management.

2. Physical factors in this rating:

- a. The soil would have to have at least medium usable depth and have good texture for tillage and water-holding capacity.
- b. The lay of the land should be nearly level. An exception to this rule would be wheat lands in eastern Oregon.
- c. This land should be quite well drained. Minor drainage problems might exist but these shouldn't significantly restrict ability to grow adapted crops.
- d. This land should be situated as not to be subject to overflow under most flood conditions. Floods would occur rarely, but could be possible in unusual climatic disturbances.

3. Other factors in this rating:

- a. The nature of the cover must be considered by the appraiser. It shouldn't be included in classification unless the condition appears to affect value significantly or when such limitation couldn't be removed except at great expense.
- b. Accessibility, irregularity, and size of the fields in the farm unit should be considered by the appraiser, but the classification of the land shouldn't be lowered to make the adjustment. Land is classified without regard to the above factors. The appraiser allows for the condition by entering on the land card an adjustment factor for the acres involved.

Class II

1. General productivity rating:

Good tillable land may often produce better than average yields of most crops typical to the area. The average manager would be expected to obtain good yields of most crops typical to the area. Diversification of this land would be expected to be somewhat limited.

2. Physical factors in this rating:

- a. This class of soil would have at least moderate depth, but tillage might be limited by occasional rocks. The soil might have moderately "light" or "heavy" texture which might limit its tillage or water holding capacity.
- b. The lay of this class of land in most cases should be fairly level. An exception would be wheat lands in eastern Oregon.
- c. This land might exhibit subsurface drainage problems, though no treatment would be necessary to grow most crops typical to the area.
- d. This land may be situated in areas of occasional overflow. These floods are usually expected only during certain months. However, they may destroy the crops or prevent the use of the land in isolated instances.

3. Other factors in this rating:

- a. The nature of the cover must always be noted by the appraiser. However, it must not be considered in this classification unless the condition appears to significantly affect value; for example, when the indicated limitation couldn't be removed except at a considerable expense. Occasional rose bushes wouldn't warrant reclassification, whereas a growing reproduction of conifers might.
- b. Accessibility, irregularity, and size of the fields of the farm unit should be considered by the appraiser, but the classification of the land shouldn't be lowered to make the adjustment. Land is classified without regard to the above factors. The appraiser allows for the adjustment by entering on the land card an adjustment factor for the acres involved.

Class III

1. General productivity rating:

This class of land will have at least average yields of most crops typical to the area. The average manager would be expected to obtain typical yields of specially adapted crops typical to the area. Diversification of this land is limited.

2. Physical factors in this rating:

- a. The soil should have at least fair depth. Many of these tracts, especially those which may be light or very heavy in texture, will require special tillage practices.
- b. The lay of the land can be flat to fairly steep. If land is characterized by a single slope, it could be called moderately steep. If land is characterized by a complex slope, it could be called hilly.
- c. This land often exhibits subsurface drainage problems. In some instances the growth of crops is severely restricted unless expensive drainage practices are provided.
- d. This land may be in areas of frequent flooding. Soils may have limited use during some parts of the growing season.

3. Other factors in this rating:

- a. The nature of the cover must always be noted by the appraiser. However, it must not be considered in this classification unless the condition appears to significantly affect value.
- b. Accessibility, irregularity, and size of the fields of the farm unit should be considered by the appraiser, but the classification of the land shouldn't be lowered to make the adjustment. The appraiser allows for the adjustment by entering an adjustment factor for the acres involved.

Class IV

1. General productivity rating:

Class IV is the lowest class of tillable land. In many instances, it's questionable as to whether the land should be tilled. It will often be reverted to pasture, although it might occasionally be cultivated. This land has little or no diversification.

2. Physical factors in this rating:

- a. The soil may be shallow, extreme in texture, very difficult to till, and contain frequent outcroppings of parent rock.
- b. The lay of the land may be very rolling or steep. If land is characterized by a single slope, it could

be called steep. If land is classified by a complex slope, it could be called very rolling or hilly.

- c. This soil may be subject to serious draining problems. Surface water may lay in pools for long periods. The growth of most crops will be severely restricted due to drainage.
- d. These lands are often subject to frequent and sporadic inundations. Consequently, any cropping is uncertain, often impractical.

3. Other factors in this rating:

- a. The nature of cover will usually limit the use of this land to pasture, and it must be noted by the appraiser. However, it must not be considered as influencing classification unless the condition appears to significantly affect its value. This is seldom the case.
- b. Accessibility, irregularity, and size of the fields of the farm unit should be considered by the appraiser, but the classification of the land shouldn't be lowered to make the adjustment. The appraiser allows for the adjustment by entering an adjustment factor for the acres involved.

Class V

This land is generally suited to grazing or forestry use with little limitation. It will run from fairly level to hilly and is generally used for pasture. The land may be too stony or wet or otherwise unsuited to cultivation. However, in some cases a cultivated crop may be grown. It would, under average management, yield a relatively good crop of grass forage.

Class VI

This land isn't suited to cultivation, though it is usually the better range land. It will often be under forest cover or wood lot. It is susceptible to erosion on unprotected slopes.

Class VII

This land isn't suited to cultivation. It is usually considered average range land or suitable for trees. The soil is shallow and has relatively steep slopes and is extremely susceptible to erosion.

Class VIII

This land is generally not suited to cultivation, grazing, or forestry, but would have some use for wildlife or recreation, or for watershed protection. It may be used for limited grazing or forestry. It is usually very steep, rough, stony, sandy, wet, or severely eroded.

Subsymbols

In addition to the eight major classes, eight subsymbols are also available to further classify the land. These are used in conjunction with the major class (example: ik).

- k river bottom soils
- b bench land
- h hill land
- of overflow
- f nontillable land—suitable for clearing
- cg clearing
- cd cleared
- rv reverted
- m meadow

To help the appraiser establish land classes, information can be obtained from soil surveys made by the soil conservation service (SCS) as to land capability. Also, in certain areas, the bureau of reclamation maps indicate irrigation potential, and army corps of engineers maps indicate drainage and related qualities. Guides to other sources of information about land capabilities and classes may be obtained from the county extension service.

The details of the land classification as established by the appraisers in the field are transferred from the aerial photos to the soil classification maps by the cartographers. In this way ownership lines, land classes, and acreage by land class for each ownership, as well as roads, ditches, streams, etc., are on each map.

List of perennial crops and first year they should meet income requirements

| Crop | Year west side | Year east side | |
|-------------------------|----------------|----------------|---|
| Cherries (sweet & sour) | 4th | 4th | |
| Grapes | 3rd | 3rd | |
| Peaches | 3rd | 3rd | |
| Apples | 3rd | 3rd | |
| Pears | 3rd | 3rd | |
| Apricots | 3rd | 3rd | |
| Plums | 3rd | 3rd | |
| Prunes | 3rd | 3rd | |
| Kiwi | 3rd | * | |
| Filberts | 5th | 5th | (150–200 lbs/year, increase to age 14) |
| Walnuts | 5th | 5th | |
| Blueberries | 3rd | * | |
| Cranberries | 2nd | 3rd–4th | |
| Strawberries | 2nd | * | |
| Caneberries | 2nd | * | (including red & black raspberries, boysenberries, marion, evergreen) |
| Christmas trees: | | | |
| Douglas fir | 5th | 7th+ | |
| Noble fir | 6th | * | |
| Scotch pine | 5th | * | |
| Nursery stock: | | | |
| Shade trees & bonsai | 2nd+ | | (different types of stock on east side—years vary) |
| Rhododendrons & azaleas | 3rd+ | | |
| Alfalfa | 2nd | 1st | Not 100% productive in 1st year, east side |
| Grass seed | 2nd | 1st | East side: 1st year if planted in the fall, ready by summer |
| Cottonwoods | 7th | 6th | |

* Crops not typically grown here

Resources in the farm use mass appraisal process

Cost factor books

1. Residential cost factor book.
2. Farm building cost factor book.
3. Other state cost factors.
4. Valuation services.

Appraisal cards

1. Improvements.
2. Land.
3. Farm use special assessment.

Real estate sales

1. Multiple listing service.
2. Deeds and title company listings.
3. Data analyst supplied lists.
4. Commercially supplied sales listings.
5. Lending institutions.
6. Fee appraisers, realtors, and others in real estate.
7. Neighboring counties and states.
8. Newspapers and real estate circulars.
9. U. S. Fish and Wildlife (wetland sales).
10. Highway department and utility companies (easements).

Legal resources

1. Oregon Constitution.
2. Oregon Revised Statutes.
3. Court cases (Oregon Tax Court, Oregon Supreme Court).
4. Attorney General opinions.
5. Department of Revenue opinion and orders.
6. Abstracts (brief summary of legal decisions).
7. Zoning regulations.
8. Building codes.
9. Department of Environmental Quality (EPA Restrictions).

10. County sanitarian.
11. County watermaster.
12. County council.
13. Department of Revenue.

Maps

1. Aerial photos.
2. Soil maps (soil conservation service) (GIS system).
3. Appraisal maps.
4. Bureau of Land Management maps.
5. Highway department maps.
6. State and national forest maps.

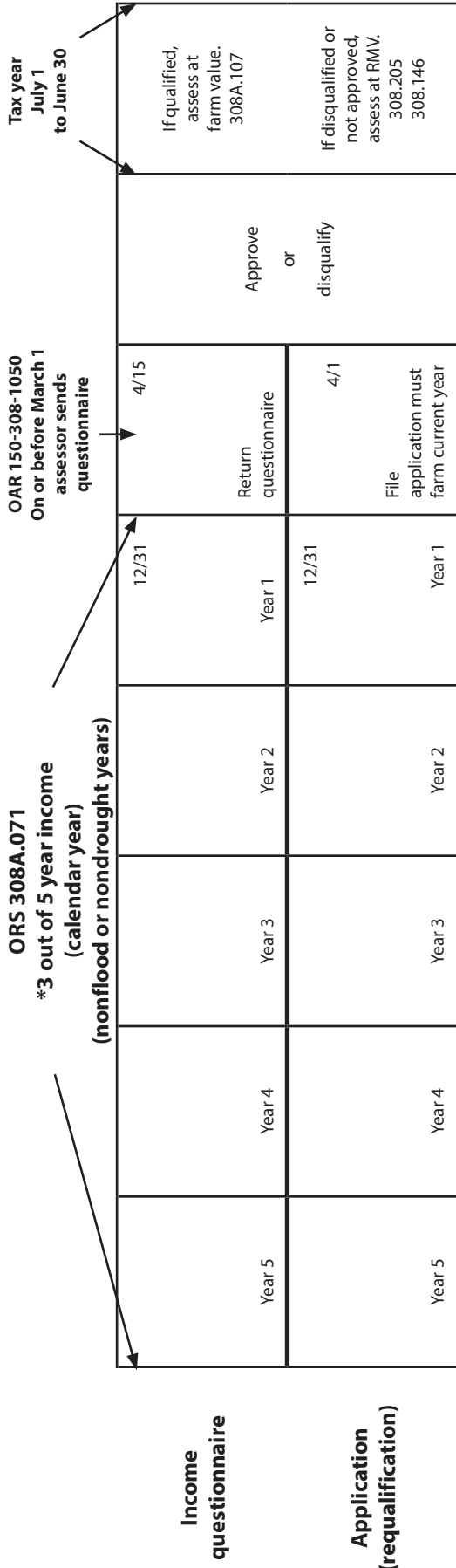
Income and expense information

1. Non-EFU applications.
2. Non-EFU income questionnaires.
3. Federal income tax returns (Schedule F, other income).
4. Proof of income information requested by assessor.
5. Rents, leases, crop share, owner/operator statements.
6. ASCS yields and subsidies.
7. Oregon State University Extension Service.
8. Farm board.
9. Commodity brokers/buyers.
10. Farm suppliers.
11. Equipment dealers.
12. Irrigation districts.

Publications

1. International Association of Assessing Officers.
2. Private and public studies.
3. Appraisal institutes.
4. Periodicals, magazines, and newspapers.

Non-EFU timeline chart



* **Note:** ORS 308A.071(2)(b) waives the income requirement on any acres each year which meet any of the criteria for "current employment;" under ORS 308A.056(3) and land not exceeding 1 acre used as a homestead.

January 1
 ORS 308A.062 (EFU)
 ORS 308A.068 (non-EFU)
 Farm use qualification
 Land must be qualified as of the January 1 assessment date each year. (EFU & non-EFU)

ORS 308A.077 Non-EFU application (April 1)
 ORS 308A.074 Non-EFU wasteland
 — Annual application (April 15)
 ORS 308A.253 Non-EFU homestead
 — Annual application (April 15)

Counter questions

You need to clarify what information the taxpayer needs. Many taxpayers will describe their situation and use terms that are not consistent with current law or procedures. It is important to communicate with the taxpayer so you understand what the important issues are. Many conversations start off in one direction only to find out that the real issues are something else. It is important to verify the details of every situation until you are satisfied you have identified all of the issues related to their question.

Before answering a question, narrow the question down so that you know what type of special assessment the owner is inquiring about. For instance, if it's a farm use question you need to know if the land is all EFU or all non-EFU or a mix of EFU and non-EFU. The farm may also have portions that are under forestland special assessment or wildlife habitat etc. Each program has its own statutes and though they may be similar, they all have differences and the land involved needs to be identified and processed separately.

Often the taxpayer may be anxious because they have received a notification from the assessor or tax collector, or are concerned their property taxes will be adversely affected. You can't please everyone and sometimes you can do little to help them. However, it helps if you give them enough information so they understand their situation and feel that they are being treated equitably. The old saying of treating someone else the way you would like to be treated yourself goes a long way to defuse most situations.

If you don't know the answer in most situations you can research the issue and get back to the taxpayer later. Be sure to take good notes and obtain enough information so that you can accurately identify the account, the land or property involved, and the details of the issue.

This section contains some common counter questions that you may experience.

These questions are designed to provide basic direction and are not designed to be all-inclusive. You are encouraged to study and research current statutes, administrative rules, information circulars and forms to build upon these questions.

The answers to these questions will likely develop into additional questions and dialogue. Read the answers and be prepared to address any obvious additional questions.

Special assessments (all programs)

What happens if I purchase specially assessed property?

- Owners have a responsibility to learn about the special assessment program that applies to their property. If they wish to continue special assessment they must keep the land in a qualifying use.
- Provide information circulars, applications, forms, websites and resource contacts (Appendix C). Explain some of the basics for the special assessment program they are inquiring about.
- Explain there is a "potential additional tax" notation on the assessment roll and on their property tax statement(s) for properties in special assessment.
- Explain disqualification, change in special assessment and additional tax consequences for the program.

Can I put part of my land in farm and part in forest (or something else)?

- Yes, any land on your parcel that meets the qualification requirements of a given program may receive special assessment.
- Special assessment is granted on a per acre basis and only one special assessment may be granted for the same land. Special assessments can't overlap.

How much will I save on my tax bill if I put land in special assessment?

- Explain that values will be changed from the current assessed value on the affected land to a specially assessed value for the number of acres for each land class. You can use the last available rate and value difference to get an approximate answer.

Can I change to a different special assessment?

- First determine what special assessment program the land is currently in or has been disqualified from and which program the owner wants to change to. The timing of the change should occur so that the owner has an opportunity to transition from one special assessment to another without a break in special assessment.

—If the land is currently under special assessment inform the owner the land is disqualified for "no longer in use" in their current special assessment program when the use changes. Once disqualified,

follow the procedure below for a change in special assessment under ORS 308A.706(1)(d).

—**Change in special assessment of disqualified land under ORS 308A.706(1)(d).** If the change is the result of a disqualification you will need to have a good understanding of the procedures for each type of disqualification. The Disqualification notification procedures (Appendix F) will explain timing and procedures. See the “Hexagon diagram” (Appendix F) for possible changes in special assessment. ORS 308A.724 provides the statutory timing requirements for a change in special assessment following a disqualification. A disqualification notification letter should be in the file. Review the disqualification notification letter with the owner to explain the reason and procedure for the disqualification. If a change in special assessment isn’t possible explain any tax consequences. The land may be assessed based on market value or there may be the collection of additional taxes upon disqualification from special assessment.

ORS 308A.724 specifies that land changing to non-EFU following a disqualification has five years to meet both the income and use requirements.

ORS 321.709(2)(d) specifies that land changing to STF must not have been disqualified from STF for any of the five tax years preceding the year for which STF special assessment is sought. However, there is a requirement that all contiguous forestland acquired by an STF owner be placed in the STF program. In this instance, it is acceptable to place land disqualified from STF in the previous five years back into the program.

- Review any information circulars or applications and forms the owner will need to complete to accomplish the change in special assessment. If a change isn’t possible inform the owner of the reasons why the land can’t qualify.

How much will it cost me to discontinue the special assessment?

- Determine the program the owner wants to discontinue and address increases in taxable value and additional taxes.

—EFU: The owner can’t request to remove land from special assessment in an EFU zone. If the owner discontinues farming, the land can be disqualified for “no longer in use” and will be assessed based on market value. At any time the owner resumes farming any of the land for profit in a qualifying use, the land is required to be under farm use special assessment.

ORS 308A.706(1)(a) specifies the additional tax is only collectable for disqualified farmland if change in use is incompatible with returning the land to a farm use. Idle land isn’t a change of use and no additional tax can be collected if the land isn’t farmed, but remains idle. (See “No Longer in Use Disqualifications” in the “Disqualification” section of the *Farm Manual* for examples of incompatible change of use.)

—Non-EFU: If the owner requests the land be removed from farm use special assessment the land will be assessed based on market value. The owner may continue to farm the land for profit. To requalify the owner will need to submit a new application.

ORS 308A.706(1)(B) specifies the additional tax is only collectable for disqualified farmland if the change in use is incompatible with returning the land to a farm use. Idle land isn’t a change of use and no additional tax can be collected if the land isn’t farmed, but, remains idle.

If the special assessment is being removed due to recording of a subdivision plat, any portion of the land may requalify for non-EFU special assessment after paying additional taxes and meeting the requalification criteria of ORS 308A.116(4). There is no provision for the owner to change to a different special assessment. A change to a different special assessment will require the owner to submit a timely application or claim under the provisions of the program. This may result in the valuation of the land based on market value during the transition period.

—Designated forestland: If the owner requests the land to be removed from designated forestland special assessment the land will be assessed based on market value and additional taxes will be collected if the land doesn’t change to a different special assessment.

—Highest and best use forestland: HBU isn’t a special assessment, it is a classification based on an appraisal decision. There is no option for the owner to remove this classification. HBU forestland doesn’t have additional taxes when the classification is removed upon determination by the assessor that the land has a higher and better use other than forestland.

—Small tract forestland: Once qualified, a small tract forestland owner may not voluntarily remove themselves from the STF program. If an owner changes **from STF to** another special assessment or to exempt ownership the difference between the STF taxes and the taxes imposed as forestland will be imposed. See the “Additional tax” chapter. If the

land is removed from the STF special assessment and doesn't change to a different special assessment the land will be assessed based on market value and the second additional tax for the difference between 100 percent forestland values and what it would have otherwise been assessed based on market value will be collectable if the land **isn't** HBU forestland. For HBU forestland, collect STF (20% to 100%), however, no additional tax for 100% to market.

- Additional taxes will be required for land in EFU, DFL, STF, or open space if an owner is in the process of establishing a non-farm dwelling under ORS 215.236.

ORS 215.236(4) doesn't require disqualification or an additional tax for any land already in WLH special assessment at the time the owner is seeking a non-farm dwelling under ORS 215.236.

ORS 215.236(6) specifies after being disqualified the landowner may **change from** EFU, DFL, STF, or open space to WLH special assessment or conservation easement special assessment under ORS 308A.450 to 308A.465. Additional taxes for any land qualifying for a change to WLH special assessment are deferred under ORS 308A.706(1)(d) or in the case of open space under ORS 308A.318(4). Additional taxes would be collected for any portion of the disqualified land not qualifying for a change to WLH.

- An owner may request to pay additional taxes as specified in ORS 308A.715 for any land that has been disqualified.

Why does it say “potential additional tax liability” on my tax bill or print out?

- This is just a potential lien and isn't collectable until an event occurs which would require its collection. When a property first begins a special assessment program, the law requires the PAT notation on the assessment and tax rolls. This is to inform the owner and general public that a potential collectable lien may be attached to the property, because the land is subject to special assessment.
- If the owner wants more information, identify the program the owner is interested in and address additional taxes following the “disqualification notification procedures” and “information circulars” for the program.

What happens to the special assessment if I sell my property?

- If any of the land is EFU, non-EFU farmland, or DFL the special assessment isn't affected by the change

of ownership. The special assessment stays with the land except for:

- If any land is small tract forestland (STF), this requires the new owner to submit an STF application for continued qualification. The application must be received within 30 days of receiving the “notice of intent to disqualify” letter from the county assessor. If an application for continued qualification isn't returned to the assessor within the required 30 days the land will be disqualified from STF. Per ORS 321.719, the land will automatically qualify for designated forestland or highest and best use forestland and will revert back to 100 percent forestland values. Land disqualified won't be eligible to return to the STF program for a minimum of five years.
- Highest and best use (HBU) forestland isn't a special assessment, it is an appraisal decision. A sale or change in ownership by itself isn't a reason to change the land from (HBU).

Farm use

What do I have to do to qualify for farm use special assessment?

First, determine whether any of the land is currently under a special assessment program. Qualification statutes are different for land that changes special assessment from land that isn't currently in a special assessment program.

(See “Can I change to a different special assessment?”)

Then determine whether the land is EFU or non-EFU. If the property has both EFU and non-EFU land, the portions that are EFU will follow EFU statutes and the portions that are non-EFU will follow non-EFU statutes. If the homesite is physically located on non-EFU land it must annually qualify by non-EFU application under ORS 308A.253 even if it is being used in conjunction with EFU farmland.

(Start with either the EFU or non-EFU information circular and go over the basics of the program.)

- Exclusive farm use (EFU)—any land zoned as EFU is assessed for farm use special assessment if the land is used for a qualifying farm use (no application is required). Any portion of the parcel that is unused or doesn't meet farm use requirements of ORS 308A.056 or 308A.062 won't qualify.

For EFU land to receive farm use special assessment on land that isn't currently in special assessment, the land must have been in a qualifying farm use in the previous calendar year. EFU qualification is determined January 1 each year.

- Non-exclusive farm use (non-EFU)—any land in zones other than exclusive farm use zones requires an application to receive farm use special assessment. If any portions of a parcel don't meet the qualification requirements for non-EFU farmland, the owner can submit a separate application for those portions in future years when the land can meet qualification requirements. Any portion of the parcel that won't be used for farm use activities won't qualify. (Go over a non-EFU application form if the owner is interested.)

Any acres in a parcel that isn't currently under a special assessment program must meet the following basic criteria to qualify for non-EFU farm use:

1. "Use requirement"—The land must have been in a qualifying farm use in at least the two previous calendar years and be in current farm use in the year of application.
2. "Income requirement"—Any three of the immediate five prior non-flood or non-drought calendar years can be used to meet the income qualifications of ORS 308A.071. The income from one year can't be used to qualify income for a different year (no carry over or averaging income; each year is determined separately). When determining the number of acres for the required income amount; a maximum of one acre may be used for each home-site and any acres qualifying for current employment under ORS 308A.056(3) shall not be included [ORS 308A.071(2)(b)]. The one year of farm inactivity allowed due to illness isn't counted as one of the five years for income determination (OAR 150-308-1010. If the land was previously farmed within the past five years (beginning with the year of application) the previous years of qualifying farm use can be used to meet the 3 of 5 year income test. At the time of application don't go beyond the fifth non-flood, non-drought year to qualify the land under the 3 of 5 year income test.

At the time of application if any acres can't meet both the use and income requirements the owner will need to qualify those acres by separate application in future years.

What is this income test that I have to meet and how do I meet it?

- The owner must have the intent to make a profit in money and must meet minimum income requirements. The profit and income requirements are determined from the sale of farm products or services produced from the land subject to special assessment.

The income test for non-EFU farm use special assessment is measured in terms of gross profit. *Example:* You buy a calf for \$300 and sell it at auction

to a buyer for \$1,300 your gross profit is \$1,000. The expense of raising a calf to maturity isn't a consideration. A net profit or return of investment to the land or improvements isn't required. (See Everhart tax court case OTC 4380 11-17-99 for an explanation of gross profit requirements.)

If the land is six and one half acres or less, the required gross income must be at least \$650. If the land is more than six and one half but fewer than 30 acres, the required gross income is determined by calculating the number of acres in qualifying farm use production (including a fraction of an acre) times \$100. (*Example:* \$25.83 acres x \$100 = \$2583 required gross income.) If the land is 30 or more acres, the required gross income must be at least \$3000.

Any acres qualifying for current employment under ORS 308A.056(3) including up to one acre allowed for the homesite area are not required to be income tested and are not required to produce farm products or services [ORS 308A.071(2)(b)].

See OAR 150-308-1050 for examples which demonstrate how to determine the number of acres to be income tested.

Once the required amount of gross income is determined the entire farm unit can be used to meet the required income test. (It isn't required that each acre produce \$100.)

The sale of firewood, timber, farm subsidy payments, CRP payments, crop insurance payments etc. don't qualify as farm products or services and income from these sources can't be used in the farm income test.

Forty-nine percent of the required income amount can be in the form of personal consumption of farm products or farm products consumed or used on the farm. (Review "Owners income" section of the Application or Gross income questionnaire with the taxpayer.)

Land owned separately (not all under the same ownership) requires two income tests as specified in ORS 308A.071(2)(c). (Review "Rented land use" section of the Application or Gross income questionnaire with the taxpayer.)

Is there a minimum acreage requirement to qualify land for farm use special assessment?

- Land in farm use doesn't have a minimum acreage requirement. If the land is EFU there is no minimum income requirement and a qualifying farm use will receive special assessment even if the land area is less than one acre. To meet the minimum gross income

requirement of \$650 for non-EFU land for a land area less than one acre will generally require an intensive farm use practice such as growing nursery stock, blueberries, orchards, etc.

Do horses (llamas, pigs, snakes, etc.) count as farming?

- Yes, the use of the land to raise livestock for profit is a qualifying farm use under ORS 308A.056.

Horses may be raised for sale as livestock. Pasturing of horses may be considered the feeding of livestock and the pasture land may qualify for farm use special assessment. A property owned or leased and used for a business that involves pasturing others' pleasure horses may qualify. Pasturing ones' own pleasure horses isn't a qualifying farm use.

ORS 308A.056 also allows stabling or training horses (equines), including but not limited to providing riding lessons, training clinics, and schooling shows.

Stabling involves providing shelter, housing, or stalls for the horses, such as food or supervision. Boarding (or care) can be provided in either a pasture or stable setting. If the boarding care involves housing, it can qualify as stabling. If the boarding involves care in a pasture setting, it can qualify as feeding of livestock.

Snakes and pigs would likely be raised within a building(s). The land under the building would qualify for farm use special assessment based on the classification of the land for farm use. If there is additional land outside the building area any acres not in a qualifying farm use won't qualify. Only acres in a qualifying use can receive special assessment.

Note: The raising of reptiles (snakes) may be questionable since they are not specifically identified as a farm use and raising snakes isn't a common farm use practice. If they are raising the snakes for sale to food processors, restaurants, pet shops, zoos, exhibits, medical labs, etc. this may be in line with the raising and selling of livestock and may qualify. Snakes, raised as part of a retail operation, would be more questionable. Anytime you have a questionable farm use, the assessor can deny it and let the tax court decide if the owner appeals the denial.

Portions of my land are too wet all winter for pasturing. Can I still have those portions in farm deferral?

- Yes, the land is only required to be used when it is capable of farm production. As long as the land isn't being underutilized it will qualify.

Do timber and firewood count as farm sales?

- The sale of forest products generally don't count as the sale of a farm product for meeting the income requirements or intent to make a profit from a farm use activity.

Note: If non-EFU farmland has been disqualified for not meeting farm income requirements there is a special provision to allow abatement of additional tax under ORS 308A.119 for the growing of forest products.

- If the land is being employed to raise forest products inform the owner they may qualify the land for forestland special assessment.
- Firewood isn't a farm product. Up to 20 acres can be identified for farm use special assessment as a woodlot. ORS 308A.056(3)(h) identifies woodlots as being currently employed and doesn't require the woodlot acres to produce any farm income. Income from the sale of wood products can't be used to meet farm income or intent for profit requirements.

Forestland

What do I have to do to qualify for forestland special assessment?

- Designated forestland—To qualify, the area to be designated must be at least 2 contiguous acres in one ownership. If the owner meets the minimum acreage qualifications, provide the owner an application. Go over the details of the required application.
- Small tract forestland—First determine if the owner has or will have a minimum of 10 acres of qualified forestland, but less than 5,000 acres of qualified forestland in common ownership in Oregon. If the owner meets the acreage qualifications then discuss the application requirements. If the land isn't already under designated forestland provide the owner with an application for designated forestland **and** an STF application. Go over the details of the required application(s) with the owner.
- Highest and best use forestland—Any land classified as HBU is assessed as forestland. No application is necessary. HBU forestland isn't a special assessment; it is an appraisal decision.

If I have forestland, what sort of activity do I have to notify the Oregon Department of Forestry (ODF) of?

The ODF requires notification for most forest operations, including:

- Harvesting (including commercial thinning).

- Disposal or treatment of slash (including prescribed burning).
- Site preparation for planting (including application of herbicides).
- Pre-commercial thinning to reduce overstocked stands.
- Stand maintenance (including chemical application for pest control).
- Road construction and maintenance.

Direct the landowner to contact their local ODF office for more information.

I have 10 acres of Christmas trees that I am not going to harvest. Can I convert these acres to forestland?

- A landowner may make an application for designated forestland on property that may be under another special assessment. Christmas tree plantings are often planted at high densities and will likely meet the minimum stocking requirements. However, field confirmation is required.
- Some tree species planted for Christmas trees may not be suitable for timber production and would therefore not meet stocking requirements. See “Land supporting Christmas trees” in the “Special provisions” chapter.
- Become familiar with the suitable reforestation tree species in your area, or contact the local ODF stewardship forester for more information.

How many trees per acre are needed to qualify for forestland?

- Most land in western Oregon requires the minimum seedling equivalent to be 200 trees per acre for cubic foot site productivity classes I, II, and III.
- Most land in eastern Oregon requires the minimum seedling equivalent to be 100 trees per acre for cubic foot productivity site class VI.
- Refer to Table 2, page 2-10 for more details.

What happens when the trees are thinned/harvested?

- Taxes on harvested timber must be reported and paid to the Oregon Department of Revenue:
 1. Severance tax—Applies to the harvest of timber from any land specially assessed as STF.

2. Forest Products harvest tax (FPHT)—Applies to any timber harvested in Oregon, except for timber harvested from Indian reservation lands.

- To continue forestland special assessment, the landowner must take action to ensure that the land continues to meet the minimum stocking requirements.

Note: Prior to harvesting, you must notify the Oregon Department of Forestry. See “Resource contacts” in Appendix E.

Homesite

Can I build a house on my forestland?

- Receiving approval to establish a forestland dwelling can be a very complicated process that will require the landowner to gather information from several sources. Direct the landowner to contact the county planning department for requirements to establish a dwelling on land zoned for forest use.
- If the lot or parcel is more than 10 acres in western Oregon, or 30 acres in eastern Oregon, the landowner will have to conduct a stocking survey and submit it to the assessor as one of the criteria for approval.
- The assessor is responsible for verifying that the minimum stocking requirements have been met (ORS 215.730). See the “Qualification” chapter, section 2D5.

I have forestland. Can my homesite also get a special assessment?

- The parcel the homesite is located on needs to have at least 10.01 acres of qualified forestland in addition to the area of the homesite. The homesite area can be less than an acre or more than an acre. No application is required for a qualifying homesite.

Reminder: Only forest homesites in the following zones can qualify:

1. EFU.
2. Forest.
3. Farm and forest mixed.

Homesites in rural residential, commercial, industrial zones, etc. don’t meet the criteria and these homesites can’t qualify for forestland homesite special assessment.

I have farmland. Can my homesite also get a special assessment?

- EFU homesites used in conjunction with qualifying farm use land will receive homesite special assessment. (No application is required.)

- Non-EFU homesites used in conjunction with qualifying farm use land will receive homesite special assessment by a separate application as specified in ORS 308A.253. Non-EFU homesites rarely qualify because most owners don't receive more than one-half of their personal adjusted gross income from farming. If land is owned by husband and wife, both personal incomes are added together. Because of the strict personal income requirements of non-EFU homesites, most qualifying homesites will be homesites on EFU land.

What is a non-farm dwelling? ...parcel?

- Non-farm dwellings that affect special assessments are land use decisions under ORS 215.236 that occur only in EFU zones. Land use decisions for the establishment of dwellings are regulated by the local planning department. To gain final approval for establishing a non-farm dwelling under ORS 215.236 requires any land, in the parcel the non-farm dwelling is located on, to be disqualified and additional taxes paid for the following special assessment programs:
 - EFU.
 - Open space.
 - DFL (eastern Oregon or western Oregon).
 - STF.

To requalify the parcel for special assessment in the any of the above programs, ORS 215.236(5) requires an entire contiguous lot or parcel to be combined with the property that is subject to ORS 215.236. A lot line adjustment is a portion of a parcel and won't requalify the property. Combining a contiguous lot or parcel that is also subject to ORS 215.236 won't requalify the property.

The following only applies to counties that allow wildlife habitat (WLH):

An owner may elect to change from one of the above special assessments to WLH special assessment and defer additional taxes under ORS 308A.706(1)(d) or if open space 308A.418(4). ORS 215.236 doesn't require disqualification of any land already under WLH special assessment. Land subject to ORS 215.236 may qualify for WLH special assessment at any time. Land subject to ORS 215.236 that is disqualified from WLH may not change to any of the above special assessments until ORS 215.236(5) is satisfied.

Appendix C: Forms and publications

| | |
|--|------|
| Special assessment forms | 6-32 |
| <i>Assessment of Farmland in an Exclusive Farm Use Zone</i> | 6-33 |
| <i>Assessment of Farmland Not in an Exclusive Farm Use Zone</i> | 6-35 |
| <i>Application for Special Assessment of Farmland Not in an Exclusive Farm Use Zone</i> | 6-37 |
| <i>Farm Use Income Questionnaire of Farmland Not in an Exclusive Farm Use Zone</i> | 6-39 |
| <i>Confidential Application for Farm Use Assessment of Land Under Farm-Use Dwellings and Wasteland</i> | 6-41 |
| <i>Application to Include Additional Non-Exclusive Farm Use Land to an Existing Farm Use Parcel</i> | 6-43 |
| <i>Taxpayer Information Authorization and Power Of Attorney To Represent</i> | 6-46 |

Special assessment forms and publications

| Program | Name | Number |
|---------------------|--|---------------------------|
| Farm | <i>Farm Use Manual</i> | 150-303-422 |
| Farm | <i>Application for conservation Easement Special Assessment</i> | 150-303-087 |
| Farm | <i>Certification for Continued Qualification of Conservation Easement Special Assissment</i> | 150-303-089 |
| Farm | <i>Assessment of Farmland in an Exclusive Farm-Use Zone (information circular)</i> | 150-303-644 |
| Farm | <i>Assessment of Farmland Not in an Exclusive Farm-Use Zone (information circular)</i> | 150-303-645 |
| Farm | <i>Application for Special Assessment of Farmland Not in an Exclusive Farm Use Zone</i> | No number (county form) |
| Farm | <i>Farm Use Income Questionnaire of Farmland Not in an Exclusive Farm Use Zone</i> | No number (county form) |
| Farm | <i>Confidential Application for Farm-Use Assessment of Land Under Farm-Use Dwellings and Wasteland</i> | 150-310-068 (county form) |
| Farm | <i>Application to Include Additional Non-Exclusive Farm Use Land to an Existing Farm Use Parcel</i> | 150-303-043 |
| Forest | <i>Forestland Manual</i> | 150-303-424 |
| Forest | <i>Application for Designation of Land as Forestland</i> | 150-309-024 |
| Forest | <i>Application for Small Tract Forestland (STF Option)</i> | 150-390-001 |
| Wildlife habitat | <i>Application for Wildlife Habitat Conservation and Management Special Assessment</i> | 150-303-083 |
| Open space | <i>Application for Special Assessment of Open Space Land</i> | 150-310-106 |
| Riparian lands | <i>Application for Property Tax Exemption Riparian Lands</i> | 150-310-114 |
| Taxpayer disclosure | <i>Tax Information Authorization and Power of Attorney Representation</i> | 150-800-005 |

Current and revised Department of Revenue forms and publications can be found at: www.oregon.gov/dor.

APPLICATION FOR CONSERVATION EASEMENT SPECIAL ASSESSMENT

as provided by Chapter 809, Oregon Laws 2007

| FOR ASSESSOR'S USE ONLY | | |
|--|---------------------------------|---------------|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Denied | Date Received |
| Date: _____ | By: _____ | |
| Currently Specially Assessed? <input type="checkbox"/> Yes | <input type="checkbox"/> No | Zoning? |
| Comments | | |

Instructions

- Your application must be filed with the county assessor by **April 1**.
- General information is located on the back of this form.
- Include a copy of your complete conservation easement as filed with the county records clerk.
- Include the *Preliminary Application for Conservation Easement Special Assessment* form.
- Include an application fee of \$250. Received by: _____ Date: _____

Filed with the _____ County Assessor for the tax year beginning July 1, 20____.

OWNER AND HOLDER CONTACT INFORMATION—PLEASE PRINT

| | | | | |
|-----------------|-------------------|-----------------|----------|--|
| Owner Name | Telephone Numbers | | | |
| | Daytime: () | Evening: () | | |
| Mailing Address | City | State | ZIP Code | |
| Holder Name | Telephone Numbers | | | |
| | Daytime: () | Evening: () | | |
| Mailing Address | City | State | ZIP Code | |

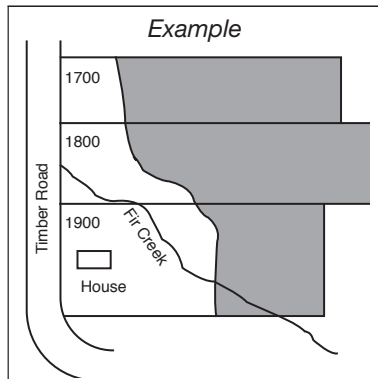
DESCRIPTION OF PROPERTY

Fill in the boxes below to show the property you want to have specially assessed under the conservation easement program. If you are applying for a **portion** of the land described, please indicate the area by providing a sketch below.

| Assessor's Account Number | Map and Tax Lot or Parcel Number | Acres Applied For | Total Account Acres |
|---------------------------------|----------------------------------|-------------------|---------------------|
| | | | |
| | | | |
| | | | |
| Total Acres Applied For: | | | |

DESCRIPTION OF LAND REQUESTED FOR CONSERVATION EASEMENT SPECIAL ASSESSMENT

Sketch a diagram of the tax lot(s) and shade in the area for which you are applying. See the example shown below. Include placement of structures, roads, creeks, etc. Attach a separate page if necessary.



DECLARATION

As owner of the above described land, I indicate by my signature that I am aware of the potential tax liability calculated under ORS 308A.700 to 308A.733 if the land ceases to be specially assessed under the conservation easement program. I declare under the penalties for false swearing [ORS 305.990(4)] that I have examined this document (and any accompanying documents), and to the best of my knowledge, it is true, correct, and complete.

| | |
|-----------------------|------|
| Applicant's Signature | Date |
| X | |

150-303-087 (12-07)

**PRELIMINARY APPLICATION FOR
CONSERVATION EASEMENT SPECIAL ASSESSMENT**
as provided by Chapter 809, Oregon Laws 2007

EASEMENT RECORDING

Section 3(2)(b), Chapter 809, Oregon Laws 2007, require the conservation easement in perpetuity be recorded in the records of the clerk of the county in which the land is located.

Document recording number: _____

WRITTEN CERTIFICATION

Section 3(2)(a), Chapter 809, Oregon Laws 2007, states "The terms of the conservation easement must be capable of meeting the requirements for being considered exclusively for conservation purposes under section 170(h) of the Internal Revenue Code if the land or easement were ever to be the subject of a contribution..."

Section 3(2)(c), Chapter 809, Oregon Laws 2007, states "A written certification must be filed with the county assessor stating that the conservation easement satisfies the requirements of paragraph (a) of this subsection. The certification must be filed by:

(A) The owner of the land...or (B) The holder..."

Owner of Land

I (owner of the land) _____ (please print) indicate by my signature that a deduction has been claimed for federal income tax purposes under section 170(h) of the Internal Revenue Code for a qualified conservation contribution with respect to the conservation easement.

Owner's Signature

X

Holder

I (holder) _____ (please print) indicate by my signature this is a qualified organization as defined in Oregon Revised Statute (ORS) 271.715(3), and additionally if the organization is charitable, it is in good standing and meets the terms of a qualified organization of the Internal Revenue Code 26 USCS, section 170(h), and that the terms of the conservation easement are capable of meeting the requirements for being considered exclusively for conservation purposes under section 170(h) of the Internal Revenue Code if the easement were ever to be the subject of a contribution.

Organization

Position (or title) in organization

Signature

X

If the holder is a charitable organization, the county assessor may request articles of incorporation and bylaws be presented with the application.

150-303-087 (12-07)

Certification for Continued Qualification of Conservation Easement Special Assessment

As required by ORS 308A.465

EASEMENT RECORDING

Oregon Revised Statute (ORS) 308A.453(2)(b), requires the conservation easement in perpetuity be recorded in the records of the clerk of the county in which the land is located.

Document recording number(s): _____

(Attach recorded copies of all modifications to the terms of the conservation easement, new holders, or holder transfers.)

WRITTEN CERTIFICATION

ORS 308A.453(2)(a) states “The terms of the conservation easement must be capable of meeting the requirements for being considered exclusively for conservation purposes under section 170(h) of the Internal Revenue Code if the land or easement were ever to be the subject of a contribution...”

ORS 308A.465(2)(a), states “Every three years, or more frequently if requested in writing by the county assessor, the holder shall provide written certification to the county assessor that the land is being managed in accordance with the terms of the conservation easement to which the land is subject and that the conservation easement continues to meet the requirements of ORS 308A.453(2)(a).”

Holder

I (holder) _____ *(please print)* indicate by my signature this is a qualified organization as defined in ORS 271.715(3), and additionally if the organization is charitable, it is in good standing and meets the terms of a qualified organization of the Internal Revenue Code (IRC) 26 USCS, section 170(h), and that the terms of the conservation easement are capable of meeting the requirements for being considered exclusively for conservation purposes under section 170(h) of the IRC if the easement were ever to be the subject of a contribution. As required under ORS 308A.465(3), if the landowner has claimed a federal income tax deduction under section 170(h) of the IRC the claim has not been disallowed.

Organization _____

Position (or title) in organization _____

Signature

X

Date signed _____

If the holder is a charitable organization, the county assessor may request that articles of incorporation, bylaws, and evidence the organization is qualified under section 170(h) of the IRC be presented with the certification.

150-303-089 (Rev. 02-14)

Assessment of Farmland in an Exclusive Farm-Use Zone



This information circular explains farm-use assessments on farmland in an exclusive farm-use (EFU) zone. If you are not sure if your land is within a farm-use zone, check with your planning office or your county assessor's office. For information about farm-use assessment on land not in an EFU zone, see the information circular, "Assessment of Farmland Not in an Exclusive Farm-Use Zone," 150-303-645, at www.oregon.gov/dor or write: Publications, Oregon Department of Revenue, 955 Center Street NE, Salem OR 97301-2555.

What land qualifies for farm-use assessment?

If land is in an EFU zone and is used primarily to make a profit by farming, it qualifies for special farm-use assessment. The qualification of farmland for special assessment is determined as of January 1.

To qualify, your land must currently be used, and have been used in the previous year **exclusively** for farm use (see farm use definition below).

Farm use defined

Oregon Revised Statute 308A.056 defines "farm use" in part, as follows:

As used in ORS 308A.050 to 308A.128, "farm use" means the current employment of land for the primary purpose of obtaining a profit in money by:

- Raising, harvesting, and selling crops;
- Feeding, breeding, managing or selling livestock, poultry, fur-bearing animals or honeybees or the produce thereof;
- Dairying and selling dairy products.
- Stabling or training equines, including but not limited to providing riding lessons, training clinics and schooling shows;
- Propagating, cultivating, maintaining or harvesting aquatic species and bird and animal species to the extent allowed by the rules adopted by the State Fish and Wildlife Commission;

- On-site constructing and maintaining equipment and facilities used for the activities described in this subsection;
- Preparing, storing or disposing of, by marketing, donation to a local food bank or school or otherwise, the products or by-products raised for human or animal use on land described in this section;
- Implementing a remediation plan previously presented to the assessor for the county in which the land that is the subject of the plan is located;
- Using land described in this section for any other agricultural or horticultural use or animal husbandry or any combination thereof.

Farm use may also include:

- Water impoundments lying in or adjacent to and in common ownership with the farm-use land;
- A woodlot, not to exceed 20 acres, contiguous to and owned by the owner of the farm-use land;
- Wastelands, dry or covered with water, neither economically tillable nor grazeable, lying in or adjacent to, and in common ownership with the farm-use land;
- Land under farm related buildings and certain processing facilities.

Land under dwellings and on-site developments to the homesite used in conjunction with the farming operation receives a special valuation.

The farming activity needs to be in accordance with an "accepted farming practice," which means the farming is conducted in a "mode of operation that is common to farms of a similar nature, necessary for the operation of such farms to obtain a profit in money, and customarily utilized in conjunction with farm use."

"Accepted farming practice" varies widely depending on the farming activity being conducted and

geographical differences. An excellent source of information is the county's Oregon State University Extension Service.

How farm-use specially assessed value (SAV) is determined

Farm-use value for each land class is determined using an income method. Using this approach, the assessor must determine the capitalization rate and the net income per acre of farmland. The net income is the typical gross annual return (farmland rent), minus typical expenses. The capitalization rate is the five-year average Farm Credit Services mortgage rate, plus the local property tax rate. When the net income per acre is divided by the capitalization rate, the result is the farm-use value per acre of farmland.

Farm use land assessment

Land receiving farm-use special assessment will be assessed for each land class on the lesser of the specially assessed value (SAV), described above, or maximum specially assessed value (MSAV). The MSAV for each land class is the prior year's assessed value increased by 3 percent or the prior year's MSAV, whichever is greater.

Disqualification from special assessment

Farmland will be disqualified from special assessment for any of the following reasons:

- It is no longer used as farmland;
- The land is removed from an exclusive farm-use zone; or
- Approval is given for a nonfarm dwelling or parcel.

If your land is disqualified from farm-use special assessment, it may qualify for special assessment as Forestland or Wildlife Habitat. Check with your county assessor for more information about changing special assessments.

Additional taxes levied against disqualified farmland

If your farmland loses its special assessment, it will be assessed at the lesser of its market value or maximum assessed value and you may be assessed an additional tax.

The additional tax is based on the difference between the tax you paid and the tax you would have been paying if your land had not received the farm-use special assessment. This tax difference is based on the number of years the land received farm-use assessment, up to a maximum of 10 years. If the land is located within an urban growth boundary, the maximum is five years.

You will be assessed an additional tax if your farmland is disqualified and you:

- Change the use of the land to be incompatible with returning it to a farm use (see note below);
- Request and receive a change to a zone that is not an exclusive farm-use zone; or
- Receive approval for a nonfarm dwelling or parcel.

The additional taxes will be added to the next tax roll if you decide not to prepay them.

Note: If your land is disqualified because it is no longer used for farming and you use it for a purpose that is compatible with its return to farm-use, the additional tax will remain a notation to the assessment and tax rolls as a "potential additional tax." This potential additional tax must be paid if, sometime in the future, the land is used for something incompatible with farm-use.

Have questions? Need help?

General tax information www.oregon.gov/dor
Salem 503-378-4988
Toll-free from an Oregon prefix..... 1-800-356-4222

Asistencia en español:

En Salem o fuera de Oregon 503-378-4988
Gratis de prefijo de Oregon..... 1-800-356-4222

TTY (hearing or speech impaired; machine only):

Salem area or outside Oregon..... 503-945-8617
Toll-free from an Oregon prefix..... 1-800-886-7204

Americans with Disabilities Act (ADA): Call one of the help numbers above for information in alternative formats.

Assessment of Farmland Not in an Exclusive Farm-Use Zone



This information circular explains farm-use assessments on farmland that is not in an exclusive farm-use (EFU) zone. If you are not sure in what zone your land is located, check with your local planning office or your county assessor's office. For information about farm-use assessment on land in an EFU zone, see the information circular, "Assessment of Farmland in an Exclusive Farm-Use Zone," 150-303-644. Write: Publications, Oregon Department of Revenue, 955 Center Street, NE, Salem OR 97301-2555.

What land qualifies for farm-use assessment?

If land is not in an EFU zone but is used as farmland, it may receive the same assessment given to all qualifying EFU farmland. The qualification of farmland to special assessment is determined as of January 1.

To qualify, you must file an application with your county assessor on or before **April 1** of the first year you desire special assessment. Additionally, the land must meet these standards:

- Your land must be currently used, and have been used, for the two previous years **exclusively** for farm use (see farm use definition), **and**
- Your land must meet the income requirement in three of the five previous years (see Income requirement).

Owners and lessees of farmland must file a Schedule F showing farm income and, if applicable, a schedule showing rental income with their excise or personal income tax return to qualify for farm-use special assessment.

Farm use defined

Oregon Revised Statute 308A.056 defines "farm use" in part, as follows:

"Farm use" means **the current employment of land for the primary purpose of obtaining a profit in money** by:

- Raising, harvesting, and **selling** crops;
- Feeding, breeding, management, and **sale** of, or the production of, livestock, poultry, fur-bearing animals, or honeybees;
- Dairying and selling dairy products;
- Stabling or training equines;

- Propagation, cultivation, maintenance, and harvesting of aquatic, bird, and animal species allowed by rules adopted by the State Fish and Wildlife Commission;
- Preparation, storage, and disposal by marketing, donation to a local food bank or school or otherwise, of the products or by-products raised on such land for human and animal use;
- Any other agricultural or horticultural use, animal husbandry, or any combination thereof; or
- Growing cultured Christmas trees and hybrid hardwoods (cottonwoods) on cropland under intensive cultivation.

Farm use may also include:

- Water impoundments lying in or adjacent to and in common ownership with farm-use land;
- A woodlot, not to exceed 20 acres, contiguous to and owned by the owner of the farm-use land;
- Wasteland and land under dwellings (including dwelling on-site improvements) used in conjunction with the farm may also receive a special valuation if:
 1. The farm unit produces over one-half of the adjusted gross personal income the owner(s) receives; **and**
 2. You file an application on or before April 15 **each year** with the county assessor.
- Land under farm related buildings.

Note: Land under buildings used as processing facilities greater than 10,000 square feet of floor area, that are not an accepted farming practice, do not qualify for farm use special assessment.

The farm use activity needs to be in accordance with an "accepted farming practice," which means the farming is conducted in a "mode of operation that is common to farms of a similar nature, necessary for the operation of such farms to obtain a profit in money, and customarily utilized in conjunction with farm use."

"Accepted farming practice" varies widely depending on the farming activity being conducted and geographical differences. An excellent source of information is the county's Oregon State University Extension Service.

Income requirement

If the land is six and one half acres or less, your gross income from the farm use must be at least \$650. If the land is more than six and one half but fewer than 30 acres, your gross income from the farm use must be \$100 multiplied by the number of acres. A fraction of an acre should be applied as a percentage in the calculation of the gross income requirement. (Example: 25.83 acres x \$100 = \$2,583 gross income.) If the land is 30 or more acres, your gross income from the farm must be at least \$3,000. If your land is leased for farming to someone else, check with your county assessor for additional income requirements.

Up to 49 percent of the gross income can include the value of crop or livestock personally consumed by the owner or the farming operation. Accurate records are required as the burden of proof is on the owner.

An appeal from a decision of the assessor concerning denial of an application for special assessment is made directly to the Magistrate Division of the Tax Court under ORS 305.275(1)(a)(C). Check with your county assessor as other appeal rights may be available.

How farm use specially assessed value (SAV) is determined

Farm-use value for each land class is determined using an income method. Using this approach, the assessor must determine the capitalization rate and the net income per acre of farmland. The net income is the typical gross annual return (farmland rent), minus typical expenses. The capitalization rate is the five-year average Farm Credit Services mortgage rate, plus the local property tax rate. When the net income per acre is divided by the capitalization rate, the result is the farm-use value per acre of farmland.

Farm-use land assessment

Land receiving farm-use special assessment will be assessed for each land class on the lesser of the specially assessed value (SAV), described above, or maximum specially assessed value (MSAV). The MSAV for each land class is the prior year's assessed value increased by 3 percent or the prior year's MSAV, whichever is greater.

Disqualification from special assessment

Farmland will be disqualified from special assessment for any of the following reasons:

You notify the assessor in writing to remove the land from special assessment:

- You sell or transfer your land to any ownership making it exempt from property tax;
- You no longer use your land as farmland;
- Your land is platted for subdivision. (This land may requalify for special assessment after payment of the additional tax.); or

150-303-645 (Rev. 03-14)

- Your land does not meet the income test.

If your land is disqualified from farm-use special assessment, it may qualify for special assessment as Forestland or Wildlife Habitat. Check with your county assessor for more information about changing special assessments.

Additional taxes levied against disqualified farmland

If your farmland loses its special assessment, it will be assessed at the lesser of its market value or maximum assessed value and you may be assessed an additional tax.

The additional tax is based on the difference between the tax you paid and the tax you would have been paying if your land had not received the farm-use special assessment. This tax difference is based on the number of years the land received farm-use assessment, up to a maximum of five years.

You will be assessed an additional tax if your farmland is disqualified and you:

- Transfer the land to an ownership that makes the land exempt from property tax.
- Change the use of the land to be incompatible with returning it to a farm use (see note below); or
- Subdivide the property.

These additional taxes are added to the next tax roll if you choose not to pre-pay them.

Note: If your land is disqualified because it is no longer used for farming, and you use it for a purpose that is compatible with its return to farm use, the additional tax will remain a "potential additional tax." This potential additional tax must be paid if, sometime in the future, the land is used for something incompatible with farm-use.

If your land is disqualified because it does not meet the income test, but you continue to farm the land, then for each year you farm your land, one year of potential additional tax will be abated (eliminated). You may abate the number of years your land received farm-use assessment up to the maximum of five years until there are no potential additional tax years remaining.

Have questions? Need help?

General tax information www.oregon.gov/dor
Salem 503-378-4988
Toll-free from an Oregon prefix..... 1-800-356-4222

Asistencia en español:

En Salem o fuera de Oregon 503-378-4988
Gratis de prefijo de Oregon..... 1-800-356-4222

TTY (hearing or speech impaired; machine only):

Salem area or outside Oregon..... 503-945-8617
Toll-free from an Oregon prefix..... 1-800-886-7204

Americans with Disabilities Act (ADA): Call one of the help numbers above for information in alternative formats.

APPLICATION FOR SPECIAL ASSESSMENT _____ COUNTY, OREGON

For Special Assessment of Non-EFU Farmland As Defined Under ORS 308A.050 – 308A.128

*** An application must be filed on or before **April 1** of the first year in which assessment is requested ***

OWNER, ACCOUNT(S) AND PROPERTY USE INFORMATION

THIS SPACE FOR ASSESSORS USE ONLY

| | |
|---|---|
| ENTER YOUR NAME AND ADDRESS BELOW (Applicant MUST have an ownership interest in the property) | Date Received: <input type="checkbox"/> Approved <input type="checkbox"/> Denied Clerk: JV No.: |
|---|---|

PROPERTY DESCRIPTION (List all properties in your farm unit)

| Tax Code Area | Account Numbers | Map & Tax Lot Numbers | Total Acreage | Acres Applied for special assessment |
|---------------|-----------------|-----------------------|---------------|--------------------------------------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

NOTICE: A YEARLY EXCISE OR INCOME TAX RETURN MUST BE FILED WITH THE DEPARTMENT OF REVENUE BY THE FARMLAND OWNER OR THE OPERATOR OF THE FARM UNIT (ORS 308A.071).

If this box is checked submit a copy of a “Schedule F” for each year listed below.

OWNERS LAND USE:

- **Do not record** any acres you rented to a farm operator. Record those acres in the **RENTED LAND USE** section.
- Please indicate below the number of acres used per land type, for the years shown.
- Total acres identified above must be accounted for below or in the rented land use section.
- **“All years”** below must be completed regardless of whether or not you owned the property.

| YEAR | FARMED ACRES | | | | | OTHER ACRES | | | TOTAL ACRES |
|------|---|---|---|------------------------|--------------------------------------|--------------------|---|--------------------------------------|-------------|
| | IRRIGATED | NON-IRRIGATED | IMMATURE | LAND UNDER FARM BLDGS. | FARM WOODLOT (20 acres Max.) | HOMESITE | FORESTED LAND NOT IDENTIFIED AS WOODLOT | LAND NOT FARMED | |
| | Cropland Pasture, Mature Orchards, Hybrid Poplars # of Acres | Cropland, Pasture, Mature Orchards, Christmas Trees, Hybrid Poplars # of Acres | Orchards, Perennials, Christmas Trees, Hybrid Poplars # of Acres | # of Acres | Submit mapped location # of Acres | # of Acres | Include any acres specially assessed as forestland here # of Acres | Submit mapped location # of Acres | |
| XXXX | | | | | | | | | |
| XXXX | | | | | | | | | |
| XXXX | | | | | | | | | |
| XXXX | | | | | | | | | |
| XXXX | | | | | | | | | |

Complete this section for any acres you farmed yourself.

- If you leased or crop-shared, complete those acres in the **RENTED LAND USE** section.
- Please indicate below the farm products and gross income you received (in \$) for each of the years indicated from farm activity on your land that **you farmed yourself** (acres **not** leased, rented or share-cropped with a farm operator).
- You **must deduct** the original purchase price from the gross sale price of any **livestock sold**.

| YEAR | FARM PRODUCTS SOLD (must be at least 51% of required gross income) | | | FARM PRODUCTS CONSUMED (no more than 49% of required gross income) | | | TOTALS TOTAL VALUE (IN \$) OF SALES, SERVICES AND PERSONAL CONSUMPTION |
|------|--|------------------|---|---|------------------|--|---|
| | WHAT CROP, LIVESTOCK or SERVICE WAS SOLD? No firewood or timber sales | QUANTITY SOLD | TOTAL GROSS RECEIPTS (IN \$) FOR SALES OR SERVICES | WHAT WAS CONSUMED OR USED ON THE FARM? No Firewood or timber | QUANTITY USED | TOTAL VALUE (IN \$) OF PERSONAL CONSUMPTION | |
| XXXX | | | | | | | |
| XXXX | | | | | | | |
| XXXX | | | | | | | |
| XXXX | | | | | | | |
| XXXX | | | | | | | |

IMPORTANT: The owner or the farm operator may return the “RENTED LAND USE” information below. If the farm operator completes the “RENTED LAND USE” information make a copy of the application (front and back) for the farm operator to complete. **Both the signed and dated “original” and the farm operator “copy” must be submitted to the Assessor no later than April 1.**

RENTED LAND USE: Complete this section for any acres you leased or crop-shared to a farm operator.

- **Do not record** any acres you farmed yourself. Record those acres in the **OWNERS LAND USE** section.
- **ORS 308A.071 requires separate testing for any land that you leased, rented or crop shared with a farm operator.**
- You **must deduct** the original purchase price from the gross sale price of **livestock sold FOR BOTH TESTS.**

| YEAR | TEST # 1: FARM OPERATOR'S INCOME INFORMATION (ALL LAND THE OPERATOR OWNS OR LEASES) | | TEST # 2: INCOME INFORMATION FOR LAND YOU LEASED TO A FARM OPERATOR | | | |
|------|---|--|--|---|---|---|
| | TOTAL ACRES IN FARM OPERATOR'S ENTIRE FARM OPERATION (Owned or Leased) Farmland only | IS FARM OPERATOR'S ENTIRE GROSS INCOME MORE THAN \$ 3,000 FROM FARMING? IF "NO" PROVIDE AMOUNT (IN \$) No firewood or timber sales | TOTAL ACRES LEASED Farmland only | CASH RENT (IN \$) PAID TO YOU Farmland only | NET CROP SHARE (IN \$) YOUR SHARE Farmland only | FARM OPERATORS GROSS INCOME (IN \$) FROM FARM SALES OR SERVICES ON JUST YOUR LAND No firewood or Timber sales |
| XXXX | | YES <input type="checkbox"/> NO <input type="checkbox"/> \$ _____ | | | | |
| XXXX | | YES <input type="checkbox"/> NO <input type="checkbox"/> \$ _____ | | | | |
| XXXX | | YES <input type="checkbox"/> NO <input type="checkbox"/> \$ _____ | | | | |
| XXXX | | YES <input type="checkbox"/> NO <input type="checkbox"/> \$ _____ | | | | |
| XXXX | | YES <input type="checkbox"/> NO <input type="checkbox"/> \$ _____ | | | | |

(required)

FARM OPERATOR NAME _____ PHONE NUMBER'S _____

DECLARATION : I declare under the penalties for false swearing as contained in ORS 305.990(4), that I have examined this document, including any attachments, and to the best of my knowledge it is true, correct and complete.

(Owner must sign to be valid)

(required)

SIGNATURE OF OWNER: _____

Day Phone No. _____

DATE: _____

GROSS INCOME QUESTIONNAIRE FOR _____ COUNTY, OREGON

For Special Assessment of Non-EFU Farmland As Defined Under ORS 308A.050 – 308A.128

* * * To avoid possible disqualification, submit completed forms **NO LATER THAN APRIL 15** * * *

Note: Income questionnaires returned after April 15 may result in a maximum \$250 late fee ORS 308A.089

Owner, Account(s) and Property Use Information

Name and Address:

Return this Questionnaire to:

| | |
|-------------------|--|
| Name and Address: | <county>County Dept. of Assessment and Taxation <attn line> <address> <city,state,zip> |
|-------------------|--|

PROPERTY DESCRIPTION (List all properties in your farm unit)

| Account Numbers | Map & Tax Lot Numbers | Parcel Total Acreage | Land Under Deferral Acreage |
|-----------------|-----------------------|----------------------|-----------------------------|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

NOTICE: A YEARLY EXCISE OR INCOME TAX RETURN MUST BE FILED WITH THE DEPARTMENT OF REVENUE BY THE FARMLAND OWNER OR THE OPERATOR OF THE FARM UNIT (ORS 308A.071).

If this box is checked submit a copy of a “Schedule F” for each year listed below.

OWNERS LAND USE:

- **Do not record** any acres you rented to a farm operator. Record those acres in the **RENTED LAND USE** section.
- Please indicate below the number of acres used per land type, for the years shown.
- Total acres identified above must be accounted for below or in the **RENTED LAND USE** section.

| YEAR | FARMED ACRES | | | | | OTHER ACRES | | | TOTAL ACRES |
|------|--|--|---|--------------------------------------|--|------------------------|--|---|-------------|
| | IRRIGATED Cropland Pasture, Mature Orchards, Hybrid Poplars # of Acres | NON-IRRIGATED Cropland, Pasture, Mature Orchards, Christmas Trees, Hybrid Poplars # of Acres | IMMATURE Orchards, Perennials, Christmas Trees, Hybrid Poplars # of Acres | LAND UNDER FARM BLDGS. # of Acres | FARM WOODLOT (20 acres Max.) Submit mapped location # of Acres | HOMESITE # of Acres | FORESTED LAND NOT IDENTIFIED AS WOODLOT Include any acres specially assessed as forestland here # of Acres | LAND NOT FARMED Submit mapped location # of Acres | |
| XXXX | | | | | | | | | |
| XXXX | | | | | | | | | |
| XXXX | | | | | | | | | |
| XXXX | | | | | | | | | |
| XXXX | | | | | | | | | |

OWNER'S INCOME : Complete this section for any acres you farmed yourself.

- If you leased or crop-shared, complete those acres in the **RENTED LAND USE** section.
- Please indicate below the farm products and gross income you received (in \$) for each of the years indicated from farm activity on your land that **you farmed yourself** (acres **not** leased, rented or share-cropped with a farm operator).
- You **must deduct** the original purchase price from the gross sale price of any **livestock sold**.

| YEAR | FARM PRODUCTS SOLD (must be at least 51% or required gross income) | | | FARM PRODUCTS CONSUMED (no more than 49% of required gross income) | | | TOTALS |
|------|--|---------------|--|---|---------------|---|--------|
| | WHAT CROP, LIVESTOCK or SERVICE WAS SOLD? No firewood or timber sales | QUANTITY SOLD | TOTAL GROSS RECEIPTS (IN \$) FOR SALES OR SERVICES | WHAT WAS CONSUMED OR USED ON THE FARM? No Firewood or timber | QUANTITY USED | TOTAL VALUE (IN \$) OF PERSONAL CONSUMPTION | |
| XXXX | | | | | | | |
| XXXX | | | | | | | |
| XXXX | | | | | | | |
| XXXX | | | | | | | |
| XXXX | | | | | | | |

IMPORTANT: The owner or the farm operator may return the "RENTED LAND USE" information below. If the farm operator completes the "RENTED LAND USE" information make a copy of the questionnaire (front and back) for the farm operator to complete. **Both the signed and dated "original" and the farm operator "copy" must be submitted to the Assessor no later than April 15.**

RENTED LAND USE: Complete this section for any acres you leased or crop-shared to a farm operator.

- **Do not record** any acres you farmed yourself. Record those acres in the **OWNERS LAND USE** section.
- **ORS 308A.071** requires separate testing for **any land** that you leased, rented or crop shared with a farm operator.
- You **must deduct** the original purchase price from the gross sale price of **livestock sold FOR BOTH TESTS.**

| YEAR | TEST # 1: FARM OPERATOR'S INCOME INFORMATION (ALL LAND THE OPERATOR OWNS OR LEASES) | | TEST # 2: INCOME INFORMATION FOR LAND YOU LEASED TO A FARM OPERATOR | | | |
|------|--|--|---|--|--|--|
| | TOTAL ACRES IN FARM OPERATOR'S ENTIRE FARM OPERATION (Owned or Leased) Farmland only | IS FARM OPERATOR'S ENTIRE GROSS INCOME MORE THAN \$ 3,000 FROM FARMING? IF "NO" PROVIDE AMOUNT (IN \$) No firewood or timber sales | TOTAL ACRES LEASED Farmland only | CASH RENT (IN \$) PAID TO YOU Farmland only | NET CROP SHARE (IN \$) YOUR SHARE Farmland only | FARM OPERATORS GROSS INCOME (IN \$) FROM FARM SALES OR SERVICES ON JUST YOUR LAND No firewood or Timber sales |
| XXXX | | YES <input type="checkbox"/> NO \$ _____ | | | | |
| XXXX | | YES <input type="checkbox"/> NO \$ _____ | | | | |
| XXXX | | YES <input type="checkbox"/> NO \$ _____ | | | | |
| XXXX | | YES <input type="checkbox"/> NO \$ _____ | | | | |
| XXXX | | YES <input type="checkbox"/> NO \$ _____ | | | | |

(required)

FARM OPERATOR NAME _____ PHONE NUMBER'S _____

DECLARATION : I declare under the penalties for false swearing as contained in ORS 305.990(4), that I have examined this document, including any attachments, and to the best of my knowledge it is true, correct and complete.

(Owner must sign to be valid)

(required)

SIGNATURE OF OWNER: _____

Day Phone No. _____

DATE: _____

Instructions

Note: This application is *only* to be used by those owners having farm use assessed land that is **not zoned exclusive farm use**. If your land is assessed as farm use land zoned EFU, you will receive this special assessment without filing an application.

The application for land not zoned EFU is for the farm use assessment of:

1. Land under dwellings customarily provided in conjunction with farm use of farmland.
2. Wasteland, dry or covered with water, lying in or adjacent to and in common ownership with farm use land. The wasteland must not be used for any economic farm use.

To qualify

1. The land must be land under dwellings or wasteland as described above; and
2. The land must be a part of a farm unit; and
3. The farm unit must provide over one-half of the adjusted gross income of the owner or owners in the prior year; and
4. The farm unit must be receiving special assessment as farm use land; and
5. An application must be filed each year by **April 15** to receive this special assessment. A copy of the Oregon income tax returns, including the federal income tax returns and schedules of all the owners named in item 5 of the application, must be filed as part of the application.

Income requirement

For the purpose of determining adjusted gross income of an owner or owners, an "owner" includes:

1. The owner of farmland who holds an estate therein in fee simple or for life.
2. Any one of tenants in common or tenants by the entirety, holding an estate in the farmland in fee simple or for life.
3. The purchaser of the fee simple or life estate of an owner under contract of sale.
4. The owner's spouse.

Farm unit

A farm unit can be one of many farm parcels operated as a farm. The parcels may be owned by one or more owners. For example: "A," "B," and "C" each own a land parcel. The three parcels are operated as a farm unit. Wasteland is on "A's" and "B's" parcels. A dwelling is on "C's" parcel. "A" files for that part of the wasteland on "A's" parcel. (Of course, "B" may file for his wasteland. Also, "C" may file for the land under his dwelling.)

Oregon law relating to this special assessment

308A.074 Wasteland qualifications; annual application. (1) Wasteland, dry or covered with water, neither economically tillable nor grazeable, lying in or adjacent to and in common ownership with nonexclusive farm use zone farmland described in ORS 308A.068, and that is not currently being used for any economic farm use shall qualify for farm use special assessment under ORS 308A.068 if the farmland was operated as part of a farm unit that produced more than one-half of the adjusted gross income of the owner or owners in the year prior to the year an application is filed under this section.

(2)(a) An owner of wasteland shall make annual application to qualify the wasteland as nonexclusive farm use zone farmland under ORS 308A.068.

(b) The application shall be filed with the county assessor on or before April 15 of each year qualification is desired. The application shall be made on forms prepared by the Department of Revenue and supplied by the county assessor and shall include any information as may be reasonably required to determine qualification, including copies of applicable state income tax returns. All information provided, including determinations made under administrative and court proceedings relating to the assessment of the wasteland, shall be confidential information of the assessor's office and shall be used only for purposes of ORS 308A.050 to 308A.128.

(c) There shall be attached to each application an affidavit or affirmation from the applicant providing that the statements contained in the application are true.

(3) For purposes of this section, "owner" or "owners" means the person or persons entitled to file for special assessment under ORS 308A.077 (2)(b). [1999 c.314 §9]

308A.077 Application to qualify nonexclusive farm use zone farmland. (1) Any owner of nonexclusive farm use zone farmland entitled to special assessment under ORS 308A.068 must, to secure the assessment, make application therefor to the county assessor on or before April 1 of the first year in which the assessment is desired.

(2)(a) The application shall be made upon forms prepared by the Department of Revenue and supplied by the county assessor and shall include any information as may reasonably be required to determine the entitlement of the applicant.

(b) The application may be signed by any one of the following:

(A) The owner of the farmland who holds an estate therein in fee simple or for life.

(B) Any one of tenants in common or tenants by the entirety, holding an estate in the farmland in fee simple or for life.

(C) Any person of legal age, duly authorized in writing to sign an application on behalf of any person described in subparagraph (A) or (B) of this paragraph.

(D) The guardian or conservator of an owner, or the executor or administrator of an owner's estate.

(E) The purchaser of the fee simple or life estate of an owner under a contract of sale.

(c) The assessor or the deputy of the assessor may not approve an application signed by a person whose authority to sign is not a matter of public record unless there is filed with the assessor a true copy of the deed, contract of sale, power of attorney or other appropriate instrument evidencing the signer's interest or authority. When filed with the assessor only, such instrument shall not constitute a public record.

(3) There shall be attached to each application the affidavit or affirmation of the applicant that the statements contained therein are true. [Formerly 308.375; 2003 c.46 §23]

APPLICATION TO INCLUDE ADDITIONAL NON-EXCLUSIVE FARM USE ZONED LAND TO AN EXISTING FARM USE PARCEL

ORS 308A.080

Enter your name and address below:

Applicant's Telephone Number: ()

Application must be filed on or before April 1 of the first year in which assessment is requested

| ASSESSOR'S USE ONLY | | |
|--------------------------|-------|--|
| Date Received | Clerk | <input type="checkbox"/> Approved <input type="checkbox"/> Denied |
| LATE VALUE NOTICE | | |
| Filing date extended to: | | |

1 PROPERTY DESCRIPTION FOR LAND FOR WHICH FARM USE IS REQUESTED

| | As shown on your tax statement | | Acres | Complete only if account number does not describe property | | | |
|--------------------------------------|--------------------------------|----------------|-------|--|---------|-----|-----|
| | Code Number | Account Number | | Deed or Inst. Number | Section | TWP | RGE |
| (Attach separate sheet if necessary) | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

Use of land last year: _____

2 PROPERTY DESCRIPTION TO WHICH LAND WILL BE A PART OF

| | As shown on your tax statement | | Acres | Complete only if account number does not describe property | | | |
|--------------------------------------|--------------------------------|----------------|-------|--|---------|-----|-----|
| | Code Number | Account Number | | Deed or Inst. Number | Section | TWP | RGE |
| (Attach separate sheet if necessary) | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

The major crops grown during the last crop year and the acres of each are as follows: _____

Gross income from farm uses last year: \$ _____

The burden of proving the gross income of the Farm Unit is upon the person claiming the special assessment for the land. The owner may be asked to provide proof of the income reported.

3 EXCEPT FOR THE LEASES NOTED BELOW, ARE THERE ANY LEASES OR OPTIONS TO BUY THE SURFACE RIGHTS FOR OTHER THAN FARM USE: YES NO

- For the exploration of geothermal resources as defined by Subsection (8) of ORS 522.005, mineral resources or other subsurface resources which do not interfere with the farm use of the land.
- For the use of land for hunting, fishing, camping, or other recreational use which does not interfere with the farm use of the land.

| | |
|---|--|
| WARNING: 1. Notice must be given to the county assessor when the land or any portion thereof ceases to be used exclusively for farm use. 2. Additional taxes may be added to the tax roll when farmland which is specially assessed at farm use value becomes disqualified. | NOTE: A separate application (150-310-068) must be filed annually (by April 15) to obtain special farmland assessment for wasteland or land under farm use dwellings. |
|---|--|

DECLARATION

I declare under the penalties for false swearing as contained in ORS 305.990(4) that the information contained in this document, including any attached schedules, is to the best of my knowledge true, correct, and complete.

| | |
|-----------------------|------|
| Signature X | Date |
| Signature X | Date |



**Tax Information Authorization
and
Power of Attorney for Representation**

| |
|----------------------------|
| For office use only |
| Date received |

• Please print. • Use only blue or black ink. • See additional information on the back.

| | | | |
|--------------------------------|------|---|----------|
| Taxpayer name | | Identifying number (SSN, BIN, FEIN, etc.) | |
| Spouse's name, if joint return | | Spouse's identifying number (SSN, etc.) | |
| Address | City | State | ZIP code |

Check only one:

- Tax Information Authorization:** Checking this box allows the department to disclose your confidential tax information to your designee. You may designate a person, agency, firm, or organization.
- Power of Attorney for Representation:** Check this box if you want a person to "represent" you. This means the person may receive confidential information and may make decisions on your behalf. The person you designate **must** meet the qualifications listed on the back of this form.

For All tax years, or Specific tax years: _____,

I hereby appoint the following person as designee or authorized representative:

| | | |
|--|------------------|--------------------|
| Name | Phone () | Fax () |
| Mailing address | City | State ZIP code |
| Representative's title and Oregon license number or relationship to taxpayer | | |

If out-of-state CPA, sign here attesting you meet the requirements to practice in Oregon (see instructions)

The above named is authorized to receive my confidential tax information and/or represent me before the Oregon Department of Revenue for:

- All tax matters, or
- Specific tax matters. Enter tax program name(s): _____

Signature of taxpayer(s)

- I acknowledge the following provision: Actions taken by an authorized representative are binding, even if the representative is not an attorney. Proceedings cannot later be declared legally defective because the representative was not an attorney.
- Corporate officers, partners, fiduciaries, or other qualified persons signing on behalf of the taxpayer(s): By signing, I also certify that I have the authority to execute this form.
- If a tax matter concerns a joint return, both spouses must sign if joint representation is requested. Taxpayers filing jointly may authorize separate representatives.

| | | |
|--|--------------------------|------|
| Signature X | Print name | Date |
| Title (if applicable) | Daytime phone () | |
| Spouse (if joint representation) X | Print name | Date |

Note: This authorization form automatically revokes and replaces all earlier tax authorizations and/or all earlier powers of attorney on file with the Oregon Department of Revenue for the **same** tax matters and years or periods covered by this form. If you **do not** want to revoke a prior authorization, initial here _____.

Attach a copy of any other tax information authorization or power of attorney you want to remain in effect.

Complete the following, if known (for routing purposes only):

Revenue employee: _____
 Division/Section: _____
 Phone/Fax: _____

Send to: Oregon Department of Revenue
 955 Center St NE
 Salem OR 97301-2555

Visit www.oregon.gov/dor to complete this form using Revenue Online.

**If this tax information authorization or power of attorney form is not signed, it will be returned.
 Power of attorney forms submitted with Revenue Online will be signed electronically.**

Additional information

This form is used for two purposes:

- **Tax information disclosure authorization.** You authorize the department to disclose your confidential tax information to another person. This person will not receive original notices we send to you.
- **Power of attorney for representation.** You authorize another person to represent you and act on your behalf. The person must meet the qualifications below. Unless you specify differently, this person will have full power to do all things you might do, with as much binding effect, including, but not limited to: providing information; preparing, signing, executing, filing, and inspecting returns and reports; and executing statute of limitation extensions and closing agreements.

This form is effective on the date signed. Authorization terminates when the department receives written revocation notice or a new form is executed (unless the space provided on the front is initialed indicating that prior forms are still valid).

Unless the appointed representative has a fiduciary relationship to the taxpayer (such as personal representative, trustee, guardian, conservator), original Notices of Deficiency or Assessment will be mailed to the taxpayer as required by law. A copy will be provided to the appointed representative when requested.

For corporations, "taxpayer" as used on this form, must be the corporation that is subject to Oregon tax. List fiscal years by year end date.

Qualifications to represent taxpayer(s) before Department of Revenue

Under Oregon Revised Statute (ORS) 305.230 and Oregon Administrative Rule (OAR) 150-305.230, a person must meet one of the following qualifications in order to represent you before the Department of Revenue.

1. For all tax programs:

- a. An adult immediate family member (spouse, parent, child, or sibling).
- b. An attorney qualified to practice law in Oregon.
- c. A certified public accountant (CPA) or public accountant (PA) qualified to practice public accountancy in Oregon, and their employees.
- d. An IRS enrolled agent (EA) qualified to prepare tax returns in Oregon.
- e. A designated employee of the taxpayer.
- f. An officer or full-time employee of a corporation (including a parent, subsidiary, or other affiliated corporation), association, or organized group for that entity.
- g. A full-time employee of a trust, receivership, guardianship, or estate for that entity.
- h. An individual outside the United States if representation takes place outside the United States.

2. For income tax issues:

- a. All those listed in (1); plus
- b. A licensed tax consultant (LTC) or licensed tax preparer (LTP) licensed by the Oregon State Board of Tax Practitioners.

3. For ad valorem property tax issues:

- a. All those listed in (1); plus
- b. An Oregon licensed real estate broker or a principal real estate broker; or
- c. An Oregon certified, licensed, or registered appraiser; or
- d. An authorized agent for designated utilities and companies assessed by the department under ORS 308.505 through 308.665 and ORS 308.805 through 308.820.

4. For forestland and timber tax issues:

- a. All those listed in (1), (2), and (3)(b) and (c); plus
- b. A consulting forester.

An individual who prepares and either signs your tax return or who is not required to sign your tax return (by the instructions or by rule), may represent you **during an audit of that return. That individual may not represent you for any other purpose unless they meet one of the qualifications listed above.**

Generally, declarations for representation in cases appealed beyond the Department of Revenue must be in writing to the Tax Court Magistrate. A person recognized by a Tax Court Magistrate will be recognized as your representative by the department.

Tax matters partners and S corporation shareholders. See OARs 150-305.242(2) and (5) and 150-305.230 for additional information. Include the partnership or S corporation name in the taxpayer name area.

Out-of-state attorneys and CPAs

Attorneys may contact the Oregon State Bar for information on practicing in Oregon. If your out-of-state representative receives authorization to practice in Oregon, attach proof to this form.

CPAs may practice in Oregon if they meet the following substantial equivalency requirements of ORS 673.010:

1. Licensed in another state;
2. Have an accredited baccalaureate degree with at least 150 semester hours of college education;
3. Passed the Uniform CPA exam; **and**
4. Have a minimum of one year experience.

Have questions? Need help?

General tax information www.oregon.gov/dor/Salem (503) 378-4988
Toll-free from an Oregon prefix..... 1 (800) 356-4222

Asistencia en español:

En Salem o fuera de Oregon (503) 378-4988
Gratis de prefijo de Oregon 1 (800) 356-4222

TTY (hearing or speech impaired; machine only):

Salem area or outside Oregon (503) 945-8617
Toll-free from an Oregon prefix..... 1 (800) 886-7204

Americans with Disabilities Act (ADA): Call one of the help numbers above for information in alternative formats.

Appendix D: Farm use certification and capitalization

| | |
|--|------|
| Farm use interest rate and wheat price certification letter..... | 6-49 |
| Calculation of farm use specially assessed values per land class (example) | 6-50 |
| Summary of farm use interest rates/wheat prices | 6-51 |



Oregon

Kate Brown, Governor

Department of Revenue
Property Tax Division
955 Center St NE
PO Box 14380
Salem, OR 97309-5075

DATE: January 07, 2022

TO: All County Assessors

FROM: Toni Blessing & June Hadlock
Farm Special Assessment Program
Support, Assistance & Oversight Section
Property Tax Division

SUBJECT: Farm-Use Interest Rate and Wheat Price for 2022-23

The average effective rate of interest charged by the Farm Credit Service on real property loans is annually reported to the Internal Revenue Service. In compliance with ORS 308A.092, the Department of Revenue certifies a five-year average interest rate of **4.31 percent**. This interest rate plus a local property tax rate is to be used to arrive at the farm use capitalization rate.

Each county Assessor needs to estimate rates for property taxes when computing farm use values. Measure 50 limits the farm use value to the **lower** of the 2022-23 specially assessed value (SAV) or the 2022-23 maximum specially assessed value (MSAV) for each land class. See example attached.

The market wheat price for computing 2022 farm use values of wheat land is **\$8.23 per bushel**. This price must be adjusted for local costs of storing and marketing the wheat (freight, inspection, handling, and wheat tax). These costs are available from the local grain elevator companies in the counties.

In addition to the market price of **\$8.23** per bushel, any payments growers receive under government programs for the 2020 and 2021 wheat crops need to be added to the market price to arrive at the growers' gross income.

Toni Blessing, June Hadlock
Appraiser Analyst 3
Farmforest.programs@dor.oregon.gov
(503) 945-8737 FAX
(503) 945-8617 TTY

2022-2023 EXAMPLE

CALCULATION OF FARM USE SPECIALLY ASSESSED VALUES PER LAND CLASS

2021-22 ESTIMATED IMPOSED NOMINAL TAX RATE

| | | | | | |
|------------------|---|------|---|----------|---------------|
| Nominal Tax Rate | / | 1000 | = | Tax rate | |
| | | | | Decimal | Percentage |
| 10.69 | / | 1000 | = | 0.01069 | 1.069% |

CALCULATION OF EFFECTIVE TAX RATE PERCENTAGE:

| | | | | | |
|--------------|---|-------------|---|----------------------|--|
| LAND CLASS | | LAND CLASS | | Tax Ratio | |
| 2021-22 MSAV | / | 2021-22 SAV | = | (NOT TO EXCEED 1.00) | |
| 648 | / | 670 | = | 0.9672 | |

| | | | | | |
|------------------|---|-----------|---|--------------------|---------------|
| Nominal Tax Rate | x | Tax Ratio | = | Effective Tax Rate | |
| 0.01069 | x | 0.9672 | = | 0.010339 | 1.034% |

CALCULATION OF CAPITALIZATION RATE:

| | |
|-----------------------------|--------|
| DOR Certified Interest Rate | 4.310% |
| Effective Tax Rate | 1.034% |

CAPITALIZATION RATE FOR CALCULATING FARM USE VALUE 5.344%

CAPITALIZATION EXAMPLE PER LAND CLASS:

| | | | | | |
|------------|-----------------------------------|---|----------------------------------|---|--|
| | 2021-22 FARM USE NET INCOME | / | 2021-22 ESTIMATED CAP RATE | = | 2022-23 SPECIALLY ASSESSED VALUE (SAV) PER ACRE TABLE |
| SAV | \$57.50 | | 0.05344 | | \$1,075 |

| | | | | | |
|-------------|---|----------------|--|---|---|
| | 2021-22 MAXIMUM SPECIALLY ASSESSED VALUE (MSAV) PER ACRE TABLE | < Greater of > | 2021-22 ASSESSED VALUE (AV) x 103% | = | 2022-23 MAXIMUM SPECIALLY ASSESSED VALUE (MSAV) PER ACRE TABLE |
| MSAV | \$648 | | \$667 | | \$667 |

| | | | | | |
|-----------|----------------------------------|---------------|-----------------------------------|---|--|
| | 2022-23 SAV PER ACRE TABLE | < Lesser of > | 2022-23 MSAV PER ACRE TABLE | = | 2022-23 ASSESSED VALUE (AV) PER ACRE |
| AV | \$1,075 | | \$667 | | \$667 |

Summary of farm use interest rates/wheat prices

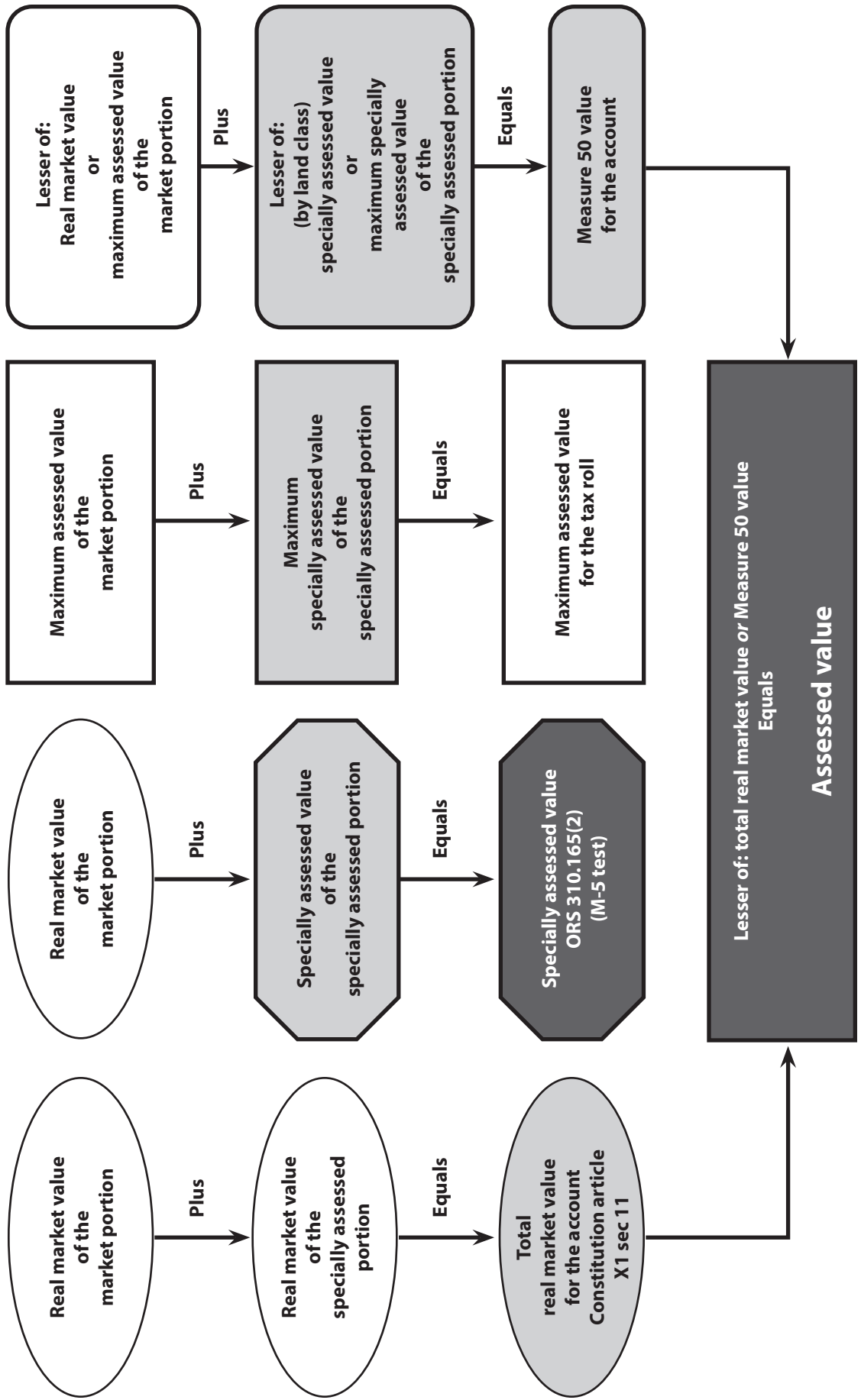
| Year | DOR certified rate | Wheat price |
|-------------|---------------------------|--------------------|
| 2011-12 | 5.84% | \$5.70 |
| 2012-13 | 5.94% | \$6.41 |
| 2013-14 | 5.86% | \$7.54 |
| 2014-15 | 5.55% | \$7.93 |
| 2015-16 | 5.17% | \$7.02 |
| 2016-17 | 4.79% | \$6.17 |
| 2017-18 | 4.44% | \$5.07 |
| 2018-19 | 4.21% | \$4.95 |
| 2019-20 | 4.13% | \$5.67 |
| 2020-21 | 4.14% | \$6.01 |
| 2021-22 | 4.21% | \$5.87 |
| 2022-23 | 4.31% | \$8.23 |

Appendix E: Farm use valuation

| | |
|---|------|
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M-50 calculations

Specially assessed RMV, SAV, MAV, and AV calculation matrix



Appraisal of contiguous rural farm or forestlands

The following guideline is to establish a uniform policy for the appraisal of contiguous tracts of rural farm or forestland.

Determine if the property is under special assessment. If the property is currently under special assessment, it will require **two separate appraisals**. One appraisal for farm or forest use value (specially assessed value) and one for real market value (RMV) based on a highest-and-best-use analysis.

See “Valuation” section of this manual for “Measure 50 maximum assessed value limitations.”

Highest-and-best-use is defined as the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. When considering highest-and-best-use, the first consideration as outlined in “The appraisal of real estate—10th edition” and DOR Methods manual, Chapter 7, is to determine the legal use of the property. Zoning restrictions are a primary consideration in legal use.

EFU zoned and highest-and-best-use forestland

If the property is in an exclusive farm use (EFU) zone or highest-and-best-use forestland (resource lands), the valuation procedure will be different than if the property is in a zone which allows for more intense uses. Specially assessed lands, EFU, or resource lands will be valued as a single, large tract of land, by productivity class (see “Commercial farmland schedule”) rather than as several smaller tracts. The benefit comes from economies of scale where large tracts are valued at less per acre than smaller tracts. Some properties may require a land size adjustment based on market for the area. Adjustments for flooding, utility, quality, location

influences, etc., may also be needed to be made to the value obtained from the commercial farmland or forestland schedule. Such adjustments are derived from a market study of sales of similar properties which are comparable to the subject property.

In an EFU zone, there can be additional restrictions for “high value farm land.” This is primarily land falling under the class I and class II quality designation. It also includes some special class III and class IV lands. For properties falling under this classification, zoning restrictions make it more difficult to subdivide the land to create additional building sites(s).

Zones permitting development of rural parcels

When the property is in a zone which permits development of parcels, each buildable lot is valued individually. When the property has sufficient acreage to be segregated or subdivided and there is an active market for parcels meeting zoning requirements, then the property must be valued based on a land schedule developed from sales of properties with comparable zoning (highest and best use) (see example 1).

Adjustments are made to individual acres for each parcel which have more or less utility; such as more than one buildable site, a view factor or water front.

When a property is specially assessed, the individual parcel values including any adjustments for amenities such as view, water front etc. are added together and divided by the total number of acres under contiguous ownership. The resulting average price per acre is used to compute the qualified homesite values. (ORS 308A.256)

Example #1—real market value

The following example determines real market value for tax lots 700, 701, 800, and 900 (see attached tax lot map.) They are under contiguous ownership, however each is a separate legal parcel. The zoning is AR-5 which permits development of a homesite on five or more acres. This is a more intensive use than permitted under EFU zoning. Each tax lot is a legally buildable lot. In this example, a good view is worth \$30,000, all of the parcels are developed and typical onsite developments (OSD) adds \$10,000. Land values are from the attached rural tract land schedule which was derived from a market study.

| | | | | |
|-------------------------------|----------|---|----------|-----------|
| Tax lot 700: 5 acres @ | \$17,500 | = | \$87,500 | |
| View—Good | 30,000 | = | 30,000 | |
| OSD—Typical | 10,000 | = | 10,000 | |
| RMV land value | | | | \$127,500 |

| | | | | |
|--------------------------------|--------|---|---------|---------|
| Tax lot 701: 36 acres @ | 4,750 | = | 171,000 | |
| View—Good | 30,000 | = | 30,000 | |
| OSD—Typical | 10,000 | = | 10,000 | |
| RMV land value | | | | 211,000 |

| | | | | |
|--------------------------------|--------|---|---------|---------|
| Tax lot 800: 43 acres @ | 4,500 | = | 193,500 | |
| View—Good | 30,000 | = | 30,000 | |
| OSD—Typical | 10,000 | = | 10,000 | |
| RMV land value | | | | 233,500 |

| | | | | |
|--------------------------------|--------|---|---------|---------|
| Tax lot 900: 19 acres @ | 5,500 | = | 104,500 | |
| No view | | | | |
| OSD—Typical | 10,000 | = | 10,000 | |
| RMV land value | | | | 114,500 |

The preceding values will be assessed for each parcel **not** under special assessment.

These values will also be used to calculate any additional tax once the property is removed from special assessment (see “Farm and forest related homesite”).

For **vacant** parcels which are legally buildable, factors affecting value such as view, OSD etc., should be added, but not to exceed one homesite. For example, a vacant 20 acre parcel in an AR-5 zone has a legal right to build one homesite. It may be possible to develop 4 homesites but the view, OSD etc., for more homesites can’t be added to the calculation of RMV until the land is partitioned or approved for these additional homesites. The rural tract land schedule (AR-5) reflects other dividable parcels (such as 20 acres dividable to four 5 acre parcels) with one existing homesite (or the right to build one homesite).

Add increments for OSD, view, etc., when additional homesite have been **approved** or are **existing**.

The value calculated for each of the above parcels would have the following separately stated elements on a land appraisal card:

1. Average per acre value from the land schedule for each homesite.
2. Value increments (such as view, river front etc.) for each homesite.
3. Onsite developments (OSD) at real market value (RMV).
4. Remaining acres from land schedule.

Note: Real property improvements such as buildings, automatic feeders, processing equipment, irrigation pumps, motors, electrical service, buried lines, corals etc. are to be assessed at RMV on an improvement appraisal card.

Farm and forest related homesites

Value farm related homesite in accordance with ORS 308A.256

EFU farm related homesite.

Non-EFU farm related homesite (by application under ORS 308A.077).

Homesite valuation requires **two** separate calculations for valuing the homesite for assessment purposes. These include **real market value** and **specially assessed value**. For the purposes of establishing homesite value, the value of one acre of land for each farm related homesite shall be used.

Real market homesite value

Determine the average per acre real market value for the homesite **parcel**. Use the entire parcel the homesite is located on, not all contiguous parcels under common ownership. **After** the average per acre RMV of the parcel has been calculated, add for amenities such as view, river front, etc., or deduct for lack of utility such as unusable area, poor access, etc. Then to this, add the OSD increment **at RMV** to arrive at the homesite value.

Specially assessed homesite value

(Must be in conjunction with a qualifying farm use.)

Determine RMV for all contiguous parcels and acres of common ownership and apply values from the land schedule(s). Add for amenities such as view, river front etc., or deduct for lack of utility such as unusable area, poor access, etc. Divide the total RMV by the total acres of contiguous ownership to arrive at the average value per acre. The average value per acre for one acre is added to a maximum OSD of \$4,000 to arrive at the specially assessed homesite value.

Value forest related homesite in accordance with ORS 308A.256

Highest-and-best-use forestland-related homesite.

Designated forestland-related homesite.

Small tract forestland-related homesite.

Forest related homesite values

Homesite parcel must have a minimum of 10.01 acres of assessed forestland as specified in ORS 308A.250 and 308A.253.

Use the above farm related homesite valuation procedures to determine the “real market homesite value” and the “specially assessed homesite value.”

See “Valuation” section of this manual for “Measure 50 maximum assessed value limitations.”

M-50 Calculations Example # 3

To solve for tax lot 700 with no amenities.

- Zoned EFU In this example, the market value for small tracts zoned AR-5 and EFU-5 are considered the same at \$17,500 per acre. Class II farmland SAV = \$551, MSAV = \$525.
- OSD Average RMV onsite development (OSD) is \$10,000, use \$4,000 if specially assessed.
- Amenities None.
- TL 700 Class II farmland, one acre homesite, improved with a dwelling. One acre is not being farmed.

The following demonstrates side-by-side calculations:

| ASSESSMENT BASED ON MARKET VALUE (ORS 308.146 and 308.205) | | SPECIALLY ASSESSED (ORS 308A.107 and 308A.256) | | |
|---|----------------------|---|---|--------------------------|
| | | | | |
| Real Market Value: | | (RMV) | Specially Assessed Value: | (SAV) (RMV) |
| MARKET PORTION | | | MARKET PORTION | |
| TL 700 Improvement RMV | \$125,000 | | TL 700 Improvement RMV | \$125,000 |
| TL 700 Land RMV (1 AC) | \$17,500 | | TL 700 Land RMV (1 AC) | \$17,500 |
| Total MARKET PORTION RMV | | \$142,500 | Total MARKET PORTION RMV | \$142,500 |
| SPECIALLY ASSESSED PORTION | | | SPECIALLY ASSESSED PORTION | |
| TL 700 HS Value | | | TL 700 HS Value | |
| EFU-5AC, one acre | \$17,500 | | 5AC x \$17,500 = | |
| OSD @ RMV = | \$10,000 | | HS Bare Land Value Base (RMV) | \$87,500 |
| Homesite RMV | \$27,500 | | \$ 87,500 / 5AC = HS Land SAV | \$17,500 (Avg RMV/AC) |
| | | | OSD SAV = (\$4,000 maximum) | \$4,000 |
| | | | Homesite SAV | \$21,500 \$21,500 |
| TL 700 Remaining Acres RMV | | | TL 700 Remaining Acres SAV | |
| 3AC x \$17,500 = | \$52,500 | | Class II = 3ACx \$551 | \$1,653 |
| Remaining Acres RMV | \$52,500 | | Remaining Acres SAV | \$1,653 |
| Total SA PORTION RMV | \$80,000 | \$80,000 | Total SA PORTION SAV | \$23,153 |
| Total RMV for account | | \$222,500 | Total SAV for account (M-5) | \$165,653 |
| Maximum Assessed Value: | | (MAV) | Maximum Special Assessed Value: | (MSAV) (MAV) |
| TL 700 account MAV | | | MARKET PORTION | |
| Prior year MAV | \$155,750 (tax roll) | | TL 700 MARKET PORTION MAV | |
| Prior year AV x 1.03 | \$160,422 | | MARKET PORTION RMV (New year) | \$142,500 |
| Greater of = Account MAV | | \$160,422 | Divided by New Total RMV (New year) | \$222,500 |
| | | | Equals MARKET PORTION Apportionment | 0.6404 |
| | | | Account MAV | \$160,422 |
| | | | Times MARKET PORTION Apportionment | 0.6404 |
| | | | Total MARKET PORTION MAV | \$102,734 |
| | | | SPECIALLY ASSESSED PORTION | |
| | | | TL 700 Land Value | |
| | | | Prior Year HS MSAV | \$15,050 (tax roll) |
| | | | Prior Year HS AV x 103% | \$15,501 |
| | | | Greater of = HS Land MSAV | \$15,501 |
| | | | OSD Prior Year MSAV | \$4,120 (tax roll) |
| | | | OSD Prior Year AV x 103% | \$4,120 |
| | | | Greater of = OSD MSAV | \$4,120 |
| | | | Homesite MSAV | \$19,621 \$19,621 |
| | | | TL 700 Remaining Acres MSAV | |
| | | | Class II 3ac @ \$525 = | \$1,575 |
| | | | Remaining acres MSAV | \$1,575 |
| | | | Total SA PORTION MSAV | \$1,575 |
| | | | Total MAV for SA account | \$123,930 |
| Assessed Value as if not specially assessed: | | (AV) | Assessed Value if specially assessed: | (AV) (AV) |
| | | | Lesser of MARKET PORTION RMV or MAV | \$102,734 |
| | | | Lesser of HS Land SAV or MSAV | \$15,501 |
| | | | Lesser of OSD SAV or MSAV | \$4,000 |
| | | | Homesite AV | \$19,501 |
| | | | Lesser of Class II SAV or MSAV | \$1,575 |
| Total RMV for Account | \$222,500 | | | |
| Total MAV for Account | \$160,422 | | | |
| TOTAL AV IF NOT SPECIAL ASSESSED | | \$160,422 | TOTAL AV IF SPECIAL ASSESSED (M-50) | \$123,810 |
| | | | ACCOUNT AV (Lesser of RMV or M-50 Value) | \$123,810 |

M-50 Calculations Example # 4

To solve for tax lot 700 with "good view".

- Zoned EFU Tax Lot 700 is zoned EFU-5. In this example, the market value for small tracts zoned AR-5 and EFU-5 are considered the same. Class II farmland SAV = \$ 551/ac, MSAV = \$525.
- OSD Average RMV onsite development (OSD) is \$10,000, use \$4,000 if specially assessed.
- Amenities Good View = \$30,000
- TL 700 Class II farmland, one acre homesite, improved with a dwelling

The following demonstrates side-by-side calculations:

| ASSESSMENT BASED ON MARKET VALUE <small>(ORS 308.146 and 308.205)</small> | | SPECIALLY ASSESSED <small>(ORS 308A.107 and 308A.256)</small> | | |
|--|------------------|---|-----------------|-----------------------------|
| | | | | |
| Real Market Value: | (RMV) | Specially Assessed Value: | (SAV) | (RMV) |
| MARKET PORTION | | MARKET PORTION | | |
| TL 700 Improvement RMV \$125,000 | | TL 700 Improvement RMV \$125,000 | | |
| Total MARKET PORTION RMV | \$125,000 | MARKET PORTION TOTAL RMV | | \$125,000 |
| SPECIALLY ASSESSED PORTION | | SPECIALLY ASSESSED PORTION | | |
| TL 700 HS Value | | TL 700 HS Value | | |
| EFU-5 AC, one acre \$17,500 | | 5AC x \$ 17,500 = \$87,500 | | |
| Good View = \$30,000 | | Good View = \$30,000 | | |
| OSD @ RMV = \$10,000 | | HS RMV Bare Land Value Base | | |
| Homesite RMV \$57,500 | | \$ 117,500 / 5AC = HS Land SAV | \$23,500 | <small>(AVG RMV/AC)</small> |
| TL 700 Remaining Acres RMV | | OSD SAV = (\$ 4,000 maximum) | \$4,000 | |
| 4AC x 17,500 = \$70,000 | | Homesite SAV | \$27,500 | \$27,500 |
| Remaining Acres RMV \$70,000 | | TL 700 Remaining Acres SAV | | |
| Total SA PORTION RMV | \$127,500 | Class II 4AC x \$551 = \$2,204 | | \$2,204 |
| Total RMV for account | \$252,500 | Remaining Acres SAV \$2,204 | | |
| Maximum Assessed Value: | (MAV) | Total SA PORTION SAV | | \$29,704 |
| TL 700 account MAV | | Total SAV for account (M-5) | | \$154,704 |
| Prior year MAV \$176,750 (tax roll) | | Maximum Special Assessed Value: | (MSAV) | (MAV) |
| Prior year AV x 1.03 \$182,052 | | MARKET PORTION | | |
| Greater of = Account MAV | \$182,052 | TL 700 MARKET PORTION MAV | | |
| | | MARKET PORTION RMV (New year) \$125,000 | | |
| | | Divided by New Total RMV (New year) \$252,500 | | |
| | | Equals MARKET PORTION Apportionment 0.4950 | | |
| | | Account MAV \$182,052 | | |
| | | Times MARKET PORTION Apportionment 0.4950 | | |
| | | Total MARKET PORTION MAV | | \$90,116 |
| | | SPECIALLY ASSESSED PORTION | | |
| | | TL 700 Land Value | | |
| | | Prior Year HS MSAV \$16,450 (tax roll) | | |
| | | Prior Year HS AV x 103% \$16,943 | | |
| | | Greater of =HS Land MSAV \$16,943 | | |
| | | OSD Prior Year MSAV \$4,120 (tax roll) | | |
| | | OSD Prior Year AV x 103% \$4,120 | | |
| | | Greater of = OSD MSAV \$4,120 | | |
| | | Homesite MSAV \$21,063 | | \$21,063 |
| | | TL 700 Remaining Acres MSAV | | |
| | | Class II 4AC @ \$525 = \$2,100 | | \$2,100 |
| | | Remaining acres MSAV \$2,100 | | |
| | | Total SA PORTION MSAV | | \$23,163 |
| | | Total MAV for SA account | | \$113,279 |
| Assessed Value as if not specially assessed: | (AV) | Assessed Value if specially assessed: | (AV) | (AV) |
| | | Lesser of MARKET PORTION RMV or MAV | | \$90,116 |
| | | Lesser of HS Land SAV or MSAV \$16,943 | | |
| | | Lesser of OSD SAV or MSAV \$4,000 | | |
| | | Homesite AV \$20,943 | | \$20,943 |
| | | Lesser of Class II SAV or MSAV \$2,100 | | |
| Total RMV for account | \$252,500 | Total AV IF SPECIAL ASSESSED (M-50) | | \$113,159 |
| Total MAV for account | \$182,052 | ACCOUNT AV (Lesser of RMV or M-50 Value) | | \$113,159 |
| TOTAL AV IF NOT SPECIAL ASSESSED | \$182,052 | | | |

M-50 Calculations Example # 6-700

To solve for Tax Lot 700 when tax lots 700 and 701 comprise one lot of record.

| | |
|--|--|
| -- Zoned EFU -- OSD -- Amenities -- TL 700 -- TL 701 | Class II farmland SAV = \$551 and MSAV = \$525, Class III SAV = \$433 and MSAV = \$413. Real market value of Class II farmland = \$4,150, Class III = \$3,500 Average RMV onsite development (OSD) is \$10,000, use \$4,000 if specially assessed. Good view (RMV of \$30,000) Class II farmland, one acre homesite, improved with a dwelling 16AC Class II, 20AC Class III, all farmland |
|--|--|

Note: TL 700 cannot be sold separately from TL 701, because they are considered one legal parcel of 41 acres by planning. Do not use the EFU-5 land schedule to value tax lot 700. Instead, combine with other Class II land in tax lot 701 and use the commercial farmland schedule.

The following demonstrates side-by-side calculations: (See EX6-701 for Tax Lot 701)

| ASSESSMENT BASED ON MARKET VALUE <small>(ORS 308.146 and 308.205)</small> | | SPECIALLY ASSESSED <small>(ORS 308A.107 and 308A.256)</small> | |
|--|----------------------|--|----------------------|
| | (RMV) | | |
| Real Market Value: | | Specialty Assessed Value: | |
| MARKET PORTION | | MARKET PORTION | |
| TL 700 Improvement RMV | | TL 700 Improvement RMV | |
| Dwelling | \$125,000 | Dwelling | \$125,000 |
| Barn, Machine Shed, Irrigation, etc. | \$100,000 | Barn, Machine Shed, Irrigation, etc. | \$100,000 |
| Total MARKET PORTION RMV | \$225,000 | Total MARKET PORTION RMV | \$225,000 |
| SPECIALLY ASSESSED PORTION | | SPECIALLY ASSESSED PORTION | |
| Tax Lot 700 HS Value | | Tax Lot 700 HS Value | |
| | | Tax Lot 700 | |
| | | Class II, 5AC x \$4,150 | \$20,750 |
| | | Good View | \$30,000 |
| | | Tax Lot 701 | |
| | | Class II, 16AC x \$4,150 | \$66,400 |
| | | Class III, 20AC x \$3,500 | \$70,000 |
| | | HS Bare Land Value Base (RMV) | \$187,150 |
| Homesite | | Homesite | |
| Class II 1 AC | \$4,150 | \$187,150 / 41AC = HS Land SAV | \$4,565 (AVG RMV/AC) |
| Good View | \$30,000 | OSD (SAV) (\$4,000 maximum) | \$4,000 |
| OSD (RMV) | \$10,000 | Homesite SAV | \$8,565 |
| Homesite RMV | \$44,150 | | |
| TL 700 Remaining Acres RMV | | TL 700 Remaining Acres SAV | |
| Class II 4AC x \$4,150 = | \$16,600 | Class II 4AC x \$551 = | \$2,204 |
| Remaining Acres RMV | \$16,600 | Remaining Acres SAV | \$2,204 |
| Total SA PORTION RMV | \$60,750 | Total SA PORTION SAV | \$10,769 |
| Total RMV for account | \$285,750 | Total SAV for account (M-5) | \$235,769 |
| Maximum Assessed Value: | (MAV) | Maximum Specialty Assessed Value: | (MSAV) |
| | | MARKET PORTION | |
| TL 700 account MAV | | TL 700 MARKET PORTION MAV | |
| Prior year MAV | \$200,025 (tax roll) | MARKET PORTION RMV (New year) | \$225,000 |
| Prior year AV x 1.03 | \$206,025 | Divided by New Total RMV (New year) | \$285,750 |
| Greater of = Account MAV | \$206,025 | Equals MARKET PORTION Apportionment | 0.7874 |
| | | Account MAV | \$206,025 |
| | | Times MARKET PORTION Apportionment | 0.7874 |
| | | Total MARKET PORTION MAV | \$162,224 |
| | | SPECIALLY ASSESSED PORTION | |
| | | Tax Lot 700 Land Value | |
| | | Prior Year HS MSAV | \$3,195 (tax roll) |
| | | Prior Year HS AV x 103% | \$3,290 |
| | | Greater of = HS Land MSAV | \$3,290 |
| | | OSD Prior Year MSAV | \$4,120 (tax roll) |
| | | OSD Prior Year AV x 103% | \$4,120 |
| | | Greater of = OSD MSAV | \$4,120 |
| | | Homesite MSAV | \$7,410 |
| | | | |
| | | TL 700 Remaining Acres MSAV | |
| | | Class II 4AC x \$525 = | \$2,100 |
| | | Remaining acres MSAV | \$2,100 |
| | | Total SA PORTION MSAV | \$9,510 |
| | | Total MAV for SA account | \$171,734 |
| Assessed Value as if not specially assessed: | (AV) | Assessed Value if specially assessed: | (AV) |
| | | Lesser of MARKET PORTION RMV or MAV | \$162,224 |
| | | Lesser of HS Land SAV or MSAV | \$3,290 |
| | | Lesser of OSD SAV or MSAV | \$4,000 |
| | | Homesite AV | \$7,290 |
| | | Lesser of Class II SAV or MSAV | \$2,100 |
| Total RMV for Account | \$285,750 | | |
| Total MAV for Account | \$206,025 | | |
| TOTAL AV IF NOT SPECIAL ASSESSED | \$206,025 | TOTAL AV IF SPECIAL ASSESSED (M-50) | \$171,614 |
| | | ACCOUNT AV (Lesser of RMV or M-50 Value) | \$171,614 |

M-50 Calculations Example # 6-701

To solve for Tax Lot 701 when tax lots 700 and 701 comprise one lot of record.

-- Zoned EFU

Class II farmland SAV = \$551 and MSAV = \$525, Class III SAV = \$433 and MSAV = \$413.
Real market value of Class II farmland = \$4,150, Class III = \$3,500

-- TL 701

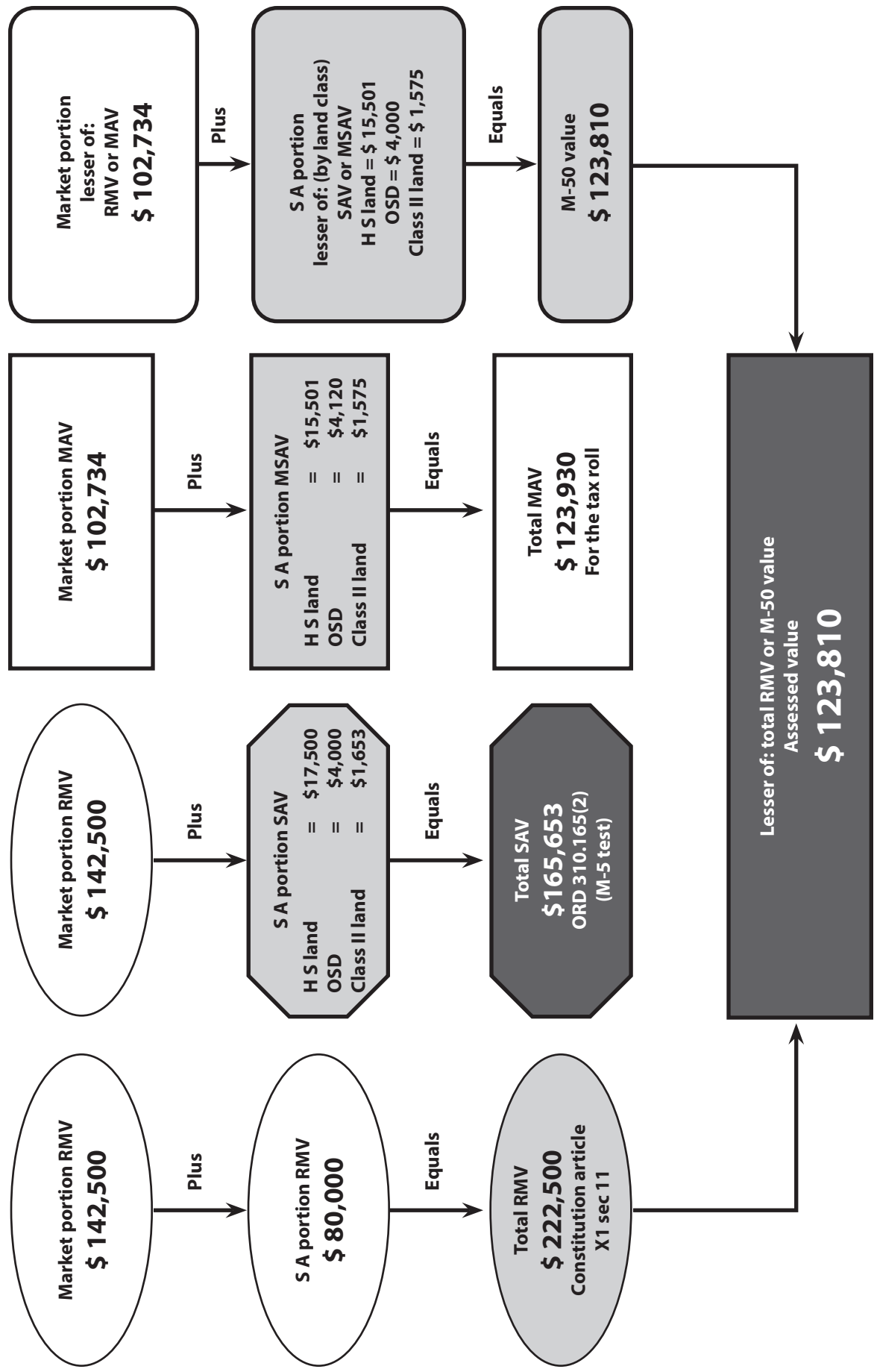
16AC Class II, 20AC Class III, all farmland

Note: TL 701 cannot be sold separately from TL 700, because they are considered one legal parcel of 41 acres by planning.
Use commercial farmland schedule to value class II and III land in tax lot 701

The following demonstrates side-by-side calculations: (See EX6-700 for Tax Lot 700)

| ASSESSMENT BASED ON MARKET VALUE (ORS 308.146 and 308.205) | | SPECIALLY ASSESSED (ORS 308A.107 and 308A.256) | |
|---|---------------------|---|---------------------|
| | (RMV) | | (SAV) (RMV) |
| Real Market Value: | | Specially Assessed Value: | |
| MARKET PORTION | | MARKET PORTION | |
| TL 701 Improvement RMV | | TL 701 MARKET PORTION RMV | |
| No Improvements | | No improvements | |
| Total MARKET PORTION RMV | \$0 | Total MARKET PORTION RMV | \$0 |
| SPECIALLY ASSESSED PORTION | | SPECIALLY ASSESSED PORTION | |
| TL 701 Land RMV | | TL 701 Land SAV | |
| Class II 16AC x \$4,150 = | \$66,400 | Class II 16AC x \$551 = | \$8,816 |
| Class III 20AC x \$3,500 = | \$70,000 | Class III 20AC x \$433 = | \$8,660 |
| Land RMV | \$136,400 | Land SAV | \$17,476 |
| Total SA PORTION RMV | \$136,400 | Total SA PORTION SAV | \$17,476 |
| Total RMV for account | \$136,400 | Total SAV for account (M-5) | \$17,476 |
| Maximum Assessed Value: | (MAV) | Maximum Special Assessed Value: | (MSAV) (MAV) |
| TL 701 account MAV | | MARKET PORTION | |
| Prior year MAV | \$95,480 (tax roll) | TL 701 MARKET PORTION MAV | |
| Prior year AV x 1.03 | \$98,344 | MARKET PORTION RMV (New year) | \$0 |
| Greater of = Account MAV | \$98,344 | Divided by New Total RMV (New year) | \$136,400 |
| | | Equals MARKET PORTION Apportionment | 0.0000 |
| | | Account MAV | \$98,344 |
| | | Times MARKET PORTION Apportionment | 0.0000 |
| | | Total MARKET PORTION MAV | \$0 |
| | | SPECIALLY ASSESSED PORTION | |
| | | TL 701 Land MSAV | |
| | | Class II 16AC x \$525 = | \$8,400 |
| | | Class III 20AC x \$413 = | \$8,260 |
| | | Land MSAV | \$16,660 |
| | | Total SA PORTION MSAV | \$16,660 |
| Assessed Value as if not specially assessed: | (AV) | Total MAV for SA account | \$16,660 |
| Total RMV for Account | \$136,400 | Assessed Value if specially assessed: | (AV) (AV) |
| Total MAV for Account | \$98,344 | Lesser of MARKET PORTION RMV or MAV | \$0 |
| TOTAL AV IF NOT SPECIAL ASSESSED | \$98,344 | Lesser of Class II SAV or MSAV | \$8,400 |
| | | Lesser of Class III SAV or MSAV | \$8,260 |
| TOTAL AV IF SPECIAL ASSESSED (M-50) | \$16,660 | TOTAL AV IF SPECIAL ASSESSED (M-50) | \$16,660 |
| ACCOUNT AV (Lesser of RMV or M-50 Value) | | ACCOUNT AV (Lesser of RMV or M-50 Value) | \$16,660 |

M-50 calculations example 3
Specially assessed RMV, SAV, MAV, and AV calculations



1995 commercial farmland schedule bottom and bench land

| Acres | Class I | Class II | Class III | Class IV | Class V | Class VI | Class VII | Class VIII |
|-------|---------|----------|-----------|----------|---------|----------|-----------|------------|
| 10 | 6,000 | 5,100 | 4,350 | 3,900 | 2,750 | 1,900 | 500 | 50 |
| 20 | 5,400 | 4,600 | 3,900 | 3,500 | 2,500 | 1,700 | 500 | 50 |
| 40 | 4,850 | 4,150 | 3,500 | 3,150 | 2,375 | 1,500 | 500 | 50 |
| 180 | 4,500 | 3,750 | 3,250 | 2,900 | 2,125 | 1,250 | 250 | 50 |
| 400 | 4,500 | 3,500 | 3,000 | 2,750 | 1,900 | 1,000 | 250 | 50 |

Note: A similar schedule would be developed for forestland sales.

Note: The above schedule reflects commercial farmland values. Separate value schedules may need to be developed for parcels which are smaller than that deemed to be economically viable by the market for commercial farming activities typical of the area. The values of these smaller parcels will probably reflect a highest-and-best-use as rural residential. If this is the case, the procedure for developing an RMV schedule will be the same as that for rural tracts. (See schedule below.)

Rural tract lands AR 5 zoning average rural setting

| Acres | Price/Ac | Acres | Price/Ac | Acres | Price/Ac | Acres | Price/Ac |
|-------|----------|-------|----------|-------|----------|-------|----------|
| 1.0 | \$40,000 | 9.0 | \$10,500 | 17.0 | \$ 6,000 | 45.0 | \$ 4,500 |
| 2.0 | \$30,000 | 10.0 | \$ 9,750 | 18.0 | \$ 5,500 | 50.0 | \$ 4,500 |
| 3.0 | \$25,000 | 11.0 | \$ 8,500 | 19.0 | \$ 5,500 | 55.0 | \$ 4,500 |
| 4.0 | \$20,000 | 12.0 | \$ 8,000 | 20.0 | \$ 5,000 | 60.0 | \$ 4,250 |
| 5.0 | \$17,500 | 13.0 | \$ 7,500 | 25.0 | \$ 5,000 | 65.0 | \$ 4,250 |
| 6.0 | \$15,000 | 14.0 | \$ 7,000 | 30.0 | \$ 4,750 | | |
| 7.0 | \$13,000 | 15.0 | \$ 6,500 | 35.0 | \$ 4,750 | | |
| 8.0 | \$11,500 | 16.0 | \$ 6,000 | 40.0 | \$ 4,500 | | |

View factors:

| | | |
|--------------|-----|----------|
| Good view | add | \$30,000 |
| Average view | add | \$25,000 |
| Fair view | add | \$15,000 |

Creek or stream frontage:

add \$10,000

park-like setting:

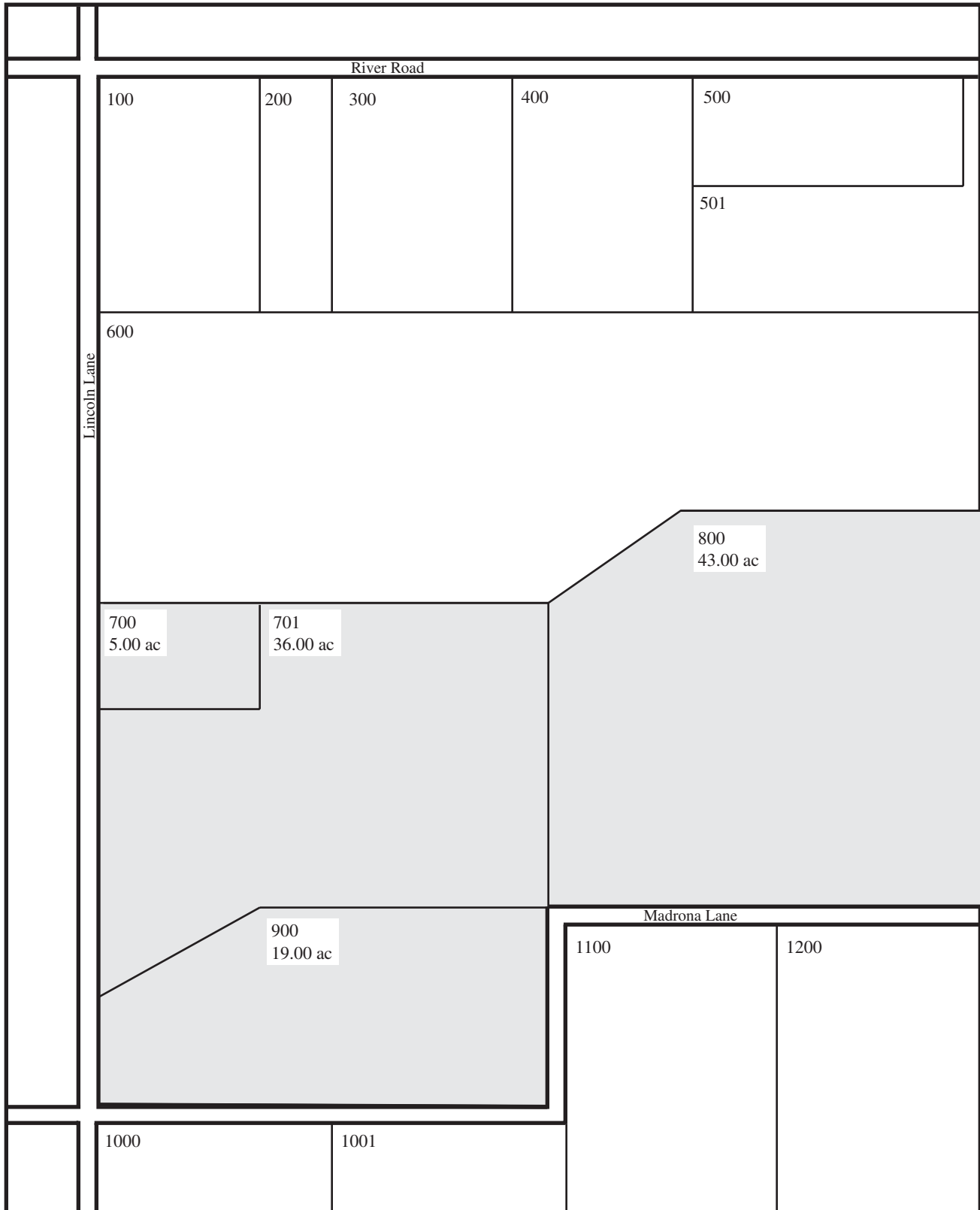
add \$ 5,000

On-site development: Septic + well only = \$6,000; Fair = \$8,000; Avg. = \$10,000; Good = \$15,000

Specially Assessed onsite developments: Maximum \$4,000

Note: Value attributable to being a buildable site is intrinsic in the bare land value and can't be isolated.

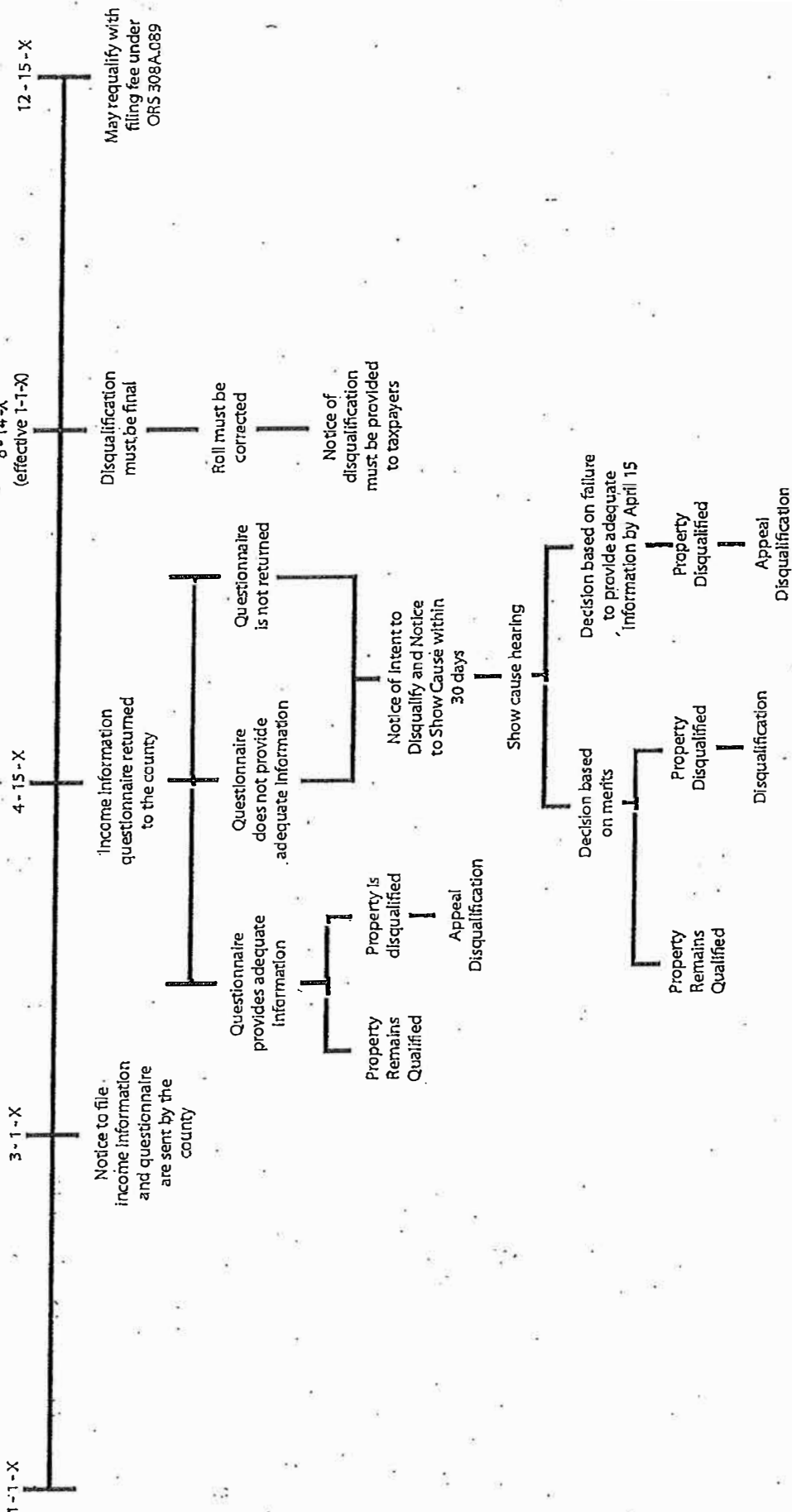
Tax lot map



Appendix F: Disqualification

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| Income letter requesting non-EFU questionnaire (OAR 150-308-1050) | 6-69 |
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Non-EFU Income Disqualification Procedure OAR 150-308-1050



Income letter requesting non-EFU questionnaire

County letterhead

Date:

Name

Address

City, State, ZIP

Account #:

Map #:

Acres:

Dear Property Owner:

Your land is being specially assessed at farm-use values under ORS 308A.068. Oregon law ORS 308A.071 requires that the land must produce a certain amount of gross income to remain eligible for this special assessment. To comply with ORS 308A.071, we are requesting you to complete and return the enclosed questionnaire.

Oregon Administrative Rule 150-308-1050 requires this income questionnaire to be returned to the Assessor's office no later than April 15. Failure to return the questionnaire may result in disqualification of your land from special assessment.

If you have any questions or would like additional information on this matter, you may call us at xxx-xxx-xxxx.

(Assessor)

Enclosure

Intent to disqualify

Non-EFU farm use special assessment

Date:

Name

Address

City, State, ZIP

Account #:

Map #:

Acres:

Dear Property Owner:

On Feb. 15, 2007, pursuant to Oregon Administrative Rule 150-308-1050, we mailed a gross income questionnaire for specially assessed farmland outside of an EFU zone to you at the above address. April 15 was the deadline for filing the questionnaire with the assessor.

Reason 1—We haven't yet received the questionnaire and in compliance with Oregon Administrative Rule 150-308-1050, this is official notification of the assessor's intent to disqualify the above referenced property from the farm use special assessment program.

Reason 2—The questionnaire you submitted doesn't have sufficient information to determine whether or not the property continues to meet the income requirements of ORS 308A.071. In compliance with Oregon Administrative Rule 150-308-1050(4)(d), this is official notification of the assessor's intent to disqualify the above referenced property from the farm use special assessment program.

It will be necessary to disqualify your land from farm use special assessment, unless within 30 days from the date of this notice you show cause why this land shouldn't be disqualified. You may appear in person, call or write a letter within this time period and we will consider your explanation as to why the subject property should remain specially assessed.

After the 30 day show cause period has passed your land will be disqualified if we don't have sufficient information to determine the land meets the income requirements of ORS 308A.071. Once the land is disqualified if you believe your land did meet the requirements to receive farm use special assessment, then ORS 308A.089 allows you to submit an application for requalification on or before December 15 of the tax year for which the disqualification is first in effect. The new application must show that the land meets all use and income requirements of an application the same as anyone applying for farm use special assessment for the first time. Additionally, ORS 308A.089 requires a graduated late fee not less than \$10 and no more than \$250. (ORS 308A.089)

Call if you have any questions.

Sincerely,

Disqualification Notification Procedures

ORS 308A.718

ORS 308A.724

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308A.718 Assessor to send notice upon disqualification or forestland change in use; deadline; appeal; change in special assessment explanation; remediation plan notification. (1) The county assessor shall send notice as provided in this section if land is disqualified under any of the following special assessment programs:

- (a) Farm use special assessment under ORS 308A.050 to 308A.128.
- (b) Farm or forest homesite special assessment under ORS 308A.250 to 308A.259.
- (c) Western Oregon designated forestland special assessment under ORS 321.257 to 321.390.
- (d) Eastern Oregon designated forestland special assessment under ORS 321.805 to 321.855.
- (e) Small tract forestland special assessment under ORS 321.700 to 321.754.
- (f) Wildlife habitat special assessment under ORS 308A.403 to 308A.430.
- (g) Conservation easement special assessment under ORS 308A.450 to 308A.465.

(2) Notwithstanding that a change in use described in this section is not a disqualification, the assessor shall send notice as provided in this section when the highest and best use of land changes from forestland to a different highest and best use.

(3) Within 30 days after the date that land is disqualified from special assessment, the assessor shall notify the taxpayer in writing of the disqualification and shall state the reason for the disqualification.

(4) Following receipt of the notification, the taxpayer may appeal the assessor's determination to the Oregon Tax Court within the time and in the manner provided in ORS 305.404 to 305.560.

(5)(a) When any land has been granted special assessment under any of the special assessment laws listed in subsection (1) of this section and the land is disqualified from such special assessment, the county assessor shall furnish the owner with a written explanation summarizing:

- (A) ORS 308A.706 (1)(d) (relating to change in special assessment);
- (B) ORS 308A.727 (relating to change in use to open space use special assessment for certain golf courses);
- (C) The administrative act necessary under ORS 308A.724 to change the property to another classification described in this paragraph; and

(D) The imposition of any penalties that would result from the disqualification if no requalification or reclassification is made under one of the other special assessment laws listed in this paragraph.

(b) The written explanation required by this subsection shall be given in conjunction either with the notice of disqualification required under this section or with an order or notice of disqualification otherwise provided by law.

(c)(A) If no notice of disqualification is required to be made by this section or other provision of law, the written explanation required by this subsection shall be made by the county assessor.

(B) A written explanation made under this paragraph shall be made by the assessor within 30 days of the effective date of the disqualification.

(6) Subsections (1) to (5) of this section do not apply if the reason for the disqualification is:

- (a) The result of a request for disqualification by the property owner; or
- (b) Because the property is being acquired by a government or tax-exempt entity.

(7) Within 30 days after the date the notification required under subsection (3) of this section is mailed, a taxpayer intending to implement a remediation plan as defined in ORS 308A.053 on the disqualified land that is the subject of the notification must notify the assessor in writing of the taxpayer's intention to seek certification for the remediation plan. [1999 c.314 §39; 2003 c.454 §38; 2003 c.539 §18; 2003 c.621 §89; 2007 c.809 §12; 2009 c.776 §7]

Explanation of Statute 308A.718

All of the following language (**in black**) for the Explanation of ORS 308A.718 is statutory. ORS 308A.718 is quoted word for word and the appropriate statutory information for disqualifications have been inserted (**in red**) into the ORS 308A.718 language where applicable. Language in ORS 308A.718 has been (**bolded or underlined**) to add emphasis for importance. “Notes” have been added (**in shaded blue**) when appropriate to provide additional interpretation.

ORS 308A.718 Assessor to send notice upon disqualification or forestland change in use; deadline; appeal; change in special assessment explanation, remediation plan notification.

(1) The county assessor shall **send notice** as provided in this section if land is disqualified under any of the following special assessment programs:

(a) Farm use special assessment under ORS 308A.050 to 308A.128.

EFU Farmland—ORS 308A.113(1)

- (a) No longer in use;
- (b) Zone change to non-EFU;
- (c) Non-farm dwelling under ORS 215.236.
Non-EFU Farmland—ORS 308A.116(1);
- (a) Owner request;
- (b) Sale or transfer to an ownership making the land exempt;
- (c) No longer in use or failure to meet income requirements of ORS 308A.071;
- (d) Recording a subdivision plat.

(b) Farm or forest homesite special assessment under ORS 308A.250 to 308A.259.

Farm or Forest Homesite ORS 308A.259(1).

- (a) Not being used in conjunction with forestland;
- (b) Not being used in conjunction with farmland and is being used for a non-farm purpose.
(Vacancy is not a change in use).

Note: If a homesite becomes disqualified for the establishment of a non-farm dwelling under ORS 215.236 the additional tax is collectable under ORS 308A.259(2) and (3). Otherwise, there is no additional tax for homesite disqualifications.

(c) Western Oregon designated forestland special assessment under ORS 321.257 to 321.390.

W.O. Forestland—ORS 321.359(1)(b).

- (A) Owner request;
- (B) Sale or transfer to an ownership making the land exempt;
- (C) No longer in use;
- (D) Recording a subdivision plat.

W.O. Forestland—ORS 215.236 non-farm dwelling in an EFU zone.

(d) Eastern Oregon designated forestland special assessment under ORS 321.805 to 321.855.

E.O. Forestland—ORS 321.842(1)(b).

- (A) Owner request;
- (B) Sale or transfer to an ownership making the land exempt;
- (C) No longer in use;
- (D) Recording a subdivision plat.

E.O. Forestland—ORS 215.236 non-farm dwelling in an EFU zone.

(e) Small Tract Forestland special assessment under ORS 321.700 to 321.754.

STF Option—ORS 321.712(1)

- (a) Owner acquisition of contiguous land held in common ownership; Assessor may disqualify—see note below.
- (b) Owner acquisition of common ownership exceeds 5,000 acres of Oregon forestland; Disqualification required—see note below.
- (c) Owner sells forestland resulting in a common ownership of less than 10 acres of Oregon Forestland; Disqualification required—see note below.
- (d) Change of use to a use that is no longer forestland. Disqualification required—see note below.

Note: ORS 321.712(3) states “the county Assessor may disqualify Small Tract Forestland if the assessor discovers an acquisition, sale, or change in use... for which the owner did not give written notification”. Because of the requirements of ORS 321.716 the only time the Assessor “may” disqualify is under ORS 321.712(3)(a) Owner acquisition of contiguous land held in common ownership. ORS 321.712(3)(b), (c), and (d) are reasons the assessor must disqualify as specified under ORS 308A.716.

STF Option—ORS 321.716(1)

- (a) Sale or transfer of STF forestland;
 - (b) No longer in use;
 - (c) Owner owning or holding in common ownership more than 5,000 acres of Oregon forestland;
 - (d) Owner owning or holding in common ownership less than 10 acres of Oregon forestland;
 - (e) Written notice from State Forester that the land no longer meets Small Tract Forestland requirements;
 - (f) STF land qualifying for another special assessment under ORS 308A.706(1)(d)(A), (B), (F) or (G);
 - (g) Recording a subdivision plat.
- (f) Wildlife habitat special assessment under ORS 308A.403 to 308A.430.

WLH—ORS 308A.430(2)

- (a) Written notice from Oregon Department of Fish and Wildlife the plan isn't being implemented as approved;
- (b) Owner request;
- (c) Sale or transfer to an ownership making the land exempt;
- (d) WLH land qualifying for another special assessment listed in ORS 308A.703(1);
- (e) Recording a subdivision plat.

Note: No provision in statute to disqualify land in wildlife habitat special assessment under ORS 215.236 for establishment of a non-farm dwelling in an EFU zone. If the land is disqualified from EFU, open space, designated forestland or small tract forestland then the land may requalify for Wildlife Habitat Special assessment under ORS 215.236(6) and additional taxes may be deferred under ORS 308A.706(1)(d) (only applies in counties that offer WLH).

- (g) Conservation Easement special assessment under ORS 308A.450 to 308A.465.

CE—ORS 308A.465(4)

- (a) Failure of the holder to provide certification within 90 days every three years or upon assessor request;
- (b) Notice from the holder the land isn't being managed in accordance with the terms

of the conservation easement and/or the conservation easement no longer meets the requirements for being considered exclusively for conservation purposes under section 170(h) of the Internal Revenue Code;

- (c) Notice from the landowner or holder the conservation easement has been disallowed because the claim is no longer a qualified conservation contribution under section 170(h) of the Internal Revenue Code;
- (d) Owner request;
- (e) Sale or transfer to an ownership making the land exempt;
- (f) The land qualifying for another special assessment listed in ORS 308A.706 (1)(d);
- (g) Recording a subdivision plat.

(2) Notwithstanding that a change in use described in this section isn't a disqualification, the assessor shall send notice as provided in this section when the **highest and best use** of land **changes from forestland** to a different highest and best use.

(3) **Within 30 days** after the date that land is disqualified from special assessment, the assessor shall notify the taxpayer **in writing** of the disqualification and shall **state the reason** for the disqualification.

A disqualification is effective the date the assessment and tax roll changes; before July 1 it is important to keep the timing of the notification letter within 30 days of the date of the roll change. [Meeks v. Dept. of Revenue, 7 OTR 113 (1977)] Roll changes must be made prior to July 1 to be effective for the current assessment and tax year.

For "**no longer in use**" disqualifications, the "notification letter under ORS 308A.718" must be accomplished **no later than August 14**. When the August 14 disqualification requirements have been accomplished the disqualification becomes effective back to January 1 of the assessment year as specified in the following special assessment statutes:

Exclusive Farm Use, ORS 308A.113(1)(a) and (3);
Non-Exclusive Farm Use, ORS 308A.116(1)(c) and (6);
Designated Forestland western Oregon, ORS 321.359(1)(b)(C) and 321.366;
Designated Forestland eastern Oregon, ORS 321.842(1)(b)(C) and 321.845.

Note: The August 14 date provision for "no longer in use" doesn't apply to Small Tract Forestland, Wildlife Habitat, or Conservation Easement Special Assessment programs.

(4) Following receipt of the notification, the taxpayer may appeal the Assessor's determination to the Oregon Tax Court within the time and in the manner provided in ORS 305.404 to 305.560.

ORS 305.505(1) provides the criteria for appeals made to the Oregon Tax court and generally directs an appeal to the Magistrate division unless specifically designated by the tax court judge for hearing at the regular division. A party to the appeal may request mediation as specified in ORS 305.505(2). The manner of appeals to the Magistrate Division of the Oregon Tax Court is found under ORS 305.275. The timing of appeals to the Magistrate Division is found under ORS 305.280. ORS 305.280(1) requires the appeal to be filed within 90 days after the disqualification becomes actually known to the taxpayer, but in no event later than one year after the disqualification has been made.

(5)(a) When any land has been granted special assessment under any of the special assessment laws listed in subsection (1) of this section and the land is disqualified from such special assessment, the county assessor shall furnish the owner with a written explanation summarizing:

(A) ORS 308A.706(1)(d) (relating to change in special assessment);

ORS 308A.706(1)(d)

- (A) ORS 308A.062, Exclusive Farm Use (EFU)
- (B) ORS 308A.068, Non-Exclusive Farm Use (Non-EFU)
- (C) ORS 321.358, Western Oregon Designated Forestland (DFL)
- (D) ORS 321.839, Eastern Oregon Designated Forestland (DFL)
- (E) ORS 321.709, Small Tract Forestland (STF)
- (F) ORS 308A.424, Wildlife Habitat (WLH)
- (G) ORS 308A.456 Conservation Easement (CE)

- (B) ORS 308A.727 (relating to change in use to open space use special assessment for certain golf courses);
- (C) The administrative act necessary under ORS 308A.724 to change the property to another classification described in this paragraph; and
- (D) The imposition of any penalties that would result from the disqualification if no re-qualification or reclassification is made under one of the other special assessment laws listed in this paragraph.

Note: See Additional tax information in “Disqualification group sample letters”.

(b) The written explanation required by this subsection shall be given in conjunction either with the notice of disqualification required under this section or with an order or notice of disqualification otherwise provided by law.

Note: See “Explanation of ORS 308A.724” and “Disqualification group sample letters”.

(c) (A) If no notice of disqualification is required to be made by this section or other provision of law, the written explanation required by this subsection shall be made by the county assessor.

(B) A written explanation made under this paragraph shall be made by the Assessor **within 30 days** of the effective date of the disqualification.

(6) Subsections (1) to (5) of this section don’t apply if the reason for the disqualification is:

(a) The result of a request for disqualification by the property owner; or

(No notice under ORS 308A.718 is required) (See Group F).

(b) Because the property is being acquired by a government or tax-exempt entity.

(7) Within 30 days after the date the notification required under subsection (3) of this section is mailed, a taxpayer intending to implement a remediation plan as defined in ORS 308A.053 on the disqualified land that is the subject of the notification must notify the assessor in writing of the taxpayer’s intention to seek certification for the remediation plan.)

[1999 c.314 §39; 2003 c.454 §38; 2003 c.539 §18; 2003 c.621 §89; 2007 c.809 §12; 2009 c.776 §7]

(No notice under ORS 308A.718 is required.) (See Group F.)

308A.724 Application for change of special assessment following disqualification; time for meeting farm use income requirements; application due dates; limitation on special assessments for disqualified wildlife habitat and conservation easement land. (1)(a) In order for additional taxes imposed under ORS 308A.703 to be deferred under ORS 308A.706 (1)(d) (relating to change in special assessment), the owner must file an application or claim for classification under another special assessment law.

(b) If the disqualification is effective prior to July 1 in any year, the owner shall file the required claim or application on or before August 1 of that year.

(c) If the disqualification is effective on or after July 1 in any year, the county taxing authorities shall continue the classification on the current assessment and tax rolls, and the owner shall file the required claim or application in the next calendar year in accordance with the laws governing the particular special assessment program.

(2) If an owner of land disqualified under one of the special assessment laws listed in ORS 308A.706 (1)(d) seeks to qualify for farm use special assessment of nonexclusive farm use zone farmland under ORS 308A.068, the owner shall have five years, beginning with the first year in which application is made under this section, to qualify for the two-year farm use requirement of ORS 308A.068 and the income requirement under ORS 308A.071.

(3) Notwithstanding subsection (1) of this section, an owner may make application under this section at any time within 30 days of the date notice of disqualification is sent by the assessor under ORS 308A.718.

(4) Notwithstanding subsections (1) to (3) of this section:

(a) An owner of land disqualified from wildlife habitat special assessment under ORS 308A.430 that was previously subject to ORS 215.236 (5), except for conservation easement special assessment, may not apply for another special assessment under this section without first satisfying the requirements of ORS 215.236 (5); and

(b) An owner of land disqualified from conservation easement special assessment under ORS 308A.465, except for wildlife habitat special assessment, may not apply for another special assessment under this section without first satisfying the requirements of ORS 215.236 (5). [1999 c.314 §41; 2003 c.454 §40; 2003 c.539 §20; 2003 c.621 §90; 2007 c.809 §14]

Explanation of Statute 308A.724

All of the following language (in Black) for the Explanation of ORS 308A.724 is statutory. ORS 308A.724 is quoted word for word. Language in ORS 308A.724 has been (bolded or underlined) to add emphasis for importance. "Notes" have been added (in Shaded Blue) when appropriate to provide additional interpretation.

Change of special assessment

ORS 308A.724 Application for change of special assessment following disqualification; time for meeting farm use income requirements; application due dates; limitation on special assessments for disqualified wildlife habitat land.

(1) (a) In order for additional taxes imposed under ORS 308A.703 to be **deferred under ORS 308A.706(1)(d)** (relating to change in special assessment), the owner must file an application or claim for classification under another special assessment law.

(b) If the disqualification is **effective prior to July 1** in any year, the **owner shall file the required claim or application on or before August 1** of that year.

Note: Disqualifications occurring between January 1 and June 30 are processed under this statute. Includes "No longer in use" disqualifications occurring only between January 1 and August 14. Do not include subdivisions (additional taxes cannot be deferred under ORS 308A.706(1)(d), for subdivisions use ORS 308A.724(3).

(c) If the disqualification is effective on or after July 1, the county taxing authorities shall continue the classification on the current assessment and tax rolls, and the owner shall file the required claim or application in the next calendar year in accordance with the laws governing the particular special assessment program.

Disqualifications between July 1 and December 31 are processed under this statute. Includes "No longer in use" disqualifications occurring only between August 15 and December 31.

(2) If an owner of land disqualified under one of the special assessment laws listed in ORS 308A.706(1)(d) seeks to qualify for farm use special assessment of non-exclusive farm use zone farmland under ORS 308A.068, the owner shall have five years, beginning with the first year in which application is made under this section, to qualify for the two-year farm use requirement of ORS 308A.068 and the income requirement under ORS 308A.071.

(3) Notwithstanding subsection (1) of this section, an owner may make application under this section at any time **within 30 days** of the date notice of disqualification is sent by the Assessor under ORS 308A.718.

Note: **Following a disqualification, the 30 day application period is the general rule. Special provisions under ORS 308A.724(1)(b) and (c) (above) allow for additional timing of applications which only applies following a change in special assessment under ORS 308A.706(1)(d). Applications or qualification for a different special assessment that do not involve a disqualification under ORS 308A.706(1)(d) must meet the 30 day time period as specified by this statute. If an owner wants to change from one special assessment to another it is recommended to process a disqualification as specified in Group C Sample Letters to allow a rollover under ORS 308A.706(1)(d). (See Application section of this manual for application or qualification dates and timelines.)**

(4) Notwithstanding subsections (1) to (3) of this section:

(a) An owner of land disqualified from wildlife habitat special assessment under ORS 308A.430 that was previously subject to ORS 215.236 (5), except for conservation easement special assessment, may not apply for another special assessment under this section without first satisfying the requirements of ORS 215.236 (5); and

(b) An owner of land disqualified from conservation easement special assessment under ORS 308A.465, except for wildlife habitat special assessment, may not apply for another special assessment under this section without first satisfying the requirements of ORS 215.236 (5). [1999 c.314 §41; 2003 c.454 §40; 2003 c.539 §20; 2003 c.621 §90; 2007 c.809 §14]

Sample letters instructions—Group’s A through Group F

Reasons for disqualification have been grouped. Each group has similar disqualification characteristics. A brief explanation for each disqualification group is provided at the beginning of each sample letter. Small Tract Forestland (STF), Wildlife Habitat (WLH) and Conservation Easement (CE) disqualifications require different procedures and were broken out separately to avoid confusion and misinterpretation (See Group A-STF, Group A-WLH, Group A-CE and Group B-STF, Group B-WLH, Group B-CE). The sample letters follow the statutory procedures explained previously. Language in the sample letters have been (**bolded** or underlined) to add emphasis for importance. “Notes” have been added in (blue shade) when appropriate to provide additional interpretation or instructions to county personnel processing the letters. The (blue shade) information is not intended to be part of the letter to the taxpayer.

Each disqualification should be carefully studied before deciding the appropriate reason or basis for disqualification. After deciding the reason for disqualification, then all information in the sample letter that does not pertain to the disqualification should be deleted, and any additional information that would be appropriate should be added.

ORS 308A.718 requires the disqualification notification letter to the taxpayer must be in writing within 30 days after the date the land has been disqualified.

The disqualification is not effective until the assessment and tax rolls have been changed. Oregon Tax Court decision *Meeks v. DOR*, 7 OTR 113 (1977) page 117 states “the actual change of the roll by the county assessor or his duly authorized agent is the essential overt act which proves the assessor’s exercise of his judgment and establishes the disqualification as having actually occurred”.

The **general rule** for a disqualification to be effective for the current tax year is to change the assessment and tax rolls by no later than June 30.

Special provisions allow discovery for “**no longer in use**” disqualification’s for EFU ORS 308A.113; Non-EFU ORS 308A.116; DFL WO ORS 321.366 and DFL EO ORS 321.845 special assessments provided **both** the “**notification letter**” is mailed to the taxpayer **no later than August 14** of the assessment year and the “**assessment and tax rolls**” have also been changed **no later than August 14**.

(For additional information on timing of disqualifications see disqualification section of the Farm Manual)

These samples letters are only a guide to provide statutory compliance with ORS 308A.718 and 308A.724. If your county assessor elects to use these letters, it is encouraged that counties further personalize or tailor them to fit the situation as the county may deem appropriate.

Sample letter—Group A

Note: This group of disqualifications is for a reason that requires notification under ORS 308A.718 and additional taxes will be collected.

*
*
*

| Account number(s) | Code(s) | Zone | Disqualified acreage |
|-------------------|---------|------|----------------------|
|-------------------|---------|------|----------------------|

In compliance with ORS 308A.718 and 308A.724, this is official notification that the special assessment of _____ acres of _____ land on the above real property account(s) have been disqualified by the Assessor for the following reason.

(Choose the correct reason for disqualification and eliminate the others.)

___ The land is no longer qualified because the land has changed to a non-qualifying use such as residential, commercial or industrial or other use incompatible with returning the land to a special assessment program. The land has been disqualified from special assessment under:

(Choose the appropriate program.)

- Exclusive Farm Use ORS 308A.113(1)(a);
- Non-Exclusive Farm Use ORS 308A.116(1)(c);
- Designated Forestland ORS 321.359(1)(b)(C), Western Oregon;
- Designated Forestland ORS 321.842(1)(b)(C), Eastern Oregon;

Any land that you have changed the use incompatible with returning the land to special assessment programs will be required to be disqualified and pay additional taxes.

(Add this sentence if the land becomes exempt by “application”.)

A request to withdraw the land from special assessment by “application” for a property tax exemption program is an incompatible use change.

When land is sold or acquired to an ownership making the land exempt a disqualification notice is not required as specified in ORS 308A.718(6) (See Group F).

Please review the “Special assessment qualification” section of this disqualification notice. If you believe any portion of the land can meet the qualification requirements of any of these special assessments (Choose appropriate time period below.)

(Time period for disqualifications occurring effective for the current tax year.)

in accordance with ORS 308A.724(1)(b), the application or claim for a change to another special assessment under ORS 308A.706(1)(d) must be submitted **within 30 days after the date on the notice of disqualification or by August 1** of the year in which the notice is mailed, whichever date is later.

“No longer in use” disqualifications for EFU ORS 308A.113; Non-EFU ORS 308A.116; DFL WO ORS 321.366 and DFL EO ORS 321.845 have special provisions which require this disqualification notification letter must be mailed no later than August 14. The assessment and tax rolls must also be changed no later than August 14 for the disqualification to be effective for the current assessment and tax year.

STF, WLH, and CE do not have special provisions for “No longer in use” disqualifications. Therefore, disqualification from these programs must occur by no later than June 30 to be effective for the current tax year.

(Time period for disqualifications occurring effective for the next tax year.)

in accordance with ORS 308A.724(1)(c) if the disqualification is effective on or after July 1 in any year, the county taxing authorities shall continue the classification on the current tax rolls, and the owner shall file the required claim or application under ORS 308A.706(1)(d) in the next calendar year, **no later than April 1**, in accordance with the laws governing the particular special assessment program.

This disqualification assumes it is for a reason that all of the acres disqualified have changed use and the current use cannot meet qualification requirements of any of the special assessment programs. The above paragraph is inserted to satisfy the courts just in case an event occurs, that the assessor is unaware of, that may possibly qualify any of the land for a change in special assessment. If the assessor is aware the owner may possibly qualify any of the acres for special assessment under ORS 308A.706(1)(d) or 308A.727 (open space), those acres should be separately processed under Group B.

___ Recording of a subdivision plat under ORS Chapter 92 requires the disqualification of the land from:

- Non-Exclusive Farm Use, ORS 308A.116(1)(d) and (4);
- Designated Forestland ORS 321.359(1)(b)(D) and (3), Western Oregon;
- Designated Forestland ORS 321.842(1)(b)(D) and (3), Eastern Oregon;

(Process any land in STF, WLH or CE as appropriate under separate letters)

This disqualification statute specifies that a landowner may submit a claim or application to requalify for (insert here, the special assessment program that the land was under at the time of the subdivision disqualification) _____ special assessment after “payment of all additional taxes, any interest or penalty that remains due and owing on the land”.

Additional tax to be extended to the 20XX–20XX tax rolls for collection: \$ _____

Following this disqualification any land that is no longer in a qualifying special assessment program will be based on market value as calculated under ORS 308.156.

Land disqualified from insert here, farm or forest use must comply with any applicable local government zoning ordinances, governing minimum lot or parcel acreage before the land can requalify for special assessment. ORS 308A.724(3) allows 30 days from the date of this disqualification notification to apply for insert here, the same farm or forest program requalification for the current assessment.

Note: ORS 308A.116(4) Non-EFU; 321.359(3) DFL western Oregon; and 321.842(3) DFL eastern Oregon; specifies that land disqualified for the act of recording a subdivision may only re-qualify for the special assessment they were in at the time of disqualification. The additional taxes are required to be paid and the land owner cannot change to a different special assessment and defer the additional taxes under ORS 308A.706(1)(d).

Delete down to “Special assessment qualification”.

___ Open space land has been requested to be withdrawn from classification under ORS 308A.318(2).

Review the “Special Assessment Qualification” section of this declassification notice if you desire to qualify any portion of the land for Wildlife Habitat special assessment or Conservation Easement special assessment as specified in ORS 308A.318(4). ORS 308A.724(3) allows 30 days from the date of this declassification notice to apply for Wildlife Habitat or Conservation Easement special assessment.

Note: A change to other special assessments under ORS 308A.706(1)(d) is not offered because Open Space is not identified for deferral under ORS 308A.706(1)(d), therefore use ORS 308A.724(3) which allows 30 days to apply for WLH or CE following the disqualification.

Any land that is withdrawn from Open Space and does not change to Wildlife Habitat special assessment or Conservation Easement special assessment under 308A.318(4) will be required to

be declassified and pay any additional taxes due as a result of the withdrawal from Open Space classification.

ORS 308A.718 does not require a notification letter for the withdrawal or declassification of Open space specially assessed land. This letter is being provided as a possible recommendation for processing the declassification of Open space land.

Other: _____

Additional tax information—Open space

Additional tax procedure for land disqualified from “Open space special assessment”.

Open space additional taxes are calculated for the number of years the property has been in open space special assessment as specified in ORS 308A.312 and 308A.318.

All acres (or any portion) may possibly qualify for a change to wildlife habitat or conservation easement special assessment under ORS 308A.318(4). As specified in ORS 308A.318(4) changing to wildlife habitat or conservation easement special assessment will require any open space additional taxes be frozen and remain a potential additional tax while the land is in wildlife habitat or conservation easement special assessment. The open space additional taxes will remain separate from and in addition to wildlife habitat or conservation easement potential additional taxes. If the land ever becomes disqualified from wildlife habitat or conservation easement special assessment and again becomes qualified for open space special assessment, the open space potential additional tax calculation shall resume as of the date of the renewed open space use special assessment qualification.

(To qualify for wildlife habitat or conservation easement special assessment, see “Change in Special Assessment” section of this notification letter)

As specified in ORS 308A.318(4) if the land qualifies for WLH or CE then separate notations must be maintained on the assessment and tax rolls for open space and wildlife habitat or conservation easement potential additional taxes.

Open space additional tax to be extended to the 20XX-20XX tax rolls for collection:

\$ _____

(These additional taxes will be deferred under ORS 308A.318(4) with a timely change to wildlife habitat or conservation easement special assessment)

Note: If an “additional penalty” is required follow ORS 308A.321 and add appropriate language to address the amount of the additional penalty(s). Land that is subject to these penalties is not in compliance with open space requirements and therefore a change to WLH or CE should not be offered under ORS 308A.318(4).

Following this declassification any land that is no longer in a special assessment program will be based on market value as calculated under ORS 308.156.

Delete down to “Special assessment qualification”.

Additional tax information

Additional tax procedure for land disqualified from “all special assessments other than Open Space”.

(Delete above “open space special assessment” additional tax procedures.)

As specified in ORS 308A.700 to 733 for each year, beginning with the last year the land was under special assessment, the additional tax is calculated as the difference between the taxes assessed against the land in each year and the taxes that would otherwise have been assessed against the land had the land not been in special assessment.

Additional taxes are calculated for the number of years the property has been in special assessment, not to exceed _____ (Choose the appropriate years of calculation.)

- 10 years, in the case of farmland located within an Exclusive Farm Use zone.

But only if the land, immediately following disqualification, remains outside of an Urban Growth Boundary.

- Five years. Applies to all other special assessment disqualifications.

Additional tax to be extended to the 20XX-20XX tax rolls for collection: \$_____

(Additional taxes will be deferred under ORS 308A.706(1)(d) for any land with a timely change in special assessment)

Following this disqualification any land that is no longer in a qualifying special assessment program will be based on market value as calculated under ORS 308.156.

Special assessment qualification

Provided that all acres (or any portion) can meet program qualification requirements, the special assessment programs you may possibly qualify for are:

For subdivision disqualifications eliminate all other options other than the special assessment the land was under at the time of disqualification.

For Open Space declassifications eliminate all other options other than Open Space, Wildlife Habitat or Conservation Easement special assessments.

Note: If an Open Space owner desires Open Space under 308A.727 for certain golf courses that would be a change from one Open Space use to another Open Space use and a declassification letter is not needed. Process the change by application under ORS 308A.318(1).

Exclusive Farm Use ORS 308A.062: Any land that is within an Exclusive Farm Use zone and that is used exclusively for farm use. "Farm use" means the current employment of land for the primary purpose of obtaining a profit in money. Farm use is defined under ORS 308A.056. A potential additional tax for this program is a maximum of 10 years if the land is located outside of an Urban Growth Boundary. Otherwise, the maximum is 5 years.

Non-exclusive Farm Use ORS 308A.068: Any land that is not within an exclusive farm use zone that is being used for farming and produces a minimum gross income requirement as specified under ORS 308A.071. If additional taxes are deferred under ORS 308A.706(1)(d) for a change in special assessment, the owner of a property shall have five years, beginning with the first year application is made, to meet the non-EFU qualification requirements as specified in ORS 308A.724(2). A potential additional tax is a maximum of 5 years.

Designated Forestland ORS 321.358: You must have at least two contiguous acres in one ownership and meet minimum stocking and merchantable species requirements, or have an acceptable plan for establishment of the minimum stocking and species requirements. If your land currently does not meet minimum stocking or species requirements, you may submit an acceptable stocking plan along with a completed application to the Assessor's Office. A potential additional tax is a maximum of 5 years.

Small Tract Forestland ORS 321.706: Eligible owners, having at least 10 acres but less than 5,000 acres of qualified forestland in Oregon, may submit an STF Option application to have their forestland special assessment reduced from the statutory 100% to the STF Option of 20% of the statutory specially assessed value. The resulting tax savings will subject the qualifying property to a severance tax at the time of harvest of any marketable timber. Any land under this special assessment that is not assessed as highest and best use forestland must also have a second qualifying application for designated forestland.

Wildlife Habitat Conservation and Management ORS 308A.424 or 215.236(6): The land must be located in an approved zone or area as specified under ORS 308A.415(1). A land owner must first initiate this special assessment program through the Oregon Department of Fish and Wildlife. When a wildlife habitat conservation and management plan is approved by the State Department of Fish and Wildlife and is being implemented, the owner of the land subject to the plan may apply to the county assessor to receive wildlife habitat special assessment. Applications are available from, and are to be submitted to the Assessor, along with a copy of the approved wildlife habitat conservation and management plan and a certified copy of the declaration stating the plan is being implemented as described in ORS 308A.412(3). A potential additional tax for this program is a maximum of 10 years if the land is outside of an Urban Growth Boundary and is in an Exclusive Farm Use zone. Otherwise, the maximum is 5 years.

Note: As specified in ORS 215.236(6) land disqualified from Wildlife Habitat special assessment that is subject to a non-farm dwelling under ORS 215.236 may only re-qualify for Conservation Easement special assessment. Otherwise, the land may not change to another special assessment without first satisfying the requirements of ORS 215.236(5).

Conservation Easement ORS 308A.453: Land subject to a conservation easement that is held by one or more holders and that is managed in compliance with the terms of the easement, shall receive conservation easement special assessment for ad valorem property tax purposes. In order for land to be subject to assessment under ORS 308A.450 to 308A.465 the terms of the conservation easement must be capable of meeting the requirements for being considered exclusively for conservation purposes under section 170(h) of the Internal Revenue Code if the land or easement were ever to be the subject of a contribution; the conservation easement must be recorded in the records of the clerk of the county in which the land is located; and a written certification from the easement holder must be filed with the county assessor stating that the conservation easement satisfies the requirements for conservation easement special assessment. In the first year of application the owner of the land may file their own certification if a deduction has been claimed for federal income tax purposes under section 170(h) of the internal Revenue Code for a qualified conservation contribution with respect to the conservation easement, otherwise the holder must file the written certification to the county assessor.

Note: As specified in ORS 215.236(6) land disqualified from Conservation Easement special assessment that is subject to a non-farm dwelling under ORS 215.236 may re-qualify only for Wildlife Habitat special assessment provided the county offers wildlife habitat special assessment. Otherwise, the land may not change to another special assessment without first satisfying the requirements of ORS 215.236(5).

Open Space Lands ORS 308A.727: Submit an application to the Assessor. Within 10 days of the application the Assessor will refer the application to the appropriate Planning Commission for approval under ORS 308A.309 and ORS 308A.312. The application shall be acted upon in the same manner as an amendment to the Comprehensive Plan. As specified under ORS 308A.718, this change to open space special assessment is restricted to certain golf courses under ORS 308A.727. ORS 308A.727(2) specifies this change will defer potential additional taxes under ORS 308A.706(1)(d), and if the land is later withdrawn or otherwise removed from open space special assessment, the additional taxes may be calculated and collected as specified under ORS 308A.727(3) and (4). When the land is withdrawn or otherwise removed from open space special assessment, the potential additional taxes are collectable for each year the land is in open space (no maximum limitation). Open space potential additional taxes are also subject to interest and penalties as specified under ORS 308A.318 and 308A.321.

In accordance with ORS 308A.733 you have 30 days from the date you submit an application or request to change special assessment to withdraw. Your request to withdraw the change in special assessment must be made in writing to the assessor.

Appeal rights

This disqualification may be appealed to the Oregon Tax Court, Magistrate Division, within 90 days of receipt of this notice in accordance with ORS 305.275 and ORS 305.280 in the manner provided in ORS 305.404 to ORS 305.560. There is a fee payable to the Magistrate. Appeal forms are available in the Assessor's Office or from the Magistrate Division.

Name: _____

Title: _____

By: **File #** **Certified #** **Assessment year 20XX-XX**

Sample letter—Group A-STF

Note: This group of disqualifications requires notification under ORS 308A.718 and additional taxes for “Small Tract Forestland” will be collected.

*
*
*

| Account number(s) | Code(s) | Zone | Disqualified acreage |
|-------------------|---------|------|----------------------|
|-------------------|---------|------|----------------------|

In compliance with ORS 308A.718 and 308A.724, this is official notification that the special assessment of _____ acres of Small Tract Forestland on the above real property account(s) has been disqualified by the Assessor for the following reason.

(Choose the correct reason for disqualification and eliminate the others.)

___ Small Tract Forestland is no longer in forestland use because the land has changed to a non-qualifying use such as residential, commercial, industrial or other use incompatible with returning the land to a special assessment program and has been disqualified, ORS 321.716(1)(b);

Any land that you have changed the use incompatible with returning the land to special assessment programs will be required to be disqualified and pay additional taxes.

(Add this sentence if the land becomes exempt by “application”.)

A request to withdraw the land from special assessment by “application” for a property tax exemption program is an incompatible use change.

When land is sold or acquired to an ownership making the land exempt a disqualification notice is not required as specified in ORS 308A.718(6) (See Group F).

Please review the “Special Assessment Qualification” section of this disqualification notice. If you believe any portion of the land can meet the qualification requirements of any of these special assessments (Choose time period below)

(Time period for disqualifications occurring effective for the current tax year.)

in accordance with ORS 308A.724(1)(b) the application or claim for a change to another special assessment under ORS 308A.706(1)(d) must be submitted **within 30 days after the date on the notice of disqualification or by August 1** of the year in which the notice is mailed whichever date is later.

STF does not have special provisions for “No longer in use” disqualifications. Therefore, STF disqualification must follow the general rule and are required to be disqualified on the tax and assessment rolls by no later than June 30 to be effective for the current tax year.

(Time period for disqualifications occurring effective for the next tax year.)

in accordance with ORS 308A.724(1)(c) if the disqualification is effective on or after July 1 in any year, the county taxing authorities shall continue the classification on the current tax rolls, and the owner shall file the required claim or application under ORS 308A.706(1)(d) in the next calendar year, **no later than April 1**, in accordance with the laws governing the particular special assessment program.

Note: This disqualification assumes it is for a reason that all of the acres have changed use and the current use cannot meet qualification requirements of any of the special assessment programs. The above paragraph is inserted to satisfy the courts just in case an event occurs, that the assessor is unaware of, that may possibly qualify the land for a change in special assessment. If the assessor is aware the owner may possibly qualify any of the acres for special assessment under ORS 308A.706(1)(d) or 308A.727 (open space), those acres should be processed under **Group B-STF**.

Since the land has been disqualified from Small Tract Forestland it will not be eligible for Small Tract Forestland special assessment for a period of five years as required by ORS 321.709(2)(d). After the five-year period has expired a new application may be submitted for Small Tract Forestland.

___ Recording of a subdivision plat under ORS Chapter 92 requires the disqualification of the land from Small Tract Forestland, ORS 321.716(1)(g);

ORS 321.716(2) specifies the land may requalify for “**Small Tract Forestland**” after paying “all additional taxes” and any interest that remains due and owing as a result of the disqualification, provided the land complies with any applicable local government zoning ordinances governing minimum lot or parcel acreage for forest use.

Note: As specified in ORS 321.716(2) land disqualified for the act of recording a subdivision may only re-qualify for “Small Tract Forestland” special assessment. The additional taxes are required to be paid and the land owner cannot change to a different special assessment and defer the additional taxes under ORS 308A.706(1)(d).

Under ORS 308A.724(3), you have **30 days from the date of this disqualification notice** to submit an application to the assessor for “**Small Tract Forestland**” special assessment under ORS 321.706. The additional taxes are required to be paid under ORS 308A.707 and cannot be deferred under ORS 308A.706(1)(d) for this disqualification.

If the disqualification occurs more than 30 days prior to April 1 of the current assessment year the taxpayer will have until April 1 to file an application as specified in ORS 321.706.

___ Other: _____

Additional tax information

The calculation of additional taxes for land that is disqualified from “Small Tract Forestland” special assessment involves two separate additional taxes.

Note: When the land is HBU forestland only the Small Tract Forestland additional taxes (20% to 100%) under ORS 308A.707(3)(a)(A) is collectable.

As specified in ORS 308A.707(3); First, the “Small Tract Forestland additional Taxes” under ORS 308A.707(3)(a)(A) are calculated. Second, the “Forestland Additional Taxes” under ORS 308A.707(3)(a)(B) are calculated.

The following information provides the calculation process for each of these additional taxes:

Special Assessment Forestland Additional Taxes under ORS 308A.707(3)(a)(A):

As specified in ORS 308A.707(3)(a)(A) the additional tax is calculated under ORS 308A.707(2) for each year, beginning with the last year the land was under Small Tract Forestland special assessment, up to a maximum of 10 years. This calculation is the difference between the taxes assessed against the land as Small Tract Forestland and the taxes that would have been assessed at 100% of Forestland values.

(Insert here, under ORS 321.257 to 321.390, if the land is located in western Oregon or under ORS 321.805 to 855, if the land is located in eastern Oregon.)

Small Tract Forestland additional taxes under ORS 308A.707(3)(a)(B):

As specified in ORS 308A.707(3)(a)(B) the additional tax for each year, beginning with the last year the land was under Small Tract Forestland special assessment, up to a maximum of 5 years, is calculated as the difference between the taxes that would have been assessed against the land at 100% of Forestland values (Insert here, under ORS 321.257 to 321.390, if the land is located in western Oregon or under ORS 321.805 to 855, if the land is located in eastern Oregon.) and the taxes that would have otherwise been assessed against the land had the land not received special assessment.

“Small Tract Forestland Additional Tax” imposed under

ORS 308A.707(3)(a)(A) to be extended to the 20XX–20XX tax rolls for collection. \$ _____

(Note: The additional taxes will be collected upon disqualification of Small Tract Forestland and cannot be deferred.)

“Forestland Additional Tax” imposed under ORS 308A.707(3)(a)(B) to be extended to the 20XX–XX tax rolls for collection. \$ _____

(Note: The additional taxes will be deferred under ORS 308A.706(1)(d) with a timely change in special assessment.)

(Note: The additional taxes will be collected for a subdivision disqualification and cannot be deferred.)

[Use appropriate note.](#)

Following this disqualification any land that is no longer in a special assessment program will be assessed based on market value as calculated under ORS 308.156.

Special assessment qualification

Provided that all acres (or any portion) can meet program qualification requirements, the special assessment programs you **may possibly** qualify for are:

[For subdivision disqualifications delete all qualification options except for STF.](#)

Exclusive Farm Use ORS 308A.062: Any land that is within an Exclusive Farm Use zone and that is used exclusively for farm use. “Farm use” means the current employment of land for the primary purpose of obtaining a profit in money. Farm use is defined under ORS 308A.056. A potential additional tax for this program is a maximum of 10 years if the land is located outside of an Urban Growth Boundary. Otherwise, the maximum is 5 years.

Non-exclusive Farm Use ORS 308A.068: Any land that is not within an exclusive farm use zone that is being used for farming and produces a minimum gross income requirement. If additional taxes are deferred under ORS 308A.706(1)(d) for a change in special assessment, the owner of a property shall have five years, beginning with the first year application is made, to meet the non-EFU qualification requirements as specified in ORS 308A.724(2). A potential additional tax is a maximum of 5 years.

Designated Forestland ORS 321.358: You must have at least two contiguous acres in one ownership and meet minimum stocking and merchantable species requirements, or have an acceptable plan for establishment of the minimum stocking and species requirements. If your land currently does not meet minimum stocking or species requirements, you may submit an acceptable stocking plan along with a completed application to the Assessor’s Office. A potential additional tax is a maximum of 5 years.

Small Tract Forestland ORS 321.709: Since your land has been disqualified from Small Tract Forestland, it is not eligible for Small Tract Forestland special assessment for a period of five years as required by ORS 321.709(2)(d). After the five year period has expired, you may submit an application for Small Tract Forestland.

Wildlife Habitat Conservation and Management ORS 308A.424 or 215.236(6): The land must be located in an approved zone or area as specified under ORS 308A.415(1). A land owner must first initiate this special assessment program through the Oregon Department of Fish and Wildlife. When a wildlife habitat conservation and management plan is approved by the State Department of Fish and Wildlife and is being implemented, the owner of the land subject to the plan may apply to the county assessor to receive wildlife habitat special assessment. Applications are available from, and are to be submitted to the Assessor, along with a copy of the approved wildlife habitat conservation and management plan and a certified copy of the declaration stating the plan is being implemented as described in ORS 308A.412(3). A potential additional tax for this program is a maximum of 10 years if

Sample letter—Group A-WLH

Note: This group of disqualifications requires notification under ORS 308A.718 and additional taxes for "Wildlife Habitat" will be collected.

*
*
*

| Account number(s) | Code(s) | Zone | Disqualified acreage |
|-------------------|---------|------|----------------------|
|-------------------|---------|------|----------------------|

In compliance with ORS 308A.718 and 308A.724, this is official notification that the special assessment of _____ acres of _____ land on the above real property account(s) have been disqualified by the Assessor for the following reason.

(Choose the correct reason for disqualification and eliminate the others.)

___ The land is no longer qualified for the following reason:

(Choose the appropriate reason below)

- Notice from the Department of Fish and Wildlife that the Wildlife Habitat plan is not being implemented as approved. ORS 308A.430(2)(a);
- A request to withdraw the land from Wildlife Habitat special assessment by "application" for a property tax exemption program is an incompatible use change.

Note: ORS 308A.430(2)(c) When land is sold or acquired to an "ownership making the land exempt" (government agencies) a disqualification notice is not required as specified in ORS 308A.718(6) (See Group F).

Any land that remains no longer in a special assessment program or has changed the use incompatible with returning the land to special assessment programs will be required to be disqualified and pay additional taxes.

Please review the "Special assessment qualification" section of this disqualification notice. If you believe any portion of the land can meet the qualification requirements of any of these special assessments

(Choose time period below.)

(Time period for disqualifications occurring effective for the current tax year.)

in accordance with ORS 308A.724(1)(b), the application or claim for a change to another special assessment under ORS 308A.706(1)(d) must be submitted **within 30 days after the date on the notice of disqualification or by August 1** of the year in which the notice is mailed, whichever date is later.

WLH does not have special provisions for "No longer in use" disqualifications.

Therefore, WLH disqualifications must follow the general rule and are required to be disqualified on the tax and assessment rolls by no later than June 30 to be effective for the current tax year.

(Time period for disqualifications occurring effective for the next tax year) in accordance with ORS 308A.724(1)(c) if the disqualification is effective on or after July 1 in any year, the county taxing authorities shall continue the classification on the current tax rolls, and the owner shall file the required claim or application under ORS 308A.706(1)(d) in the next calendar year, **no later than April 1**, in accordance with the laws governing the particular special assessment program.

This disqualification assumes it is for a reason that all of the acres disqualified have changed use and the current use cannot meet qualification requirements of any of the special assessment programs. The above paragraph is inserted to satisfy the courts just in case an event occurs, that the assessor is unaware of, that may possibly qualify any of the land for a change in special assessment. If the assessor

is aware the owner may possibly qualify any of the acres for special assessment under ORS 308A.706(1)(d) or 308A.727 (open space), those acres should be separately processed under **Group B-WLH**.

___ Recording of a subdivision plat under ORS Chapter 92 requires the disqualification of the land from Wildlife Habit special assessment, ORS 308A.430(2)(e);

ORS 308A.430(3) specifies the land may requalify for **“Wildlife habitat”** after paying “all additional taxes” and any interest that remains due and owing as a result of the disqualification provided it is in compliance with ORS 308A.403 to 308A.430.

Note: As specified in ORS 308A.430(3) land disqualified for the act of recording a subdivision may only re-qualify for **“Wildlife Habit”** special assessment. The additional taxes are required to be paid and the land owner cannot change to a different special assessment and defer the additional taxes under ORS 308A.706(1)(d).

Under ORS 308A.724(3), you have **30 days from the date of this disqualification notice** to submit an application to the assessor for **“Wildlife habitat”** special assessment under ORS 308A.424. The additional taxes are required to be paid and cannot be deferred under ORS 308A.706(1)(d) for this disqualification.

If the disqualification occurs more than 30 days prior to April 1 of the current assessment year the taxpayer will have until April 1 to file an application as specified in ORS 308A.424.

___ Other: _____

Owner Request Disqualification:

Notice of request by the landowner for withdrawal of the land from Wildlife Habitat special assessment under ORS 308A.430(2)(b) does not required a letter under ORS 308A.718. (See Group F).

However, if the owner requests to withdraw from WLH and wants to change to another special assessment use Group—C to process the change in special assessment and defer additional taxes under ORS 308A.706(1)(d).

Non-Farm dwelling in an EFU zone:

Land that is in Wildlife Habitat special assessment at the time an approval for a non-farm dwelling is granted under ORS 215.236 is not required to be disqualified (ORS 215.236(6)).

Additional tax information

As specified in ORS 308A.700 to 733 for **each year**, beginning with the last year the land was under special assessment, the additional tax is calculated as the difference between the taxes assessed against the land in each year and the taxes that would otherwise have been assessed against the land had the land not been in special assessment.

Additional taxes are calculated for the number of years the property has been in special assessment, **not to exceed** _____

(Choose the appropriate years of calculation.)

- 10 years, in the case of Wildlife habitat special assessment land located within an Exclusive Farm Use zone. **But only if the land, immediately following disqualification, remains outside of an Urban Growth Boundary.**
- Five years. **Applies to all other special assessment disqualifications.**

Additional tax to be extended to the 20XX–20XX tax rolls for collection: \$ _____

Following this disqualification any land that is no longer in a special assessment program will be assessed based on market value as calculated under ORS 308.156.

Special assessment qualification

Provided that all acres (or any portion) can meet program qualification requirements, the special assessment programs you **may possibly** qualify for are:

For subdivision disqualifications delete all qualification options except for WLH.

Exclusive Farm Use ORS 308A.062: Any land that is within an Exclusive Farm Use zone and that is used exclusively for farm use. "Farm use" means the current employment of land for the primary purpose of obtaining a profit in money. Farm use is defined under ORS 308A.056. A potential additional tax for this program is a maximum of 10 years if the land is located outside of an Urban Growth Boundary. Otherwise, the maximum is 5 years.

Non-exclusive Farm Use ORS 308A.068: Any land that is not within an exclusive farm use zone that is being used for farming and produces a minimum gross income requirement. If additional taxes are deferred under ORS 308A.706(1)(d) for a change in special assessment, the owner of a property shall have five years, beginning with the first year application is made, to meet the non-EFU qualification requirements as specified in ORS 308A.724(2). A potential additional tax is a maximum of 5 years.

Designated Forestland ORS 321.358: You must have at least two contiguous acres in one ownership and meet minimum stocking and merchantable species requirements, or have an acceptable plan for establishment of the minimum stocking and species requirements. If your land currently does not meet minimum stocking or species requirements, you may submit an acceptable stocking plan along with a completed application to the Assessor's Office. A potential additional tax is a maximum of 5 years.

Small Tract Forestland ORS 321.706: Eligible owners, having at least 10 acres but less than 5,000 acres of qualified forestland in Oregon, may submit an STF Option application to have their forestland special assessment reduced from the statutory 100% to the STF Option of 20% of the statutory specially assessed value. The resulting tax savings will subject the qualifying property to a severance tax at the time of harvest of any marketable timber. Any land under this special assessment that is not assessed as highest and best use forestland must also have a second qualifying application for designated forestland.

Wildlife Habitat Conservation and Management ORS 308A.424 or 215.236(6): **The land must be located in an approved zone or area as specified under ORS 308A.415(1).** A land owner must first initiate this special assessment program through the Oregon Department of Fish and Wildlife. When a wildlife habitat conservation and management plan is approved by the State Department of Fish and Wildlife and is being implemented, the owner of the land subject to the plan may apply to the county assessor to receive wildlife habitat special assessment. Applications are available from, and are to be submitted to the Assessor, along with a copy of the approved wildlife habitat conservation and management plan and a certified copy of the declaration stating the plan is being implemented as described in ORS 308A.412(3). A potential additional tax for this program is a maximum of 10 years if the land is outside of an Urban Growth Boundary and is in an Exclusive Farm Use zone. Otherwise, the maximum is 5 years.

Note: As specified in ORS 215.236(6) land disqualified from Wildlife habitat special assessment that is subject to a non-farm dwelling under ORS 215.236 may only re-qualify for Conservation Easement special assessment. Otherwise, the land may not change to another special assessment without first satisfying the requirements of ORS 215.236(5).

Conservation Easement ORS 308A.453: Land subject to a conservation easement that is held by one or more holders and that is managed in compliance with the terms of the easement, shall receive conservation easement special assessment for ad valorem property tax purposes. In order for land to be subject to assessment under ORS 308A.450 to 308A.465 the terms of the conservation easement must

Sample letter—Group A-CE

Note: This group of disqualifications requires notification under ORS 308A.718 and additional taxes for “Conservation Easement” will be collected.

*
*
*

| Account number(s) | Code(s) | Zone | Disqualified acreage |
|-------------------|---------|------|----------------------|
|-------------------|---------|------|----------------------|

In compliance with ORS 308A.718 and 308A.724, this is official notification that the special assessment of _____ acres of _____ land on the above real property account(s) have been disqualified by the Assessor for the following reason.

(Choose the correct reason for disqualification and eliminate the others.)

_____ The land is no longer for the following reason: (Choose the appropriate reason below.)

- Notice from the holder the land is not being managed in accordance with the terms of the conservation easement to which the land is subject. ORS 308A.465(4)(b)
- Notice from the holder the conservation easement no longer meets the requirements for being considered exclusively for conservation purposes under section 170(h) of the Internal Revenue Code. ORS 308A.465(4)(b)
- Notice from the _____ (Landowner or Holder) the contribution on which the conservation easement claim is based on has been disallowed because claim is no longer a qualified conservation contribution under section 170(h) of the Internal Revenue Code. ORS 308A.465(4)(c)
- A request to withdraw the land from Conservation Easement special assessment by “application” for a property tax exemption program is an incompatible use change.

Note: ORS 308A.430(2)(c) When land is sold or acquired to an “ownership making the land exempt” (government agencies) a disqualification notice is not required as specified in ORS 308A.718(6) (See Group F).

Any land that remains no longer in a special assessment program or has changed the use incompatible with returning the land to special assessment programs will be required to be disqualified and pay additional taxes.

Please review the “Special assessment qualification” section of this disqualification notice. If you believe any portion of the land can meet the qualification requirements of any of these special assessments (Choose time period below.)

(Time period for disqualifications occurring effective for the current tax year.)

in accordance with ORS 308A.724(1)(b), the application or claim for a change to another special assessment under ORS 308A.706(1)(d) must be submitted **within 30 days after the date on the notice of disqualification or by August 1** of the year in which the notice is mailed, whichever date is later.

CE does not have special provisions for “No longer in use” disqualifications. Therefore, CE disqualifications must follow the general rule and are required to be disqualified on the tax and assessment rolls by no later than June 30 to be effective for the current tax year.

(Time period for disqualifications occurring effective for the next tax year) in accordance with ORS 308A.724(1)(c) if the disqualification is effective on or after July 1 in any year, the county taxing authorities shall continue the classification on the current tax rolls, and the owner shall file the required claim or application under ORS 308A.706(1)(d) in the next calendar year, **no later than April 1**, in accordance with the laws governing the particular special assessment program.

This disqualification assumes it is for a reason that all of the acres disqualified have changed use and the current use cannot meet qualification requirements of any of the special assessment programs. The above paragraph is inserted to satisfy the courts just in case an event occurs, that the assessor is unaware of, that may possibly qualify any of the land for a change in special assessment. If the assessor is aware the owner may possibly qualify any of the acres for special assessment under ORS 308A.706(1)(d) or 308A.727 (open space), those acres should be separately processed under Group B-CE.

_____ Recording of a subdivision plat under ORS Chapter 92 requires the disqualification of the land from Conservation Easement special assessment, ORS 308A.465(4)(g);

ORS 308A.465(5) specifies the land may submit an application subject to Assessor review and approval under ORS 308A.456 and re-qualify for “**Conservation easement**” special assessment after paying “all additional taxes” and any interest that remains due and owing as a result of the disqualification provided it is in compliance with ORS 308A.450 to 308A.465.

Note: As specified in ORS 308A.465(5) land disqualified for the act of recording a subdivision may only re-qualify for “Conservation Easement” special assessment. The additional taxes are required to be paid and the land owner cannot change to a different special assessment and defer the additional taxes under ORS 308A.706(1)(d).

Under ORS 308A.724(3), you have **30 days from the date of this disqualification notice** to submit an application to the assessor for “**Conservation easement**” special assessment under ORS 308A.456. The additional taxes are required to be paid and cannot be deferred under ORS 308A.706(1)(d) for this disqualification.

If the disqualification occurs more than 30 days prior to April 1 of the current assessment year the taxpayer will have until April 1 to file an application to as specified in ORS 308A.456.

_____ Other: _____

Owner request disqualification:

Notice of request by the landowner for withdrawal of the land from Conservation easement special assessment under ORS 308A.465(4)(d) does not require a letter under ORS 308A.718. (See Group F)

However, if the owner requests to withdraw from CE and wants to change to another special assessment use Group—C to process the change in special assessment and defer additional taxes under ORS 308A.706(1)(d).

Non-Farm dwelling in an EFU zone:

Land that is in Conservation easement special assessment at the time an approval for a non-farm dwelling is granted under ORS 215.236 is not required to be disqualified (ORS 215.236(6)).

Additional tax information

As specified in ORS 308A.700 to 733 for **each year**, beginning with the last year the land was under special assessment, the additional tax is calculated as the difference between the taxes assessed against the land in each year and the taxes that would otherwise have been assessed against the land had the land not been in special assessment.

Additional taxes are calculated for the number of years the property has been in special assessment, **not to exceed** _____

(Choose the appropriate years of calculation.)

- 10 years, in the case of Conservation easement special assessment land located within an Exclusive Farm Use zone. **But only if the land, immediately following disqualification, remains outside of an Urban Growth Boundary.**

- Five years. **Applies to all other special assessment disqualifications.**

Additional tax to be extended to the 20XX–20XX tax rolls for collection: \$ _____

Following this disqualification any land that is no longer in a special assessment program will be assessed based on market value as calculated under ORS 308.156.

Special assessment qualification

Provided that all acres (or any portion) can meet program qualification requirements, the special assessment programs you **may possibly** qualify for are:

For subdivision disqualifications delete all qualification options except for CE.

Exclusive Farm Use ORS 308A.062: Any land that is within an Exclusive Farm Use zone and that is used exclusively for farm use. “Farm use” means the current employment of land for the primary purpose of obtaining a profit in money. Farm use is defined under ORS 308A.056. A potential additional tax for this program is a maximum of 10 years if the land is located outside of an Urban Growth Boundary. Otherwise, the maximum is 5 years.

Non-exclusive Farm Use ORS 308A.068: Any land that is not within an exclusive farm use zone that is being used for farming and produces a minimum gross income requirement. If additional taxes are deferred under ORS 308A.706(1)(d) for a change in special assessment, the owner of a property shall have five years, beginning with the first year application is made, to meet the non-EFU qualification requirements as specified in ORS 308A.724(2). A potential additional tax is a maximum of 5 years.

Designated Forestland ORS 321.358: You must have at least two contiguous acres in one ownership and meet minimum stocking and merchantable species requirements, or have an acceptable plan for establishment of the minimum stocking and species requirements. If your land currently does not meet minimum stocking or species requirements, you may submit an acceptable stocking plan along with a completed application to the Assessor’s Office. A potential additional tax is a maximum of 5 years.

Small Tract Forestland ORS 321.706: Eligible owners, having at least 10 acres but less than 5,000 acres of qualified forestland in Oregon, may submit an STF Option application to have their forestland special assessment reduced from the statutory 100% to the STF Option of 20% of the statutory specially assessed value. The resulting tax savings will subject the qualifying property to a severance tax at the time of harvest of any marketable timber. Any land under this special assessment that is not assessed as highest and best use forestland must also have a second qualifying application for designated forestland.

Wildlife Habitat Conservation and Management ORS 308A.424 or 215.236(6): **The land must be located in an approved zone or area as specified under ORS 308A.415(1).** A land owner must first initiate this special assessment program through the Oregon Department of Fish and Wildlife. When a wildlife habitat conservation and management plan is approved by the State Department of Fish and Wildlife and is being implemented, the owner of the land subject to the plan may apply to the county assessor to receive wildlife habitat special assessment. Applications are available from, and are to be submitted to the Assessor, along with a copy of the approved wildlife habitat conservation and management plan and a certified copy of the declaration stating the plan is being implemented as described in ORS 308A.412(3). A potential additional tax for this program is a maximum of 10 years if the land is outside of an Urban Growth Boundary and is in an Exclusive Farm Use zone. Otherwise, the maximum is 5 years.

Note: As specified in ORS 215.236(6) land disqualified from Wildlife Habitat special assessment that is subject to a non-farm dwelling under ORS 215.236 may only re-qualify for Conservation Easement special assessment. Otherwise, the land may not change to another special assessment without first satisfying the requirements of ORS 215.236(5).

Sample letter—Group B

Note: This group of disqualifications is for a reason that requires notification under ORS 308A.718 and additional taxes are collectable if the land does not change to a different special assessment.

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*
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| Account number(s) | Code(s) | Zone | Disqualified acreage |
|-------------------|---------|------|----------------------|
|-------------------|---------|------|----------------------|

In compliance with ORS 308A.718 and 308A.724, this is official notification that the special assessment of _____ acres of _____ land on the above real property account(s) has been disqualified by the Assessor for the following reason.

(Choose the correct reason for disqualification and eliminate the others.)

___ The land is no longer in a qualifying use and has been disqualified from the following program:
(Choose the appropriate program.)

Designated Forestland, ORS 321.359(1)(b)(C), western Oregon;

Designated Forestland, ORS 321.842(1)(b)(C), eastern Oregon;

___ Establishment of a non-farm dwelling in an exclusive farm use zone. As specified in ORS 215.236(4) and (7) the owner has requested the land to be disqualified from:

(Choose the appropriate program.)

- Exclusive Farm Use, ORS 308A.050 to 308A.128;
- Open Space, ORS 308A.315;
- Designated Forestland western Oregon, ORS 321.257 to 321.390;
- Designated Forestland eastern Oregon, ORS 321.805 to 321.855;

For STF, disqualification Use Group B-STF.

[Land in WLH or CE are not listed for disqualification under ORS 215.236(4). As specified in ORS 215.236(6) any land disqualified under ORS 215.236(4) may re-qualify for WLH or CE and as long as the land is in WLH or CE it will not be subject to the requalification requirements of ORS 215.236(5). Following the disqualification under ORS 215.236(4) if the land changes “from” EFU, DFL western Oregon, DFL eastern Oregon, STF or Open Space “to” WLH or CE the additional taxes are required to be deferred as specified in ORS 308A.706(1)(d) or 308A.318(4) (open space)].

If the taxpayer cannot or does not elect to change to WLH or CE then the additional tax will be collected.

If your county does not offer wildlife habitat special assessment then the only option to re-qualify under ORS 215.236(6) will be for CE.

ORS 215.236(6) allows deferral of additional taxes for this disqualification under ORS 308A.706(1)(d) or for open space disqualification under 308A.318(4) if your land is timely changed to wildlife habitat special assessment or conservation easement special assessment. (See “Change in special assessment” below.)

The entire lot or parcel including a home site specified under ORS 308A.259(3) receiving a non-farm dwelling land use approval is subject to disqualification and collection of additional taxes under ORS 215.236(4). Any acres that you cannot or elect not to qualify your land for wildlife habitat special or conservation easement special assessment within the statutory time period (see “Change in special assessment”) will be subject to collection of additional taxes (see “Additional tax information”).

When a lot or parcel has been established for a non-farm dwelling and a **final land use approval has been issued** by the local governing body under ORS 215.236, then ORS 215.236(5) restricts the requalification of the lot or parcel from receiving special assessment from the following programs listed in ORS 215.236(4):

- Exclusive Farm Use, ORS 308A.050 to 308A.128;
- Open Space, ORS 308A.315;
- Designated Forestland western Oregon, ORS 321.257 to 321.390;
- Designated Forestland eastern Oregon, ORS 321.805 to 321.855;
- Small Tract Forestland, ORS 321.700 to 321.754.*

As specified in ORS 215.236(5) the restrictions of ORS 215.236 are removed and the land may once again qualify to receive special assessment for any of the programs listed in ORS 215.236(4) when the lot or parcel is legally combined with a contiguous lot or parcel that constitutes a qualifying parcel. Combining of a contiguous lot or parcel that is also subject to ORS 215.236 does not constitute a qualifying parcel. Combining of contiguous land in the form of a lot line adjustment is the combining of a portion of a lot or parcel and does not constitute a qualifying lot or parcel.

[Will require tracking as long as the lot or parcel may be subject to ORS 215.236(5).]

For land that is already in wildlife habitat or conservation easement special assessments when the non-farm dwelling final land use approval under ORS 215.236 is granted:

There is no statutory provision for land already in WLH or CE special assessment to be disqualified under ORS 215.236(2) thru (4). The lot or parcel will still be subject to the conditions of ORS 215.236(5) in the event of a future disqualification from WLH or CE special assessments. When the owner builds the non-farm dwelling on land that is specially assessed under WLH or CE, the homesite area (approximately one acre), will be disqualified from WLH or CE and additional taxes will be collected if the homesite does not qualify under ORS 308A.253. Process a non-qualifying homesite area under Group A WLH or CE as a residential change in use.

Owner attempting to qualify land under WLH or CE at the same time they are applying for a non-farm dwelling under ORS 215.236:

ORS 215.236(4) Owner notification to assessor “before” final approval of land use change:

If the owner notifies the assessor of the pending non-farm dwelling application “**prior to final approval**” of the land use change, the owner is in compliance with ORS 215.236(4). To change from any of the special assessments listed in ORS 215.236(4) to WLH or CE special assessment, the land owner may submit a timely application to the assessor no later than April 1 of the assessment year. The land owner may also submit an application following disqualification which will **defer additional taxes for a change in special assessment (rollover) under ORS 308A.706(1)(d)**. Under the provisions of ORS 308A.706(1)(d), the owner will need to submit the application in accordance with the timelines in ORS 308A.724(1). (See timelines for “Change in Special Assessment”. The additional taxes for any land changed **from open space special assessment to WLH or CE will be deferred and processed as specified under ORS 308A.318(4)**. (See timelines for open space under “Change in Special Assessment.”)

As required by ORS 308A.424 the WLH application to the assessor must include a copy of the wildlife

and habitat conservation plan and an Oregon Department of Fish and Wildlife certified copy of the declaration the plan is being implemented as described in ORS 308A.412(3). Since these requirements may take considerable time, an owner may not be able to meet the timelines for a successful change in special assessment, which may result in collection of additional taxes and assessment based on market value until the land can qualify for WLH. The same would apply for CE if the owner does not have a holder or cannot make a timely application.

ORS 215.236(4) Owner notification to assessor “after” final approval of land use change:

If the owner notifies the assessor of the non-farm dwelling application after the final approval of the land use change, the owner is not in compliance with ORS 215.236(4). Even though the owner is not in compliance with ORS 215.236(4), if there is still time for the owner to submit a timely WLH or CE application prior to April 1 or the lot or parcel can be processed for a disqualification prior to the July 1 tax year, it is recommended to process the disqualification under Group B or Group B-STF notification requirements which will provide the owner an opportunity to change to WLH or CE under ORS 308A.706(1)(d) and defer additional taxes.

There have been occasions where the assessor discovers a building permit months or even years after a final land use change has been approved under ORS 215.236 where the owner had not requested a disqualification as required under ORS 215.236(4). In those cases where a timely disqualification and change in special assessment was not accomplished under ORS 308A.706(1)(d) or 308A.318(4) the lot or parcel from that time on will need to be processed under Group A or Group A-STF for a nonqualified or incompatible use disqualification. Group A or Group A-STF require the owner to pay the additional tax under ORS 215.236(4). After paying the additional tax, the owner may requalify the land in Wildlife Habitat or Conservation Easement special assessment as specified in ORS 215.236(6) with an application by April 1 of the calendar year, the same as any other property seeking a new qualification.

___ Open space land has been withdrawn from classification.

Please review the “Special assessment qualification” section of this disqualification notice if you believe any portion of the land can meet the qualification requirements of ORS 308A.318(4) for a change to Wildlife Habitat special assessment or Conservation Easement special assessment.

Counties that do not have WLH will only offer CE.

___ Other: _____

Additional tax information—Open space

Open space additional taxes are calculated for the number of years the property has been in open space special assessment as specified in ORS 308A.312 and 308A.318.

All acres (or any portion) may possibly qualify for a change to wildlife habitat or conservation easement special assessment under ORS 308A.318(4). As specified in ORS 308A.318(4) changing to wildlife habitat or conservation easement special assessment will require any open space additional taxes be frozen and remain a potential additional tax while the land is in wildlife habitat or conservation easement special assessment. The open space additional taxes will remain separate from and in addition to wildlife habitat or conservation easement potential additional taxes. If the land ever becomes disqualified from wildlife habitat or conservation easement special assessment and again becomes qualified for open space special assessment, the open space potential additional tax calculation shall resume as of the date of the renewed open space use special assessment qualification.

(To qualify for wildlife habitat or conservation easement special assessment, see “Change in special assessment” section of this notification letter)

As specified in ORS 308A.318(4) if the land qualifies for WLH or CE then separate notations must be maintained on the assessment and tax rolls for open space and wildlife habitat or conservation easement potential additional taxes.

Open space additional tax to be extended to the 20XX-XX tax rolls for collection: \$_____

(These additional taxes will be deferred under ORS 308A.318(4) with a timely change to wildlife habitat or conservation easement special assessment)

Following this disqualification any land that is no longer in a special assessment program will be based on market value as calculated under ORS 308.156.

Delete down to “Change in special assessment” for open space disqualification.

Additional tax information

Additional tax procedure for land disqualified from all other special assessments other than “Open space” begins here.

All acres (or any portion) may possibly qualify for a change to another special assessment. Changing to a different special assessment will require any potential additional taxes to be deferred as specified under ORS 308A.706(1)(d).

(See “Change in special assessment” section of this notification letter.)

Potential additional taxes that have been deferred under ORS 308A.706 may be collectable at a future date if the use of the land changes; such as using the land for residential, commercial or industrial purposes.

As specified in ORS 308A.700 to 733 for **each year**, beginning with the last year the land was under special assessment, the additional tax is calculated as the difference between the taxes assessed against the land in each year and the taxes that would otherwise have been assessed against the land had the land not been in special assessment.

Additional taxes are calculated for the number of years the property has been in special assessment, **not to exceed _____** (Choose the appropriate years of calculation.)

- 10 years, in the case of farmland located within an Exclusive Farm Use zone.

But only if the land, immediately following disqualification, remains outside of an Urban Growth Boundary.

- Five years. **Applies to all other special assessment disqualifications.**

Additional tax to be extended to the 20XX–XX tax rolls for collection: \$_____

(These additional taxes will be deferred under ORS 308A.706(1)(d) with a timely change in special assessment.)

Any additional taxes that have been deferred are not collectable by the Assessor at this time. However, ORS 308A.715 allows the landowner to make a written request to pay the additional taxes at anytime following a disqualification.

Following this disqualification any land that is no longer in a special assessment program will be based on market value as calculated under ORS 308.156.

Change in special assessment

(Choose the appropriate time period that applies to this disqualification.)

(Time period for timely disqualification effective for current July 1 tax year.)

When land is disqualified effective for the current July 1 tax year under ORS 308A.706(1)(d), an application may be submitted for another special assessment program under ORS 308A.724(1)(b), **within 30 days after the date on the notice of disqualification or by August 1** of the year in which the notice is mailed whichever date is later.

(Time period for disqualifications that occur on or after July 1 tax year.)

As specified in ORS 308A.724(1)(c), when land is disqualified effective on or after July 1 of the assessment year the land will remain in special assessment for the current assessment and tax year. An application or required claim must be submitted by **no later than April 1** for special assessment in the next calendar year in accordance with the laws governing the particular special assessment program.

(Time period for open space disqualifications only.)

When land is disqualified under ORS 308A.318(4) from open space it may qualify for wildlife habitat special assessment or conservation easement special assessment. An application must be submitted by **no later than April 1** in the next calendar year in accordance with the laws governing the special assessment programs.

Counties that do not have WLH will only offer CE.

ORS 308A.318(4) does not provide criteria for the timing of a change from open space to wildlife habitat special assessment or conservation easement special assessment. The above timing follows the existing criteria of ORS 308A.424(3) for new Wildlife Habitat applications or ORS 308A.456 for new Conservation Easement applications.

Special assessment qualification

Provided that all acres (or any portion) can meet program qualification requirements, the special assessment programs you **may possibly** qualify for are:

For Open Space declassifications eliminate all other options other than Open Space, Wildlife Habitat or Conservation Easement special assessments. Counties that do not have WLH will only offer CE.

Note: If an Open Space owner desires Open Space under 308A.727 for certain golf courses that would be a change from one Open Space use to another Open Space use and a declassification letter is not needed. Process the change by application under ORS 308A.318(1).

For EFU non-farm dwelling disqualifications eliminate all other options except for wildlife habitat special assessment or conservation easement special assessment as specified in ORS 215.236(6). Counties that do not have WLH will only offer CE.

Exclusive Farm Use ORS 308A.062: Any land that is within an Exclusive Farm Use zone and that is used exclusively for farm use. "Farm use" means the current employment of land for the primary purpose of obtaining a profit in money. Farm use is defined under ORS 308A.056. A potential additional tax for this program is a maximum of 10 years if the land is located outside of an Urban Growth Boundary. Otherwise, the maximum is 5 years.

Non-exclusive Farm Use ORS 308A.068: Any land that is not within an exclusive farm use zone that is being used for farming and produces a minimum gross income requirement as specified under ORS 308A.071. If additional taxes are deferred under ORS 308A.706(1)(d) for a change in special assessment, the owner of a property shall have five years, beginning with the first year application is made, to meet the non-EFU qualification requirements as specified in ORS 308A.724(2). A potential additional tax is a maximum of 5 years.

Designated Forestland ORS 321.358: You must have at least two contiguous acres in one ownership and meet minimum stocking and merchantable species requirements, or have an acceptable plan for establishment of the minimum stocking and species requirements. If your land currently does not meet minimum stocking or species requirements, you may submit an acceptable stocking plan along with a completed application to the Assessor's Office. A potential additional tax is a maximum of 5 years.

Small Tract Forestland ORS 321.706: Eligible owners, having at least 10 acres but less than 5,000 acres of qualified forestland in Oregon, may submit an STF Option application to have their forestland special assessment reduced from the statutory 100% to the STF Option of 20% of the statutory specially

assessed value. The resulting tax savings will subject the qualifying property to a severance tax at the time of harvest of any marketable timber. Any land under this special assessment that is not assessed as highest and best use forestland must also have a second qualifying application for designated forestland.

Wildlife Habitat Conservation and Management ORS 308A.424 or 215.236(6): The land must be located in an approved zone or area as specified under ORS 308A.415(1). A land owner must first initiate this special assessment program through the Oregon Department of Fish and Wildlife. When a wildlife habitat conservation and management plan is approved by the State Department of Fish and Wildlife and is being implemented, the owner of the land subject to the plan may apply to the county assessor to receive wildlife habitat special assessment. Applications are available from, and are to be submitted to the Assessor, along with a copy of the approved wildlife habitat conservation and management plan and a certified copy of the declaration stating the plan is being implemented as described in ORS 308A.412(3). A potential additional tax for this program is a maximum of 10 years if the land is outside of an Urban Growth Boundary and is in an Exclusive Farm Use zone. Otherwise, the maximum is 5 years.

Note: As specified in ORS 215.236(6) land disqualified from Wildlife Habitat special assessment that is subject to a non-farm dwelling under ORS 215.236 may only re-qualify for Conservation Easement special assessment. Otherwise, the land may not change to another special assessment without first satisfying the requirements of ORS 215.236(5).

Conservation Easement ORS 308A.453: Land subject to a conservation easement that is held by one or more holders and that is managed in compliance with the terms of the easement, shall receive conservation easement special assessment for ad valorem property tax purposes. In order for land to be subject to assessment under ORS 308A.450 to 308A.465 the terms of the conservation easement must be capable of meeting the requirements for being considered exclusively for conservation purposes under section 170(h) of the Internal Revenue Code if the land or easement were ever to be the subject of a contribution; the conservation easement must be recorded in the records of the clerk of the county in which the land is located; and a written certification from the easement holder must be filed with the county assessor stating that the conservation easement satisfies the requirements for conservation easement special assessment. In the first year of application the owner of the land may file their own certification if a deduction has been claimed for federal income tax purposes under section 170(h) of the internal Revenue Code for a qualified conservation contribution with respect to the conservation easement, otherwise the holder must file the written certification to the county assessor.

Note: As specified in ORS 215.236(6) land disqualified from Conservation Easement special assessment that is subject to a non-farm dwelling under ORS 215.236 may re-qualify only for Wildlife Habitat special assessment provided the county offers wildlife habitat special assessment. Otherwise, the land may not change to another special assessment without first satisfying the requirements of ORS 215.236(5).

Open Space Lands ORS 308A.727: Submit an application to the Assessor. Within 10 days of the application the Assessor will refer the application to the appropriate Planning Commission for approval under ORS 308A.309 and ORS 308A.312. The application shall be acted upon in the same manner as an amendment to the Comprehensive Plan. As specified under ORS 308A.718, this change to open space special assessment is restricted to certain golf courses under ORS 308A.727. ORS 308A.727(2) specifies this change will defer potential additional taxes under ORS 308A.706(1)(d), and if the land is later withdrawn or otherwise removed from open space special assessment, the additional taxes may be calculated and collected as specified under ORS 308A.727(3) and (4). When the land is withdrawn or otherwise removed from open space special assessment, the potential additional taxes are collectable for each year the land is in open space (no maximum limitation). Open space potential additional taxes are also subject to interest and penalties as specified under ORS 308A.318 and

308A.321.

In accordance with ORS 308A.733 you have 30 days from the date you submit an application or request to change special assessment to withdraw. Your request to withdraw the change in special assessment must be made in writing to the assessor.

Appeal rights

This disqualification may be appealed to the Oregon Tax Court, Magistrate Division, within 90 days of receipt of this notice in accordance with ORS 305.275 and ORS 305.280 in the manner provided in ORS 305.404 to ORS 305.560. There is a fee payable to the Magistrate. Appeal forms are available in the Assessor's Office or from the Magistrate Division.

Name: _____

Title: _____

By: File #: Certified # Assessment year 20XX-XX

Sample letter—Group B-STF

Note: This group of disqualifications are for a reason that requires notification under ORS 308A.718. "Small Tract Forestland additional taxes" under ORS 308A.707(3) are required to be collected if the land does not change to a different special assessment.

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| Account number(s) | Code(s) | Zone | Disqualified acreage |
|-------------------|---------|------|----------------------|
|-------------------|---------|------|----------------------|

In compliance with ORS 308A.718 and 308A.724, this is official notification that the special assessment of _____ acres of Small Tract Forestland on the above real property account(s) has been disqualified by the Assessor for the following reason.

(Choose the correct reason for disqualification and eliminate the others.)

_____ Owner of Small Tract Forestland acquired contiguous land and did not give assessor written notification, ORS 321.709 and ORS 321.712(1)(a);

Assessor may disqualify. (Optional—this disqualification is by Assessor discretion.)

_____ Small Tract Forestland sells or transfers ownership and the new owner does not apply for continued qualification within 30 days of the date of notice of intent to disqualify from the Assessor, ORS 321.716(1)(a) and 321.719;

To avoid disqualification, ORS 321.719 has a special one-time provision to allow an applicant to file for continued qualification on or before December 15 of the first tax year for which the forestland would otherwise be disqualified from small track forestland. A \$200 late filing fee will be required at the time the application for continued qualification is filed.

Note: If new owner comes in prior to assessor sending intent letter and they do not want to continue STF then inform the new owner to ignore the intent letter. The intent letter is the only means the county has to disqualify the land from STF because STF cannot be disqualified by owner request under these circumstances. Also if the owner does not want the land to be automatically changed to DFL then inform the owner to submit a written request to remove the land from forestland special assessment. An owner can request to have DFL removed. This will result in a disqualification upon owner request.

_____ Change in use of any portion of Small Tract Forestland to a use that is not a forestland use, ORS 321.712(1)(d) or Discovery by the Assessor that the land is no longer forestland, ORS 321.716(1)(b); (choose statute that applies)

Use the appropriate Group B for any disqualifications other than Small Tract Forestland.

_____ Small Tract Forestland ownership exceeds 5,000 acres of Oregon Forestland, ORS 321.712(1)(b), 321.716(1)(c); (Choose statute that applies.)

_____ Small Tract Forestland ownership is less than 10 acres of Oregon Forestland, ORS 321,712(1)(c), 321.716(1)(d); (Choose statute that applies.)

_____ A written notice from the State Forestry Department that the land no longer meets the stocking and species requirements applicable to Small Tract Forestland under rules adopted by the Department of Revenue; ORS 321.716(1)(e);

Use Group B for any disqualifications other than STF.

_____ Establishment of a non-farm dwelling in an exclusive farm use zone. As specified in ORS 215.236(4) and (7) the owner has requested the land to be disqualified from Small Tract Forestland.

Use Group B, Group B-WLH, or Group B-CE, for any disqualifications other than STF.

[Land in WLH or CE are not listed for disqualification under ORS 215.236(4). As specified in ORS 215.236(6) any land disqualified under ORS 215.236(4) may requalify for WLH or CE and as long as the land is in WLH or CE it will not be subject to the requalification requirements of ORS 215.236(5). Following the disqualification under ORS 215.236(4) if the land changes from EFU, DFL western Oregon, DFL eastern Oregon, STF or Open Space to WLH or CE the additional taxes are required to be deferred as specified in ORS 308A.706(1)(d) or 308A.318(4) (open space)].

If the taxpayer cannot or does not elect to change to WLH or CE then the additional tax will be collected.

If your county does not offer wildlife habitat special assessment then the only option to requalify under ORS 215.236(6) will be for CE.

ORS 215.236(6) allows deferral of additional taxes* for this disqualification under ORS 308A.707(3)(a) (B) and 308A.706(1)(d) for “Forestland Additional Taxes” if your land is timely changed to wildlife habitat special assessment or conservation easement special assessment. (See “Change in special assessment” and “Additional tax information” below)

* Small Tract Forestland additional taxes under ORS 308A.707(3)(a)(A) (difference for 20% STF to 100% forestland values) cannot be deferred. (See additional tax section below.)

The entire lot or parcel receiving a non-farm dwelling land use approval is subject to disqualification and collection of additional taxes under ORS 215.236(4). Any acres that you cannot or elect not to qualify your land for wildlife habitat special or conservation easement special assessment within the statutory time period (see “Change in special assessment”) will be subject to collection of additional taxes (see “Additional tax information”).

When a lot or parcel has been established for a non-farm dwelling and a **final land use approval has been issued** by the local governing body under ORS 215.236, then ORS 215.236(5) restricts the requalification of the lot or parcel from receiving special assessment from the following programs listed in ORS 215.236(4):

- Exclusive Farm Use, ORS 308A.050 to 308A.128;
- Open Space, ORS 308A.315;
- Designated Forestland western Oregon, ORS 321.257 to 321.390;
- Designated Forestland eastern Oregon, ORS 321.805 to 321.855;
- Small Tract Forestland, ORS 321.700 to 321.754.

As specified in ORS 215.236(5) the restrictions of ORS 215.236 are removed and the land may once again qualify to receive special assessment for any of the programs listed in ORS 215.236(4) when the lot or parcel is legally combined with a contiguous lot or parcel that constitutes a qualifying parcel. Combining of a contiguous lot or parcel that is also subject to ORS 215.236 does not constitute a qualifying parcel. Combining of contiguous land in the form of a lot line adjustment is the combining of a portion of a lot or parcel and does not constitute a qualifying lot or parcel.

(Will require tracking as long as the lot or parcel may be subject to ORS 215.236(5))

For land that is already in wildlife habitat or conservation easement special assessment when a final land use approval for a non-farm dwelling under ORS 215.236 Is granted:

There is no statutory provision for land already in WLH or CE special assessment to be disqualified under ORS 215.236(2) thru (4). The lot or parcel will still be subject to the conditions of ORS 215.236(5) in the event of a future disqualification from WLH or CE special assessments. When the owner builds the non-farm dwelling on land that is specially assessed under WLH or CE, the homesite area

(approximately one acre), will be disqualified from WLH or CE and additional taxes will be collected if the homesite does not qualify under ORS 308A.253. Process a non-qualifying homesite area under Group A WLH or CE as a residential change in use.

Owner attempting to qualify land under WLH or CE while at the same time applying for a non-farm dwelling under ORS 215.236:

ORS 215.236(4) Owner notification to assessor “before” final approval of land use change:

If the owner notifies the assessor of the pending non-farm dwelling application “**prior to final approval**” of the land use change the owner is in compliance with ORS 215.236(4). To change from Small Tract Forestland listed in ORS 215.236(4) to WLH or CE special assessment the land owner may submit a timely application to the assessor no later than April 1 of the assessment year. The land owner may also submit an application following disqualification which will **defer forestland additional taxes (100% to Market) for a change in special assessment (rollover) under ORS 308A.707(3)(a)(B) and 308A.706(1)(d)**. The Small Tract Forestland additional taxes (20% to 100%) must be collected for a change in special assessment per **ORS 308A.707(3)(a)(A)**. Under the provisions of ORS 308A.706(1)(d) the owner will need to submit the WLH or CE application in accordance with the timelines in ORS 308A.724(1), (See timelines for “Change in special assessment”).

As required by ORS 308A.424 the WLH application to the assessor must include a copy of the wildlife and habitat conservation plan and an Oregon Department of Fish and Wildlife certified copy of the declaration the plan is being implemented as described in ORS 308A.412(3). Since these requirements may take considerable time, an owner may not be able to meet the timelines for a successful change in special assessment, which may result in collection of additional taxes and assessment based on market value until the land can qualify for WLH. The same would apply for CE if the owner does not have a holder or cannot make a timely application.

ORS 215.236(4) Owner notification to assessor “after” final approval of land use change:

If the owner notifies the assessor of the non-farm dwelling application after the final approval of the land use change, the owner is not in compliance with ORS 215.236(4). Even though the owner is not in compliance with ORS 215.236(4), if there is still time for the owner to submit a timely WLH or CE application prior to April 1 or the lot or parcel can be processed for a disqualification prior to the July 1 tax year, it is recommended to process the disqualification under Group B or Group B-STF notification requirements which will provide the owner an opportunity to change to WLH or CE under ORS 308A.706(1)(d) and defer additional taxes.

There have been occasions where the assessor discovers a building permit months or even years after a final land use change has been approved under ORS 215.236 where the owner had not requested a disqualification as required under ORS 215.236(4). In those cases where a timely disqualification and change in special assessment was not accomplished under ORS 308A.706(1)(d) or 308A.318(4) the lot or parcel from that time on will need to be processed under Group A or Group A-STF for a nonqualified or incompatible use disqualification. Group A or Group A-STF require the owner to pay the additional tax under ORS 215.236(4), and the owner may re-qualify the land in wildlife habitat or conservation easement special assessment as specified in ORS 215.236(6) with a timely application by April 1 of the calendar year the same as any other property seeking a new qualification.

Other: _____

Since your land has been disqualified from Small Tract Forestland, it is not eligible for Small Tract Forestland special assessment for a period of five years as required by ORS 321.709(2)(d). After five year period has expired, you may submit an application for Small Tract Forestland.

Additional tax information

The calculation of additional taxes for land that is disqualified from Small Tract Forestland special

assessment involves two separate additional taxes.

(Note: When the land is HBU forestland only the STF additional taxes under ORS 308A.707(3)(a)(A) is collectable.)

As specified in ORS 308A.707(3); First, the “Small Tract Forestland Additional Taxes” under ORS 308A.707(3)(a)(A) are calculated. Second, the “Forestland Additional Taxes” under ORS 308A.707(3)(a)(B) are calculated.

The following information provides the calculation process for each of these additional taxes:

Small Tract Forestland Additional Taxes under ORS 308A.707(3)(a)(A):

As specified in ORS 308A.707(3)(a)(A) the additional tax is calculated under ORS 308A.707(2) for each year, beginning with the last year the land was under Small Tract Forestland special assessment, up to a maximum of 10 years. This calculation is the difference between the taxes assessed against the land as Small Tract Forestland and the taxes that would have been assessed at 100% of Forestland values.

(Insert here, under ORS 321.257 to 321.390, if the land is located in western Oregon or under ORS 321.805 to 855, if the land is located in eastern Oregon.)

Forestland Additional Taxes under ORS 308A.707(3)(a)(B):

As specified in ORS 308A.707(3)(a)(B) the additional tax for each year, beginning with the last year the land was under Small Tract Forestland special assessment, up to a maximum of 5 years, is calculated as the difference between the taxes that would have been assessed against the land at 100% of Forestland values (Insert here, under ORS 321.257 to 321.390, if the land is located in western Oregon or under ORS 321.805 to 855, if the land is located in eastern Oregon.) and the taxes that would have otherwise been assessed against the land had the land not received special assessment.

“Small Tract Forestland Additional Tax” imposed under ORS 308A.707(3)(a)(A) to be extended to the 20XX-XX tax rolls for collection. \$ _____

(Note: The additional taxes will be collected upon disqualification of Small Tract Forestland and cannot be deferred.)

“Forestland Additional Tax” imposed under ORS 308A.707(3)(a)(B) to be extended to the 20XX-XX tax rolls for collection. \$ _____

(Note: These additional taxes will be deferred under ORS 308A.706(1)(d) with a timely change in special assessment.)

All acres (or any portion) may possibly qualify for a change to another special assessment. Changing to a different special assessment will require the “Forestland Additional Taxes” calculated under ORS 308A.707(3)(a)(B) to be deferred as specified under ORS 308A.706(1)(d). For any acres that do not qualify for a change in special assessment the “Small Tract Forestland Additional Tax” under ORS 308A.707(3)(a)(B) is required to be paid. A change in special assessment will not defer the “Small Tract Additional Taxes” under ORS 308A.707(3)(a)(A) for this disqualification.

(See “Change in special assessment” section of this notification letter.)

Potential additional taxes that have been deferred under ORS 308A.706 may be collectable at a future date if the use of the land changes; such as, using the land for residential, commercial or industrial purposes.

Any additional taxes that have been deferred are not collectable by the Assessor at this time. However, ORS 308A.715 allows the landowner to make a written request to pay the additional taxes at anytime following a disqualification.

Following this disqualification any land that is no longer in a special assessment program will be based on market value as calculated under ORS 308.156.

Change in special assessment

When land is disqualified under ORS 308A.706(1)(d), an application may be submitted for another special assessment program under ORS 308A.724(1)(b) **within 30 days after the date on the notice of disqualification or by August 1** of the year in which the notice is mailed whichever date is later.

[\(Choose the appropriate time period that applies to this disqualification.\)](#)

When land is disqualified or declassified under ORS 308A.724(1)(c) effective on or after July 1 of the assessment year the land will remain in special assessment for the current assessment and tax year. An application or required claim must be submitted **no later than April 1** for special assessment in the next calendar year in accordance with the laws governing the particular special assessment program.

[\(Choose the appropriate time period that applies to this disqualification.\)](#)

Special assessment qualification

Provided that all acres (or any portion) can meet program qualification requirements, the special assessment programs you **may possibly** qualify for are:

[Note: For EFU non-farm dwelling disqualifications eliminate all other options except for Wildlife Habitat or Conservation Easement special assessment under ORS 215.236\(6\).](#)

Exclusive Farm Use ORS 308A.062: Any land that is within an exclusive farm use zone and that is used exclusively for farm use. "Farm use" means the current employment of land for the primary purpose of obtaining a profit in money. Farm use is defined under ORS 308A.056. A potential additional tax for this program is a maximum of 10 years if the land is located outside of an Urban Growth Boundary. Otherwise, the maximum is 5 years.

Non-exclusive Farm Use ORS 308A.068: Any land that is not within an exclusive farm use zone that is being used for farming and produces a minimum gross income requirement. If additional taxes are deferred under ORS 308A.706(1)(d) for a change in special assessment the owner of a property shall have five years, beginning with the first year application is made, to meet the non-EFU qualification requirements as specified in ORS 308A.724(2). A potential additional tax is a maximum of 5 years.

Designated Forest Land ORS 321.358: You must have at least two contiguous acres in one ownership and meet minimum stocking and merchantable species requirements, or have an acceptable plan for establishment of the minimum stocking and species requirements. As part of this change, you may submit an acceptable stocking plan along with a completed application to the assessor's office. A potential additional tax is a maximum of 5 years.

Small Tract Forestland ORS 321.709: Since your land has been disqualified from Small Tract Forestland, it is not eligible for Small Tract Forestland special assessment for a period of five years as required by ORS 321.709(2)(d). After the five year period has expired, you may submit an application for Small Tract Forestland.

Wildlife Habitat Conservation and Management ORS 308A.424 or 215.236(6): The land must be located in an approved zone or area as specified under ORS 308A.415(1). A land owner must first initiate this special assessment program through the Oregon Department of Fish and Wildlife. When a wildlife habitat conservation and management plan is approved by the State Department of Fish and Wildlife and is being implemented, the owner of the land subject to the plan may apply to the county assessor to receive wildlife habitat special assessment. Applications are available from, and are to be submitted to the Assessor, along with a copy of the approved wildlife habitat conservation and management plan and a certified copy of the declaration stating the plan is being implemented as described in ORS 308A.412(3). A potential additional tax for this program is a maximum of 10 years if the land is outside of an Urban Growth Boundary and is in an Exclusive Farm Use zone. Otherwise, the maximum is 5 years.

Note: As specified in ORS 215.236(6) land disqualified from Wildlife Habitat special assessment that is subject to a non-farm dwelling under ORS 215.236 may only re-qualify for Conservation Easement special assessment. Otherwise, the land may not change to another special assessment without first satisfying the requirements of ORS 215.236(5).

Conservation Easement ORS 308A.453: Land subject to a conservation easement that is held by one or more holders and that is managed in compliance with the terms of the easement, shall receive conservation easement special assessment for ad valorem property tax purposes. In order for land to be subject to assessment under ORS 308A.450 to 308A.465 the terms of the conservation easement must be capable of meeting the requirements for being considered exclusively for conservation purposes under section 170(h) of the Internal Revenue Code if the land or easement were ever to be the subject of a contribution; the conservation easement must be recorded in the records of the clerk of the county in which the land is located; and a written certification from the easement holder must be filed with the county assessor stating that the conservation easement satisfies the requirements for conservation easement special assessment. In the first year of application the owner of the land may file their own certification if a deduction has been claimed for federal income tax purposes under section 170(h) of the internal Revenue Code for a qualified conservation contribution with respect to the conservation easement, otherwise the holder must file the written certification to the county assessor.

Note: As specified in ORS 215.236(6) land disqualified from Conservation Easement special assessment that is subject to a non-farm dwelling under ORS 215.236 may re-qualify only for Wildlife Habitat special assessment provided the county offers wildlife habitat special assessment. Otherwise, the land may not change to another special assessment without first satisfying the requirements of ORS 215.236(5).

Open Space Lands ORS 308A.727: Submit an application to the Assessor. Within 10 days of the application the Assessor will refer the application to the appropriate Planning Commission for approval under ORS 308A.309 and ORS 308A.312. The application shall be acted upon in the same manner as an amendment to the Comprehensive Plan. As specified under ORS 308A.718, this change to open space special assessment is restricted to certain golf courses under ORS 308A.727. ORS 308A.727(2) specifies this change will defer potential additional taxes under ORS 308A.706(1)(d), and if the land is later withdrawn or otherwise removed from open space special assessment, the additional taxes may be calculated and collected as specified under ORS 308A.727(3) and (4). When the land is withdrawn or otherwise removed from open space special assessment, the potential additional taxes are collectable for each year the land is in open space (no maximum limitation). Open space potential additional taxes are also subject to interest and penalties as specified under ORS 308A.318 and 308A.321.

In accordance with ORS 308A.733 you have 30 days from the date you submit an application or request to change special assessment to withdraw. Your request to withdraw the change in special assessment must be made in writing to the assessor.

Appeal rights

Appeal rights: This disqualification may be appealed to the Oregon Tax Court, Magistrate Division, within 90 days of receipt of this notice in accordance with ORS 305.275 and ORS 305.280 in the manner provided in ORS 305.404 to ORS 305.560. There is a fee payable to the Magistrate. Appeal forms are available in the Assessor's Office or from the Magistrate Division.

Name: _____

Title: _____

By: File #: Certified # Assessment year 20XX-XX

Sample letter—Group B-WLH

(Only applies to counties that offer WLH.)

Note: This group of disqualifications is for a reason that requires notification under ORS 308A.718 and additional taxes are collectable if the land does not change to a different special assessment.

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| Account number(s) | Code(s) | Zone | Disqualified acreage |
|-------------------|---------|------|----------------------|
|-------------------|---------|------|----------------------|

In compliance with ORS 308A.718 and 308A.724, this is official notification that the special assessment of _____ acres of _____ land on the above real property account(s) has been disqualified by the Assessor for the following reason.

(Choose the correct reason for disqualification and eliminate the others.)

___ Notice from the Department of Fish and Wildlife that the Wildlife Habitat plan is not being implemented as approved. ORS 308A.430(2)(a);

___ Other: _____

Owner request disqualification:

Notice of request by the landowner for withdrawal of the land from Wildlife Habitat special assessment under ORS 308A.430(2)(b) does not required a letter under ORS 308A.718. (See Group F).

However, if the owner requests to withdraw from WLH and wants to change to another special assessment use Group—C to process the change in special assessment and defer additional taxes under ORS 308A.706(1)(d).

Non-Farm dwelling in an EFU zone:

Land that is in Wildlife Habitat special assessment at the time an approval for a non-farm dwelling is granted under ORS 215.236 is not required to be disqualified [ORS 215.236(6)].

Additional tax information

All acres (or any portion) may possibly qualify for a change to another special assessment. Changing to a different special assessment will require any potential additional taxes to be deferred as specified under ORS 308A.706(1)(d).

(See “Change in special assessment” section of this notification letter.)

Potential additional taxes that have been deferred under ORS 308A.706 may be collectable at a future date if the use of the land changes; such as using the land for residential, commercial or industrial purposes.

As specified in ORS 308A.700 to 733 for **each year**, beginning with the last year the land was under special assessment, the additional tax is calculated as the difference between the taxes assessed against the land in each year and the taxes that would otherwise have been assessed against the land had the land not been in special assessment.

Additional taxes are calculated for the number of years the property has been in special assessment, **not to exceed** _____ (Choose the appropriate years of calculation.)

- 10 years, in the case of Wildlife Habitat special assessment land located within an Exclusive Farm Use zone. **But only if the land, immediately following disqualification, remains outside of an Urban Growth Boundary.**

- Five years. [Applies to all other WLH special assessment disqualifications.](#)

Additional tax to be extended to the 20XX–XX tax rolls for collection: \$_____

(These additional taxes will be deferred under ORS 308A.706(1)(d) with a timely change in special assessment.)

Any additional taxes that have been deferred are not collectable by the Assessor at this time. However, ORS 308A.715 allows the landowner to make a written request to pay the additional taxes at anytime following a disqualification.

Following this disqualification any land that is no longer in a special assessment program will be based on market value as calculated under ORS 308.156.

Change in special assessment

[\(Choose the appropriate time period that applies to this disqualification.\)](#)

[\(Time period for timely disqualification effective for current July 1 tax year.\)](#)

When land is disqualified or declassified effective for the current July 1 tax year under ORS 308A.706(1)(d), an application may be submitted for another special assessment program under ORS 308A.724(1)(b), **within 30 days after the date on the notice of disqualification or by August 1** of the year in which the notice is mailed whichever date is later.

[\(Time period for disqualifications that occur on or after the July 1 tax year.\)](#)

As specified in ORS 308A.724(1)(c), when land is disqualified effective on or after July 1 of the assessment year the land will remain in special assessment for the current assessment and tax year. An application or required claim must be submitted by **no later than April 1** for special assessment in the next calendar year in accordance with the laws governing the particular special assessment program.

Special assessment qualification

Provided that all acres (or any portion) can meet program qualification requirements, the special assessment programs you **may possibly** qualify for are:

Exclusive Farm Use ORS 308A.062: Any land that is within an Exclusive Farm Use zone and that is used exclusively for farm use. “Farm use” means the current employment of land for the primary purpose of obtaining a profit in money. Farm use is defined under ORS 308A.056. A potential additional tax for this program is a maximum of 10 years if the land is located outside of an Urban Growth Boundary. Otherwise, the maximum is 5 years.

Non-exclusive Farm Use ORS 308A.068: Any land that is not within an exclusive farm use zone that is being used for farming and produces a minimum gross income requirement as specified under ORS 308A.071. If additional taxes are deferred under ORS 308A.706(1)(d) for a change in special assessment, the owner of a property shall have five years, beginning with the first year application is made, to meet the non-EFU qualification requirements as specified in ORS 308A.724(2). A potential additional tax is a maximum of 5 years.

Designated Forestland ORS 321.358: You must have at least two contiguous acres in one ownership and meet minimum stocking and merchantable species requirements, or have an acceptable plan for establishment of the minimum stocking and species requirements. If your land currently does not meet minimum stocking or species requirements, you may submit an acceptable stocking plan along with a completed application to the Assessor’s Office. A potential additional tax is a maximum of 5 years.

Small Tract Forestland ORS 321.706: Eligible owners, having at least 10 acres but less than 5,000 acres of qualified forestland in Oregon, may submit an STF Option application to have their forestland special assessment reduced from the statutory 100% to the STF Option of 20% of the statutory specially assessed value. The resulting tax savings will subject the qualifying property to a severance tax at the

time of harvest of any marketable timber. Any land under this special assessment that is not assessed as highest and best use forestland must also have a second qualifying application for designated forestland.

Wildlife Habitat Conservation and Management ORS 308A.424 or 215.236(6): The land must be located in an approved zone or area as specified under ORS 308A.415(1). A land owner must first initiate this special assessment program through the Oregon Department of Fish and Wildlife. When a wildlife habitat conservation and management plan is approved by the State Department of Fish and Wildlife and is being implemented, the owner of the land subject to the plan may apply to the county assessor to receive wildlife habitat special assessment. Applications are available from, and are to be submitted to the Assessor, along with a copy of the approved wildlife habitat conservation and management plan and a certified copy of the declaration stating the plan is being implemented as described in ORS 308A.412(3). A potential additional tax for this program is a maximum of 10 years if the land is outside of an Urban Growth Boundary and is in an Exclusive Farm Use zone. Otherwise, the maximum is 5 years.

Note: As specified in ORS 215.236(6) land disqualified from Wildlife Habitat special assessment that is subject to a non-farm dwelling under ORS 215.236 may only re-qualify for Conservation Easement special assessment. Otherwise, the land may not change to another special assessment without first satisfying the requirements of ORS 215.236(5).

Conservation Easement ORS 308A.453: Land subject to a conservation easement that is held by one or more holders and that is managed in compliance with the terms of the easement, shall receive conservation easement special assessment for ad valorem property tax purposes. In order for land to be subject to assessment under ORS 308A.450 to 308A.465 the terms of the conservation easement must be capable of meeting the requirements for being considered exclusively for conservation purposes under section 170(h) of the Internal Revenue Code if the land or easement were ever to be the subject of a contribution; the conservation easement must be recorded in the records of the clerk of the county in which the land is located; and a written certification from the easement holder must be filed with the county assessor stating that the conservation easement satisfies the requirements for conservation easement special assessment. In the first year of application the owner of the land may file their own certification if a deduction has been claimed for federal income tax purposes under section 170(h) of the internal Revenue Code for a qualified conservation contribution with respect to the conservation easement, otherwise the holder must file the written certification to the county assessor.

Note: As specified in ORS 215.236(6) land disqualified from Conservation Easement special assessment that is subject to a non-farm dwelling under ORS 215.236 may re-qualify only for Wildlife Habitat special assessment provided the county offers wildlife habitat special assessment. Otherwise, the land may not change to another special assessment without first satisfying the requirements of ORS 215.236(5).

Open Space Lands ORS 308A.727: Submit an application to the Assessor. Within 10 days of the application the Assessor will refer the application to the appropriate Planning Commission for approval under ORS 308A.309 and ORS 308A.312. The application shall be acted upon in the same manner as an amendment to the Comprehensive Plan. As specified under ORS 308A.718, this change to open space special assessment is restricted to certain golf courses under ORS 308A.727. ORS 308A.727(2) specifies this change will defer potential additional taxes under ORS 308A.706(1)(d), and if the land is later withdrawn or otherwise removed from open space special assessment, the additional taxes may be calculated and collected as specified under ORS 308A.727(3) and (4). When the land is withdrawn or otherwise removed from open space special assessment, the potential additional taxes are collectable for each year the land is in open space (no maximum limitation). Open space potential additional taxes are also subject to interest and penalties as specified under ORS 308A.318 and 308A.321.

In accordance with ORS 308A.733 you have 30 days from the date you submit an application or

request to change special assessment to withdraw. Your request to withdraw the change in special assessment must be made in writing to the assessor.

Appeal rights

This disqualification may be appealed to the Oregon Tax Court, Magistrate Division, within 90 days of receipt of this notice in accordance with ORS 305.275 and ORS 305.280 in the manner provided in ORS 305.404 to ORS 305.560. There is a fee payable to the Magistrate. Appeal forms are available in the Assessor's Office or from the Magistrate Division.

Name: _____

Title: _____

By: File #: Certified # Assessment year 20XX-XX

Sample letter—Group B-CE

Note: This group of disqualifications is for a reason that requires notification under ORS 308A.718 and additional taxes are collectable if the land does not change to a different special assessment.

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| Account number(s) | Code(s) | Zone | Disqualified acreage |
|-------------------|---------|------|----------------------|
|-------------------|---------|------|----------------------|

In compliance with ORS 308A.718 and 308A.724, this is official notification that the special assessment of _____ acres of _____ land on the above real property account(s) has been disqualified by the Assessor for the following reason.

(Choose the correct reason for disqualification and eliminate the others.)

___ Failure of the Holder to provide written certification to the county assessor that the land is being managed in accordance with the terms of the conservation easement to which the land is subject and that the conservation easement continues to meet the requirements for being considered exclusively for conservation purposes under section 170(h) of the Internal Revenue Code. ORS 308A.465(4)(a)

Within 90 days following the close of the three-year certification period or the date of the written request by the assessor, whichever is earlier.

___ Notice from the holder the land is not being managed in accordance with the terms of the conservation easement to which the land is subject. ORS 308A.465(4)(b).

___ Notice from the holder the conservation easement no longer meets the requirements for being considered exclusively for conservation purposes under section 170(h) of the Internal Revenue Code. ORS 308A.465(4)(b).

___ Notice from the _____ (Landowner or Holder) the contribution on which the conservation easement claim is based on has been disallowed because claim is no longer a qualified conservation contribution under section 170(h) of the Internal Revenue Code. ORS 308A.465(4)(c).

___ Other: _____

Owner request disqualification:

Notice of request by the landowner for withdrawal of the land from Conservation Easement special assessment under ORS 308A.465(4)(d) does not require a letter under ORS 308A.718. (See Group F)

However, if the owner requests to withdraw from CE and wants to change to another special assessment use Group—C to process the change in special assessment and defer additional taxes under ORS 308A.706(1)(d).

Non-Farm dwelling in an EFU zone:

Land that is in Conservation Easement special assessment at the time an approval for a non-farm dwelling is granted under ORS 215.236 is not required to be disqualified [ORS 215.236(6)].

Additional tax information

All acres (or any portion) may possibly qualify for a change to another special assessment. Changing to a different special assessment will require any potential additional taxes to be deferred as specified under ORS 308A.706(1)(d).

(See "Change in special assessment" section of this notification letter.)

Potential additional taxes that have been deferred under ORS 308A.706 may be collectable at a future date if the use of the land changes; such as using the land for residential, commercial or industrial purposes.

As specified in ORS 308A.700 to 733 for **each year**, beginning with the last year the land was under special assessment, the additional tax is calculated as the difference between the taxes assessed against the land in each year and the taxes that would otherwise have been assessed against the land had the land not been in special assessment.

Additional taxes are calculated for the number of years the property has been in special assessment, **not to exceed** _____ (Choose the appropriate years of calculation.)

- 10 years, in the case of Conservation Easement special assessment land located within an Exclusive Farm Use zone. **But only if the land, immediately following disqualification, remains outside of an Urban Growth Boundary.**
- Five years. **Applies to all other CE special assessment disqualifications.**

Additional tax to be extended to the 20XX-XX tax rolls for collection: \$ _____

(These additional taxes will be deferred under ORS 308A.706(1)(d) with a timely change in special assessment.)

Any additional taxes that have been deferred are not collectable by the Assessor at this time. However, ORS 308A.715 allows the landowner to make a written request to pay the additional taxes at any time following a disqualification.

Following this disqualification any land that is no longer in a special assessment program will be based on market value as calculated under ORS 308.156.

Change in special assessment

(Choose the appropriate time period that applies to this disqualification.)

(Time period for timely disqualification effective for current July 1 tax year.)

When land is disqualified or declassified effective for the current July 1 tax year under ORS 308A.706(1)(d), an application may be submitted for another special assessment program under ORS 308A.724(1)(b), **within 30 days after the date on the notice of disqualification or by August 1** of the year in which the notice is mailed whichever date is later.

(Time period for disqualifications that occur on or after the July 1 tax year.)

As specified in ORS 308A.724(1)(c), when land is disqualified effective on or after July 1 of the assessment year the land will remain in special assessment for the current assessment and tax year. An application or required claim must be submitted by **no later than April 1** for special assessment in the next calendar year in accordance with the laws governing the particular special assessment program.

Special assessment qualification

Provided that all acres (or any portion) can meet program qualification requirements, the special assessment programs you **may possibly** qualify for are:

Exclusive Farm Use ORS 308A.062: Any land that is within an Exclusive Farm Use zone and that is used exclusively for farm use. "Farm use" means the current employment of land for the primary purpose of obtaining a profit in money. Farm use is defined under ORS 308A.056. A potential additional tax for this program is a maximum of 10 years if the land is located outside of an Urban Growth Boundary. Otherwise, the maximum is 5 years.

Non-exclusive Farm Use ORS 308A.068: Any land that is not within an exclusive farm use zone that

is being used for farming and produces a minimum gross income requirement as specified under ORS 308A.071. If additional taxes are deferred under ORS 308A.706(1)(d) for a change in special assessment, the owner of a property shall have five years, beginning with the first year application is made, to meet the non-EFU qualification requirements as specified in ORS 308A.724(2). A potential additional tax is a maximum of 5 years.

Designated Forestland ORS 321.358: You must have at least two contiguous acres in one ownership and meet minimum stocking and merchantable species requirements, or have an acceptable plan for establishment of the minimum stocking and species requirements. If your land currently does not meet minimum stocking or species requirements, you may submit an acceptable stocking plan along with a completed application to the Assessor's Office. A potential additional tax is a maximum of 5 years.

Small Tract Forestland ORS 321.706: Eligible owners, having at least 10 acres but less than 5,000 acres of qualified forestland in Oregon, may submit an STF Option application to have their forestland special assessment reduced from the statutory 100% to the STF Option of 20% of the statutory specially assessed value. The resulting tax savings will subject the qualifying property to a severance tax at the time of harvest of any marketable timber. Any land under this special assessment that is not assessed as highest and best use forestland must also have a second qualifying application for designated forestland.

Wildlife Habitat Conservation and Management ORS 308A.424 or 215.236(6): The land must be located in an approved zone or area as specified under ORS 308A.415(1). A land owner must first initiate this special assessment program through the Oregon Department of Fish and Wildlife. When a wildlife habitat conservation and management plan is approved by the State Department of Fish and Wildlife and is being implemented, the owner of the land subject to the plan may apply to the county assessor to receive wildlife habitat special assessment. Applications are available from, and are to be submitted to the Assessor, along with a copy of the approved wildlife habitat conservation and management plan and a certified copy of the declaration stating the plan is being implemented as described in ORS 308A.412(3). A potential additional tax for this program is a maximum of 10 years if the land is outside of an Urban Growth Boundary and is in an Exclusive Farm Use zone. Otherwise, the maximum is 5 years.

Note: As specified in ORS 215.236(6) land disqualified from Wildlife Habitat special assessment that is subject to a non-farm dwelling under ORS 215.236 may only re-qualify for Conservation Easement special assessment. Otherwise, the land may not change to another special assessment without first satisfying the requirements of ORS 215.236(5).

Conservation Easement ORS 308A.453: Land subject to a conservation easement that is held by one or more holders and that is managed in compliance with the terms of the easement, shall receive conservation easement special assessment for ad valorem property tax purposes. In order for land to be subject to assessment under ORS 308A.450 to 308A.465 the terms of the conservation easement must be capable of meeting the requirements for being considered exclusively for conservation purposes under section 170(h) of the Internal Revenue Code if the land or easement were ever to be the subject of a contribution; the conservation easement must be recorded in the records of the clerk of the county in which the land is located; and a written certification from the easement holder must be filed with the county assessor stating that the conservation easement satisfies the requirements for conservation easement special assessment. In the first year of application the owner of the land may file their own certification if a deduction has been claimed for federal income tax purposes under section 170(h) of the internal Revenue Code for a qualified conservation contribution with respect to the conservation easement, otherwise the holder must file the written certification to the county assessor.

Note: As specified in ORS 215.236(6) land disqualified from Conservation Easement special assessment that is subject to a non-farm dwelling under ORS 215.236 may re-qualify only for Wildlife Habitat special assessment provided the county offers wildlife habitat special assessment. Otherwise, the land may not change to another special assessment without first satisfying the requirements of ORS 215.236(5).

Open Space Lands ORS 308A.727: Submit an application to the Assessor. Within 10 days of the application the Assessor will refer the application to the appropriate Planning Commission for approval under ORS 308A.309 and ORS 308A.312. The application shall be acted upon in the same manner as an amendment to the Comprehensive Plan. As specified under ORS 308A.718, this change to open space special assessment is restricted to certain golf courses under ORS 308A.727. ORS 308A.727(2) specifies this change will defer potential additional taxes under ORS 308A.706(1)(d), and if the land is later withdrawn or otherwise removed from open space special assessment, the additional taxes may be calculated and collected as specified under ORS 308A.727(3) and (4). When the land is withdrawn or otherwise removed from open space special assessment, the potential additional taxes are collectable for each year the land is in open space (no maximum limitation). Open space potential additional taxes are also subject to interest and penalties as specified under ORS 308A.318 and 308A.321.

In accordance with ORS 308A.733 you have 30 days from the date you submit an application or request to change special assessment to withdraw. Your request to withdraw the change in special assessment must be made in writing to the assessor.

Appeal rights

This disqualification may be appealed to the Oregon Tax Court, Magistrate Division, within 90 days of receipt of this notice in accordance with ORS 305.275 and ORS 305.280 in the manner provided in ORS 305.404 to ORS 305.560. There is a fee payable to the Magistrate. Appeal forms are available in the Assessor’s Office or from the Magistrate Division.

Name: _____

Title: _____

By: File #: Certified # Assessment year 20XX–XX

Sample letter—Group C

Note: This group of disqualifications is for a reason that requires notification under ORS 308A.718 or 308A.418(4) (Open Space) and additional taxes are required to be deferred.

*
*
*

| Account number(s) | Code(s) | Zone | Disqualified acreage |
|-------------------|---------|------|----------------------|
|-------------------|---------|------|----------------------|

In compliance with ORS 308A.718 and 308A.724, this is official notification that the special assessment of _____ acres of _____ land on the above real property account(s) has been disqualified by the Assessor for the following reason.

(Choose the correct reason for disqualification and eliminate the others.)

___ Farmland is no longer in a qualifying use and has been disqualified from the following program:

- Exclusive Farm Use, ORS 308A.113(1)(a); (Underutilized or idle land.)
- Non-Exclusive Farm Use, ORS 308A.116(1)(c); (Underutilized, or idle land.)

The potential additional taxes for farm use disqualifications will be deferred under ORS 308A.706(1)(a) when farmland becomes idle and does not change to a different special assessment.

(Use the following paragraph for “no longer in use” EFU disqualifications.)

EFU land disqualified for “no longer in use” cannot be used for farm use when the land has been removed from farm use special assessment. At any time in the future EFU land is used for farm use the land is required to be specially assessed as specified in ORS 308A.062.

Recommend to monitor EFU land for future farm use.

In the future, if this land changes to an incompatible use the deferred additional taxes may become collectable. Uses that are incompatible with returning the land to farm use are; such as using the land for residential, commercial, industrial purposes, or any other use that is incompatible with farm use. Any acres deferred under ORS 308A.706(1)(a) will no longer be specially assessed and will be assessed based on market value as calculated under ORS 308.156.

You may also change to a different special assessment and the potential additional taxes will be deferred under ORS 308A.706(1)(d). Land will receive special assessment for any acres (or portion) that can meet the program qualification requirements of a different special assessment. (See “Change of special assessment” section of this disqualification notice.)

Any acres that remain no longer specially assessed will be assessed based on market value as calculated under ORS 308.156 and additional taxes will be deferred under ORS 308A.706(1)(a) until there is a change of use incompatible with returning the land to farm use. Any acres used incompatible with farm use at this time or in the future may require collection of deferred additional taxes.

___ Farmland has been removed from an Exclusive Farm Use Zone at the request of the owner and has been disqualified from the following program:

- Exclusive Farm Use, ORS 308A.113(1)(b); (Zone change.)

The potential additional taxes for farm use disqualifications will be deferred under ORS 308A.706(1)(a) when exclusive farm use (EFU) farmland is no longer in an EFU zone and the land no longer qualifies for farm use special assessment or a different special assessment.

Since the land is no longer in an EFU zone, to continue farm use special assessment will require an

application for Non-Exclusive farm use special assessment. (See “Change of special assessment” section of this disqualification notice)

You may also change to a different special assessment and the potential additional taxes will be deferred under ORS 308A.706(1)(d). Land will receive special assessment for any acres (or portion) that can meet the program qualification requirements of a different special assessment. (See “Change of special assessment” section of this disqualification notice.)

Any acres that remain no longer specially assessed will be assessed based on market value as calculated under ORS 308.156 and additional taxes will be deferred under ORS308A.706(1)(a) until the land changes to an incompatible use. Upon an incompatible use change the deferred additional taxes may become collectable. Uses that are incompatible with returning the land to farm use are; such as using the land for residential, commercial, industrial purposes, or any other use that is incompatible with farm use.

___ The land is involved in a government exchange of land. ORS 308A.730.

The potential additional tax will be deferred under ORS 308A.706(1)(b) for this exchange and the potential additional tax liability on your old property will be transferred to the new land you are acquiring from the government entity. Upon submitting an application your new land will receive special assessment for any acres that can meet the program qualification requirements. Any acres on the new land that cannot meet special assessment qualification requirements will be assessed based on market value as calculated under ORS 308.156. See “Change of special assessment” section of this disqualification notice for programs that you may possibly qualify for.

___ The land has been acquired and is being used for Natural Heritage purposes as specified under ORS 308A.706(1)(c).

The potential additional tax will be deferred under ORS 308A.706(1)(c) and may be collectable in the event the land is no longer used for Natural Heritage purposes. Any acres that do not qualify for exemption will be assessed based on market value as calculated under ORS 308.156.

___ Non-Exclusive farm use land is no longer in a qualifying use and has been disqualified for failure to meet the income requirements under ORS 308A.071, as specified in ORS 308A.116(1)(c).

To date you have not provided sufficient information to the Assessor’s office to meet the income requirements of ORS 308A.071 and your land has been disqualified. If you believe your land did meet the requirements to receive farm use special assessment, ORS 308A.089 allows you to submit an application for requalification on or before December 15 of the tax year for which the disqualification is first in effect. The new application must meet all use and income requirements of an application the same as anyone applying for farm use special assessment for the first time. Additionally, ORS 308A.089 requires a graduated late fee to a maximum of \$250.

If you do not submit a qualifying application under ORS 308A.089, the potential additional taxes will be deferred under ORS 308A.706(1)(e) **provided the land continues to in limited farm use**. For each year limited farm use continues the oldest deferred year will be abated (eliminated) until no potential additional tax years remain as specified under ORS 308A.119. If you discontinue limited farm use at any time the abatement stops and any remaining deferred years of potential additional taxes will remain on the rolls as a notation. Any unabated years of potential additional taxes will be collectable in the event of a change of use such as, residential, commercial, industrial, or any other use that is incompatible with farm use. **Any acres deferred under ORS 308A.706(1)(e) will no longer be specially assessed and will be assessed based on market value as calculated under ORS 308.156 while limited farm use continues.**

If the land meets farm use and income requirements after December 15 of the first tax year for which the disqualification is in effect, you may submit a new application. If the land once again qualifies for Non-EFU farm use, or any other special assessment, the abatement of additional taxes will stop and

any unabated years of additional tax will remain a potential lien the same as any other land under farm use special assessment.

Following this disqualification you may also change any acres to a different special assessment and the potential additional taxes will be deferred under ORS 308A.706(1)(d). Land will receive special assessment for any acres that can meet program qualification requirements. Any acres that are no longer specially assessed will be assessed based on market value as calculated under ORS 308.156.

(See "Change of special assessment" section of this disqualification notice.)

___ Small Tract Forestland qualifying for another special assessment under ORS 308A.706(1)(d)(A), (B), (F), or (G). [ORS 321.716(1)(f)].

The calculation of additional taxes for land that is disqualified from "Small Tract Forestland" special assessment involves two separate additional taxes.

Note: When the land is HBU forestland only the Small Tract Forestland additional taxes (20% to 100%) under ORS 308A.707(3)(a)(A) are collectable.

As specified in ORS 308A.707(3); First, the "Small Tract Forestland additional Taxes" under ORS 308A.707(3)(a)(A) are calculated. Second, the "Forestland Additional Taxes" under ORS 308A.707(3)(a)(B) are calculated.

The following information provides the calculation process for each of these additional taxes:

Special Assessment Forestland Additional Taxes under ORS 308A.707(3)(a)(A):

As specified in ORS 308A.707(3)(a)(A) the additional tax is calculated under ORS 308A.707(2) for each year, beginning with the last year the land was under Small Tract Forestland special assessment, up to a maximum of 10 years. This calculation is the difference between the taxes assessed against the land as Small Tract Forestland and the taxes that would have been assessed at 100% of Forestland values. (Insert here, under ORS 321.257 to 321.390, if the land is located in western Oregon or under ORS 321.805 to 855, if the land is located in eastern Oregon.)

Small Tract Forestland Additional Taxes under ORS 308A.707(3)(a)(B):

As specified in ORS 308A.707(3)(a)(B) the additional tax for each year, beginning with the last year the land was under Small Tract Forestland special assessment, up to a maximum of 5 years, is calculated as the difference between the taxes that would have been assessed against the land at 100% of Forestland values (Insert here, under ORS 321.257 to 321.390, if the land is located in western Oregon or under ORS 321.805 to 855, if the land is located in eastern Oregon.) and the taxes that would have otherwise been assessed against the land had the land not received special assessment.

"Small Tract Forestland Additional Tax" imposed under ORS 308A.707(3)(a)(A) to be extended to the 20XX-XX tax rolls for collection. \$ _____

(These additional taxes will be collected for this change in special assessment and cannot be deferred.)

"Forestland Potential Additional Tax" calculated under ORS 308A.707(3)(a)(B) for this disqualification are \$ _____.

(These potential additional taxes have been deferred under ORS 308A.706(1)(d) and are not collectable at this time because the land has changed to a different special assessment.)

Potential additional taxes that have been deferred under ORS 308A.706 may be collectable at a future date if the use of the land changes; such as, using the land for residential, commercial or industrial purposes.

Any additional taxes that have been deferred are not collectable by the Assessor at this time. However, ORS 308A.715 allows the landowner to make a written request to pay the additional taxes at any time following a disqualification.

Since the land has been disqualified from Small Tract Forestland it will not be eligible for Small Tract Forestland special assessment for a period of five years as required by ORS 321.709(2)(d). After the five-year period has expired a new application may be submitted for Small Tract Forestland.

Following this disqualification any land that is no longer in a special assessment program will be based on market value as calculated under ORS 308.156.

For STF delete from here down to “Change in special assessment”.

- ___ Wildlife Habitat land qualifying for another special assessment listed in ORS 308A.703(1), as specified in ORS 308A.430(2)(d). ORS 308A.706(1)(d) requires the potential tax liability to be deferred when land is disqualified and is subsequently qualified for a different special assessment.
- ___ Conservation Easement land qualifying for another special assessment listed in ORS 308A.706(1)(d), as specified in ORS 308A.465(4)(f). ORS 308A.706(1)(d) requires the potential tax liability to be deferred when land is disqualified and is subsequently qualified for a different special assessment.
- ___ Land in Open Space special assessment qualifying for _____ special assessment under ORS 308.318(4). **Choose the appropriate special assessment.**
 - Wildlife Habitat special assessment ORS 308A.403 to 308A.430.
 - Conservation Easement special assessment ORS 308A.450 to 308A.465.

All acres (or any portion) that qualify for a change to wildlife habitat or conservation easement special assessment under ORS 308A.318(4) will require any open space additional taxes be frozen and remain a potential additional tax while the land is in wildlife habitat or conservation easement special assessment. The open space additional taxes will remain separate from and in addition to wildlife habitat or conservation easement potential additional taxes. If the land ever becomes disqualified from wildlife habitat or conservation easement special assessment and again becomes qualified for open space special assessment, the open space potential additional tax calculation shall resume as of the date of the renewed open space use special assessment qualification.

As specified in ORS 308A.318(4) if the land qualifies for WLH or CE then separate notations must be maintained on the assessment and tax rolls for open space and wildlife habitat or conservation easement potential additional taxes.

Open Space Potential additional taxes for this declassification are: \$_____.

(These additional taxes will be deferred under ORS 308A.318(4) while the land remains in wildlife habitat or conservation easement)

Delete down to “Special assessment qualification”.

___ Land in _____ special assessment qualifying for open space special assessment for certain golf courses described under ORS 308.727.

Continue with “Additional Tax Information”, “Change in special assessment” and “Special assessment qualification” (below) because the land that is being used for a golf course is coming out of a special assessment program listed under ORS 308A.706(1)(d) and will need to be processed the same as any other land subject to ORS 308A.706(1)(d) and ORS 308A.724.

___ Other: _____

Note: Only STF and WLH require a statutory disqualification for land qualifying for another special assessment. When land in special assessment programs other than STF and WLH is going from one special assessment to another special assessment due to a timely application or claim, you may want

to send a “no longer in use” disqualification notice under Group C in order to be consistent. The additional taxes for the change in special assessment are deferred under ORS 308A.706(1)(d).

Additional tax information

The potential additional taxes that have been deferred under ORS 308A.706, will not be collected under this disqualification and will remain a potential additional tax notation on the tax rolls. The deferred additional taxes may be collectable in the future, if the use of the land changes to a use that requires the collection of additional taxes; such as, using the land for residential, commercial, industrial or any other purpose incompatible with returning the land to special assessment.

As specified in ORS 308A.700 to 733 for **each year**, beginning with the last year the land was under special assessment, the additional tax is calculated as the difference between the taxes assessed against the land in each year and the taxes that would otherwise have been assessed against the land had the land not been in special assessment.

Additional taxes are calculated for the number of years the property has been in special assessment, **not to exceed** _____. **(Choose the appropriate years of calculation.)**

- 10 years, in the case of farmland, wildlife habitat land or conservation easement land located within an Exclusive Farm Use zone, but only if the land, immediately following disqualification, remains outside of an Urban Growth Boundary.
- Five years. **Applies to all other special assessment disqualifications.**

Any additional taxes that have been deferred are not collectable by the Assessor at this time. However, ORS 308A.715 allows the landowner to make a written request to pay the additional taxes at anytime following a disqualification.

Potential additional taxes for this disqualification are: \$_____.

(Additional taxes are required to be deferred for this change in special assessment.)

Following this disqualification any land that is no longer in a special assessment program will be based on market value as calculated under ORS 308.156.

Change in special assessment

Even though it is obvious that in some of the disqualifications in Group C (above) the owner will not change to a different special assessment, the courts have indicated they still want to have the change in special assessment option made available to the taxpayer. Also in the event that some acres may not be changing to a different special assessment or deferred use under ORS 308A.706, those acres should have a change in special assessment option made available to the taxpayer before assessing any disqualified land based on market value.

When land is disqualified under ORS 308A.706(1)(d), an application may be submitted for another special assessment program under ORS 308A.724(1)(b), **within 30 days after the date on the notice of disqualification or by August 1** of the year in which the notice is mailed whichever date is later.

(Choose the appropriate time period that applies to this disqualification.)

When land is disqualified or declassified under ORS 308A.724(1)(c), effective on or after July 1 of the assessment year the land will remain in special assessment for the current assessment and tax year. An application or required claim must be submitted **no later than April 1** for special assessment in the next calendar year in accordance with the laws governing the particular special assessment program.

(Choose the appropriate time period that applies to this disqualification.)

Special assessment qualification

Provided that all acres (or any portion) can meet program qualification requirements, the special assessment programs you **may possibly** qualify for are:

[For owner initiated EFU zone change delete EFU option.](#)

[For WLH qualifying for another special assessment listed under ORS 308A.703\(1\) "delete" STF option.](#)

[For Open Space declassifications eliminate all other options other than Open Space, Wildlife Habitat or Conservation Easement special assessments.](#)

[Note: If an Open Space owner desires Open Space under 308A.727 for certain golf courses that would be a change from one Open Space use to another Open Space use and a declassification letter is not needed. Process the change by application under ORS 308A.318\(1\).](#)

[For specially assessed land listed in ORS 308A.706\(1\)\(d\) changing to a golf course described under ORS 308A.727 delete all other special assessment options except "Open Space Lands ORS 308A.727".](#)

Exclusive Farm Use ORS 308A.062: Any land that is within an Exclusive Farm Use zone and that is used exclusively for farm use. "Farm use" means the current employment of land for the primary purpose of obtaining a profit in money. Farm use is defined under ORS 308A.056. A potential additional tax for this program is a maximum of 10 years if the land is located outside of an Urban Growth Boundary. Otherwise, the maximum is 5 years.

Non-exclusive Farm Use ORS 308A.068: Any land that is not within an exclusive farm use zone that is being used for farming and produces a minimum gross income requirement as specified under ORS 308A.071. If additional taxes are deferred under ORS 308A.706(1)(d) for a change in special assessment the owner of a property shall have five years, beginning with the first year application is made, to meet the non-EFU qualification requirements as specified in ORS 308A.724(2). A potential additional tax is a maximum of 5 years.

Designated Forestland ORS 321.358: You must have at least two contiguous acres in one ownership and meet minimum stocking and merchantable species requirements, or have an acceptable plan for establishment of the minimum stocking and species requirements. If your land currently does not meet minimum stocking or species, requirements you may submit an acceptable stocking plan along with a completed application to the Assessor's Office. A potential additional tax is a maximum of 5 years.

Small Tract Forestland ORS 321.706: Eligible owners, having at least 10 acres but less than 5,000 acres of qualified forestland in Oregon, may submit an STF Option application to have their forestland special assessment reduced from the statutory 100% to the STF Option of 20% of the statutory specially assessed value. The resulting tax savings will subject the qualifying property to a severance tax at the time of harvest of any marketable timber. Any land under this special assessment that is not assessed as highest and best use forestland must also have a second qualifying application for designated forestland.

Wildlife Habitat Conservation and Management ORS 308A.424 or 215.236(6): **The land must be located in an approved zone or area as specified under ORS 308A.415(1).** A land owner must first initiate this special assessment program through the Oregon Department of Fish and Wildlife. When a wildlife habitat conservation and management plan is approved by the State Department of Fish and Wildlife and is being implemented, the owner of the land subject to the plan may apply to the county assessor to receive wildlife habitat special assessment. Applications are available from, and are to be submitted to the Assessor, along with a copy of the approved wildlife habitat conservation and management plan and a certified copy of the declaration stating the plan is being implemented as described in ORS 308A.412(3). A potential additional tax for this program is a maximum of 10 years if the land is outside of an Urban Growth Boundary and is in an Exclusive Farm Use zone. Otherwise, the maximum is 5 years.

Note: As specified in ORS 215.236(6) land disqualified from Wildlife Habitat special assessment that is subject to a non-farm dwelling under ORS 215.236 may only re-qualify for Conservation

Easement special assessment. Otherwise, the land may not change to another special assessment without first satisfying the requirements of ORS 215.236(5).

Conservation Easement ORS 308A.453: Land subject to a conservation easement that is held by one or more holders and that is managed in compliance with the terms of the easement, shall receive conservation easement special assessment for ad valorem property tax purposes. In order for land to be subject to assessment under ORS 308A.450 to 308A.465 the terms of the conservation easement must be capable of meeting the requirements for being considered exclusively for conservation purposes under section 170(h) of the Internal Revenue Code if the land or easement were ever to be the subject of a contribution; the conservation easement must be recorded in the records of the clerk of the county in which the land is located; and a written certification from the easement holder must be filed with the county assessor stating that the conservation easement satisfies the requirements for conservation easement special assessment. In the first year of application the owner of the land may file their own certification if a deduction has been claimed for federal income tax purposes under section 170(h) of the internal Revenue Code for a qualified conservation contribution with respect to the conservation easement, otherwise the holder must file the written certification to the county assessor.

Note: As specified in ORS 215.236(6) land disqualified from Conservation Easement special assessment that is subject to a non-farm dwelling under ORS 215.236 may re-qualify only for Wildlife Habitat special assessment provided the county offers wildlife habitat special assessment. Otherwise, the land may not change to another special assessment without first satisfying the requirements of ORS 215.236(5).

Open Space Lands ORS 308A.727: Submit an application to the Assessor. Within 10 days of the application the Assessor will refer the application to the appropriate Planning Commission for approval under ORS 308A.309 and ORS 308A.312. The application shall be acted upon in the same manner as an amendment to the Comprehensive Plan. As specified under ORS 308A.718, this change to open space special assessment is restricted to certain golf courses under ORS 308A.727. ORS 308A.727(2) specifies this change will defer potential additional taxes under ORS 308A.706(1)(d), and if the land is later withdrawn or otherwise removed from open space special assessment, the additional taxes may be calculated and collected as specified under ORS 308A.727(3) and (4). When the land is withdrawn or otherwise removed from open space special assessment, the potential additional taxes are collectable for each year the land is in open space (no maximum limitation). Open space potential additional taxes are also subject to interest and penalties as specified under ORS 308A.318 and 308A.321.

In accordance with ORS 308A.733 you have 30 days from the date you submit an application or request to change special assessment to withdraw. Your request to withdraw the change in special assessment must be made in writing to the assessor.

Appeal rights

This disqualification may be appealed to the Oregon Tax Court, Magistrate Division, within 90 days of receipt of this notice in accordance with ORS 305.275 and ORS 305.280 in the manner provided in ORS 305.404 to ORS 305.560. There is a fee payable to the Magistrate. Appeal forms are available in the Assessor's Office or from the Magistrate Division.

Name: _____

Title: _____

By: File #: Certified # Assessment year 20XX-XX

Sample letter—Group D

Note: This group of disqualifications was previously processed under ORS 308A.718 and potential additional taxes were deferred under ORS 308A.706. The land did not remain under a special assessment program and the collection of deferred potential additional taxes are now required under ORS 308A.712.

*
*
*

| Account number(s) | Code(s) | Zone | Disqualified acreage |
|-------------------|---------|------|----------------------|
|-------------------|---------|------|----------------------|

_____ acres of land on the above real property account(s) were previously disqualified from special assessment. At the time of disqualification you were notified under ORS 308A.718 that the potential additional taxes were required to be deferred under ORS 308A.706. Your land use has changed and now the deferred additional taxes are required to be calculated and collected for the following reason:

(Choose the correct reason for collection and eliminate the others.)

___ The farmland was previously disqualified because the land was no longer used for a qualifying farm use. At the time of disqualification the potential additional taxes were deferred under ORS 308A.706(1)(a) and are now required to be collected because the land use has changed. The additional taxes have been calculated and will be collected as required by ORS 308A.712(2). The farmland was previously disqualified under:

(Choose the appropriate program.)

- Exclusive Farm Use, ORS 308A.113(1)(a);
- Non-Exclusive Farm Use, ORS 308A.116(1)(c);

___ The land was previously disqualified from **(insert type of special assessment here)** special assessment because the land was involved in a government exchange of land and the potential additional taxes were required to be deferred under ORS 308A.706(1)(b). The additional taxes shall be collected as specified in ORS 308A.712(3) when the land acquired as a result of the exchange is disqualified from special assessment.

___ The land was previously disqualified from **(insert type of special assessment here)** special assessment because the land was being used for Natural Heritage purposes and the potential additional taxes were required to be deferred under ORS 308A.706(1)(c). Since the land is no longer being used for Natural Heritage purposes the deferred potential additional taxes are calculated for collection as required by ORS 308A.712(4).

___ The farmland was previously disqualified from Non-Exclusive Farm Use special assessment under ORS 308A.116(1)(c) for failure to meet income requirements under ORS 308A.071. At the time of disqualification the potential additional taxes were required to be deferred under ORS 308A.706(1)(e). Following the disqualification for each year of limited farm use, including the growing of forest products, the oldest deferred year was abated (eliminated), under ORS 308A.119. Unabated years of potential additional taxes are required to be calculated and collected because the land is now being used for a higher and better use than farmland.

The additional tax is calculated as the difference between the taxes assessed against the land in each year and the taxes that would otherwise have been assessed against the land had the land not been in special assessment.

Note: For this additional tax collection under ORS 308A.119 delete from here, down to “Additional tax to be extended”.

___ Other _____

Additional tax information

As specified in ORS 308A.700 to 733 for **each year**, beginning with the last year the land was under special assessment, the additional tax is calculated as the difference between the taxes assessed against the land in each year and the taxes that would otherwise have been assessed against the land had the land not been in special assessment.

Additional taxes are calculated for the number of years the property has been in special assessment, **not to exceed** _____ **(Choose the appropriate years of calculation.)**

- 10 years if the land is outside of an Urban Growth Boundary and is in an Exclusive Farm Use zone. **Applies only to land disqualified from Exclusive Farm Use, Wildlife Habitat or Conservation Easement special assessment.**
- Five years. **Applies to all other special assessment disqualifications.**

Additional tax to be extended to the 20XX–20XX tax rolls for collection: \$ _____

Name: _____

Title: _____

By: File #: Certified# Assessment year 20XX–XX

Sample letter—Group E

Note: This group of disqualifications is for a reason that requires notification under ORS 308A.718 and additional taxes are not required.

*
*
*

| Account number(s) | Code(s) | Zone | Disqualified acreage |
|-------------------|---------|------|----------------------|
|-------------------|---------|------|----------------------|

In compliance with ORS 308A.718 and 308A.724, this is official notification that the special assessment of _____ acres of _____ land on the above real property account(s) has been disqualified or declassified by the Assessor for the following reason.

(Choose the correct reason for disqualification and eliminate the others.)

___ Highest and Best Use of this land has been declassified from forestland to _____. [ORS 308A.718(2)]

Insert correct statute here: Under ORS 321.358 western Oregon **or** 321.839 eastern Oregon an owner of land may apply to the county assessor by December 15 to have the land designated as forestland for the assessment year if for the prior assessment year the land had been highest and best use forestland and for the current assessment year the land is being assessed at a value reflecting a use other than highest and best use forestland.

After completing a satisfactory application for designated forestland **insert correct statute here:** under ORS 321.358 western Oregon **or** 321.839 eastern Oregon, an owner may elect to submit an additional application to the county assessor by December 15 for the small track forestland option as specified under ORS 321.706 and 321.709.

Following this declassification any land that is no longer in a special assessment program will be based on market value as provided under ORS 308.146.

Note: Delete from here down to “Appeal rights” for highest and best use declassification.

___ The homesite is no longer used in conjunction with special assessment, ORS 308A.259. The reason for this disqualification is _____.

___ The **Insert correct homesite here:** Forestland **or** Small Tract Forestland Home site no longer meets zoning requirements of ORS 308A.250

___ The land has been removed from an EFU zone by a local governing body under ORS 308A.709(6), ORS 308A.113(1)(b).

___ Other: _____

Following this disqualification any land that is no longer in a special assessment program will be based on market value as calculated under ORS 308.156.

Note: Delete from here down to “Appeal Rights” for a homesite disqualification.

Any acres (or portion) that can qualify for a change to another special assessment will not be assessed based on market value.

Change in special assessment

When land is disqualified under ORS 308A.706(1)(d), an application may be submitted for another special assessment program under ORS 308A.724, **within 30 days after the date on the notice of**

disqualification or by **August 1** of the year in which the notice is mailed whichever date is later.

[\(Choose the appropriate time period that applies to this disqualification.\)](#)

When land is disqualified or declassified under ORS 308A.724, effective on or after July 1 of the assessment year the land will remain in special assessment for the current assessment and tax year. An application or required claim must be submitted **no later than April 1** for special assessment in the next calendar year in accordance with the laws governing the particular special assessment program.

[\(Choose the appropriate time period that applies to this disqualification.\)](#)

Special assessment qualification

Provided that all acres (or any portion) can meet program qualification requirements, the special assessment programs you **may possibly** qualify for are:

Exclusive Farm Use ORS 308A.062: Any land that is within an Exclusive Farm Use zone and that is used exclusively for farm use. "Farm use" means the current employment of land for the primary purpose of obtaining a profit in money. Farm use is defined under ORS 308A.056. A potential additional tax for this program is a maximum of 10 years if the land is located outside of an Urban Growth Boundary. Otherwise, the maximum is 5 years.

Non-exclusive Farm Use ORS 308A.068: Any land that is not within an exclusive farm use zone that is being used for farming and produces a minimum gross income requirement as specified under ORS 308A.071. If additional taxes are deferred under ORS 308A.706(1)(d) for a change in special assessment the owner of a property shall have five years, beginning with the first year application is made, to meet the non-EFU qualification requirements as specified in ORS 308A.724(2). A potential additional tax is a maximum of 5 years.

Designated Forestland ORS 321.358: You must have at least two contiguous acres in one ownership and meet minimum stocking and merchantable species requirements, or have an acceptable plan for establishment of the minimum stocking and species requirements. If your land currently does not meet minimum stocking or species requirements, you may submit an acceptable stocking plan along with a completed application to the Assessor's Office. A potential additional tax is a maximum of 5 years.

Small Tract Forestland ORS 321.706: Eligible owners, having at least 10 acres but less than 5,000 acres of qualified forestland in Oregon, may submit an STF Option application to have their forestland special assessment reduced from the statutory 100% to the STF Option of 20% of the statutory specially assessed value. The resulting tax savings will subject the qualifying property to a severance tax at the time of harvest of any marketable timber. Any land under this special assessment that is not assessed as highest and best use forestland must also have a second qualifying application for designated forestland.

Wildlife Habitat Conservation and Management ORS 308A.424 or 215.236(6): **The land must be located in an approved zone or area as specified under ORS 308A.415(1).** A land owner must first initiate this special assessment program through the Oregon Department of Fish and Wildlife. When a wildlife habitat conservation and management plan is approved by the State Department of Fish and Wildlife and is being implemented, the owner of the land subject to the plan may apply to the county assessor to receive wildlife habitat special assessment. Applications are available from, and are to be submitted to the Assessor, along with a copy of the approved wildlife habitat conservation and management plan and a certified copy of the declaration stating the plan is being implemented as described in ORS 308A.412(3). A potential additional tax for this program is a maximum of 10 years if the land is outside of an Urban Growth Boundary and is in an Exclusive Farm Use zone. Otherwise, the maximum is 5 years.

Note: As specified in ORS 215.236(6) land disqualified from Wildlife Habitat special assessment that is subject to a non-farm dwelling under ORS 215.236 may only re-qualify for Conservation

Easement special assessment. Otherwise, the land may not change to another special assessment without first satisfying the requirements of ORS 215.236(5).

Conservation Easement ORS 308A.453: Land subject to a conservation easement that is held by one or more holders and that is managed in compliance with the terms of the easement, shall receive conservation easement special assessment for ad valorem property tax purposes. In order for land to be subject to assessment under ORS 308A.450 to 308A.465 the terms of the conservation easement must be capable of meeting the requirements for being considered exclusively for conservation purposes under section 170(h) of the Internal Revenue Code if the land or easement were ever to be the subject of a contribution; the conservation easement must be recorded in the records of the clerk of the county in which the land is located; and a written certification from the easement holder must be filed with the county assessor stating that the conservation easement satisfies the requirements for conservation easement special assessment. In the first year of application the owner of the land may file their own certification if a deduction has been claimed for federal income tax purposes under section 170(h) of the internal Revenue Code for a qualified conservation contribution with respect to the conservation easement, otherwise the holder must file the written certification to the county assessor.

Note: As specified in ORS 215.236(6) land disqualified from Conservation Easement special assessment that is subject to a non-farm dwelling under ORS 215.236 may re-qualify only for Wildlife Habitat special assessment provided the county offers wildlife habitat special assessment. Otherwise, the land may not change to another special assessment without first satisfying the requirements of ORS 215.236(5).

Open Space Lands ORS 308A.727: Submit an application to the Assessor. Within 10 days of the application the Assessor will refer the application to the appropriate Planning Commission for approval under ORS 308A.309 and ORS 308A.312. The application shall be acted upon in the same manner as an amendment to the Comprehensive Plan. As specified under ORS 308A.718, this change to open space special assessment is restricted to certain golf courses under ORS 308A.727. ORS 308A.727(2) specifies this change will defer potential additional taxes under ORS 308A.706(1)(d), and if the land is later withdrawn or otherwise removed from open space special assessment, the additional taxes may be calculated and collected as specified under ORS 308A.727(3) and (4). When the land is withdrawn or otherwise removed from open space special assessment, the potential additional taxes are collectable for each year the land is in open space (no maximum limitation). Open space potential additional taxes are also subject to interest and penalties as specified under ORS 308A.318 and 308A.321.

In accordance with ORS 308A.733 you have 30 days from the date you submit an application or request to change special assessment to withdraw. Your request to withdraw the change in special assessment must be made in writing to the assessor.

Appeal rights

This disqualification or declassification may be appealed to the Oregon Tax Court, Magistrate Division, within 90 days of receipt of this notice in accordance with ORS 305.275 and ORS 305.280 in the manner provided in ORS 305.404 to ORS 305.560. There is a fee payable to the Magistrate. Appeal forms are available in the Assessor's Office or from the Magistrate Division.

Name: _____

Title: _____

By: File #: Certified # Assessment year 20XX-XX

Group F (No letter required under ORS 308A.718)

Note: This group of disqualifications are for a reason that do not require notification under ORS 308A.718.

- **The result of a request for disqualification by the property owner. [ORS 308A.718(6)(a)]**

The land owner may come into the Assessor's office at any time and request to have any portion or all of their land disqualified from the following special assessment programs:

- Non-Exclusive Farm Use, ORS 308A.116(1)(a);
- Designated Forestland western Oregon, ORS 321.359(1)(b)(A);
- Designated Forestland eastern Oregon, ORS 321.842(1)(b)(A);
- Wildlife Habitat, ORS 308A.430(2)(b)
- Conservation Easement, ORS 308A.465(4)(d).

This disqualification is an owner request and as specified in ORS 308A.718(6) it does not require notification under ORS 308A.718. It is required that the owner submit the disqualification request in writing.

An owner request disqualification is not allowed for Small Tract Forestland (STF) special assessment, except, for when requesting non-farm dwellings approval under ORS 215.236 (See Group A-STF and Group B-STF).

EFU land does not have a provision to disqualify by owner request. If the owner informs the assessor they do not plan to farm it is recommended the owner submit a written statement they will "no longer use" the land for farm use and will inform the county assessor at any time in the future if they intend to again use the land for farm use. Process this disqualification under Group C.

Additional taxes following an owner request to disqualify.

Non-EFU Farmland:

If the owner requests the disqualification under ORS 308A.116(1)(a), the additional taxes must be deferred under ORS 308A.706(1)(a) if the owner does not elect to pay the additional taxes as specified in ORS 308A.715.

If the Non-EFU additional taxes are not paid and the land is no longer in a special assessment program, this disqualification **will require tracking** and the potential additional tax must remain on the assessment and tax rolls. In the event the land is used for a residential, commercial, industrial, or other use incompatible with a return to farm use the additional taxes will no longer be deferred under ORS 308A.706(1)(a). The assessor will then need to use a Group D letter for collection of the additional taxes as required by ORS 308A.712(2).

Inform the owner (preferably in writing) if they plan to change the use incompatible with farm use that the additional taxes deferred under ORS 308A.706(1)(a) may become collectable as specified in ORS 308A.712(2) at the time they change use.

Designated Forestland (western or eastern Oregon), Wildlife Habitat and Conservation easement:

If the owner requests the disqualification and does not want to change to another special assessment under ORS 308A.706(1)(d), the additional taxes are required to be collected under ORS 308A.703 unless otherwise specified by law.

Satisfaction of planning requirements is not necessarily an owner request disqualification.

When an owner comes in and requests a disqualification for a subdivision plat under chapter 92 or a non-farm dwelling under ORS 215.236, this is not an owner request. An owner may not always state

they are in the process of obtaining a subdivision plat or a non-farm dwelling so it is recommended to always inquire why they are requesting the removal of the special assessment.

- Acquisition by an ownership making the land exempt (ORS 308A.718(6)(b)).

Land acquired by an owner making land exempt does not require a notification under ORS 308A.718 for the following special assessment programs:

- Non-Exclusive Farm Use, ORS 308A.116(1)(b);
- Designated Forestland western Oregon, ORS 321.359(1)(b)(B);
- Designated Forestland eastern Oregon, ORS 321.842(1)(b)(B);
- Small Tract Forestland, ORS 321.716(1)(a)
- Wildlife Habitat, ORS 308A.430(2)(c).
- Conservation Easement, ORS 308A.465(4)(e)

For Non-EFU, Wildlife Habitat and Conservation Easement special assessment disqualified for the sale or transfer of the land to an ownership making the land exempt from ad valorem property taxation, the additional taxes will become a tax lien and shall attach as of the day preceding the sale or transfer. ORS 308A.703.

Forestland disqualified for a sale or transfer of the land to an ownership making the land exempt **does not allow attaching a lien the day preceding the sale or transfer** under ORS 308A.703(6) due to ORS 308A.709(7), which cancels the Potential Additional Tax.

EFU land does not have disqualification for sale or transfer to an exempt owner so ORS 308.703(6) does not apply. Generally exempt owners are exempt from paying additional taxes, however, following a disqualification if they desire to pay the additional taxes to clear their title they may do so under ORS 308A.715. In those cases where the additional tax is not collected it is recommended to leave the potential additional tax notation on the rolls in the event the land is subsequently sold or transferred to a taxable owner.

Open Space does not have declassification for sale or transfer to an exempt owner. In the event any of the property included in the application changes ownership a new application is not required for the new owner after the first year as specified in ORS 308A.306. If the land is applied to a use other than open space the current owner is required under ORS 308A.318 to timely inform the county assessor of any changes so the land can be declassified and additional taxes and accumulated interest can be paid, if any. Failure to timely inform the county assessor may result in additional penalties as specified in ORS 308A.321.

ORS 308.156(4)

MAV “exceptions” following a disqualification

The affected and unaffected portions may be different when processing an account for an exception under ORS 308.156 than the affected and unaffected portions for processing the additional tax under ORS 308A.700 to 733.

“Market MAV” exception v. “specially assessed MSAV” exception

When processing exceptions for the disqualification of specially assessed land or homesites, there are two distinct types of “exception” calculations. One is related to the market side and the other is related to the specially assessed side.

“Market” calculations:

When specially assessed land is disqualified and will be valued at market value for the coming tax year, we rely on ORS 308.156(4)(a) for direction.

ORS 308.156(4)(a) states: “If the property was subject to exemption, partial exemption or special assessment as of the January 1 assessment date of the preceding assessment year and is disqualified from exemption, partial exemption or special assessment as of January 1 of the current assessment year, the property’s maximum assessed value shall be established under this section.”

Note: this section meaning ORS 308.156(5) and (6).

“Specially assessed” calculations:

When specially assessed land is disqualified from one special assessment but then qualifies for another specially assessed program for the coming tax year, we rely on ORS 308.156(4)(b) for direction (see example 1).

ORS 308.156(4)(b) states: “If property described in this subsection is eligible for a different type of exemption, partial exemption or special assessment as of January 1 of the current assessment year, the property’s maximum assessed value shall be established under the provision granting the partial exemption or special assessment.”

Note: “eligible” meaning timely submitting a qualifying application or claim for a different type of exemption, partial exemption, or special assessment. ORS 308A.718 and 308A.724 establishes the statutory criteria for eligibility to change to a different special assessment following a disqualification.

In short, ORS 308.156(4)(b) directs us to follow the provisions of the specially assessed program the land is going into. The MSAV for the new program just replaces the MSAV for the old program.

Important: As specified in ORS 308.156(4)(b), after a disqualification don’t process the “market MAV” for any land that timely changes to a different special assessment, partial exemption or exemption.

Portions: It is possible that some portions of an account are processed under ORS 308.156(a) while other portions of the account are processed under ORS 308.156(4)(b). (See examples.)

Normally any given acre disqualified from special assessment will be calculated under either the “market” or “specially assessed” technique. However, there can be instances where both calculations are made for a single tax year (See example 8.)

ORS 308.156(4)(a) and (b) examples

Example 1: A land owner decides to change their Christmas tree operation from farm use special assessment to designated forestland and submits a qualifying application by April 1 under ORS 321.358(1). Under ORS 308.156(4)(b), don’t process the market MAV. Since the account is eligible for a change to a different special assessment, ORS 308.156(4)(b) requires you to process the MAV exception under the special provisions granting the designated forestland special assessment. In this case, the exception will be to change the MSAV from farm use land class tables to MSAV forestland classification tables established under ORS 321.354 western Oregon; or 321.833 eastern Oregon. If a homesite is involved, there must be more than 10 acres of qualified forestland, process the MSAV homesite as a newly qualified homesite under ORS 308A.256(6).

Example 2: An owner submits a timely application, for exemption or partial exemption, on land that is currently under special assessment. This is the same as the previous example and the account needs to be disqualified from special assessment and don't process the market MAV as specified under ORS 308.156(4)(b). Since the account is eligible for a change to a different type of assessment (exemption in this case) then ORS 308.156(4)(b) requires you to process the MAV exception under the provisions granting the exemption or partial exemption.

Example 3: An owner receives a disqualification for farmland that is taken out of production. Following the disqualification the owner receives a notification letter and under ORS 308A.718 the land owner is "eligible" to change to another special assessment. If the owner submits a timely request or application to change to a different special assessment then ORS 308.156(4)(b) applies and don't process the market MAV. If the owner doesn't or can't submit a timely request or application for a change in special assessment then process the market MAV as an exception under ORS 308.156(4)(a).

Example 4: When specially assessed land changes, to a qualifying homesite special assessment, it is going from one special assessment to another so ORS 308.156(4)(b) applies and don't process the Market MAV as an exception. Process the homesite MSAV as an exception under ORS 308A.256(6) as a newly qualified homesite. (Perron v. Douglas Co. Supreme Court OTC 3167; SC39455 dated 5-27-93)

Example 5: A homesite is granted special assessment on land that is currently assessed based on market value. Process the homesite MSAV as a newly qualified homesite under ORS 308A.256(6). Qualification of a homesite isn't a reason to process an exception on the market MAV. ORS 308.156(4)(a) or (b) doesn't apply because the land being used for the new homesite isn't being disqualified.

Example 6: A disqualification is for insufficient non-EFU income, and later requalifies by December 15th, under ORS 308A.089. The old application is disqualified and the market MAV exception is processed under ORS 308.156(4)(a). Later the land is requalified under a new application in compliance with ORS 308A.089. Process the account for property that newly qualifies for farm use special assessment under ORS 308A.107(6) and 308A.256(6) for a new homesite MSAV (if applicable). This is a requalification, not a change to a different special assessment under ORS 308.156(4)(b).

Example 7: A subdivision plat under ORS chapter 92 is recorded on non-EFU land and is disqualified under ORS 308A.116 and later requalifies with a new application. The old application is disqualified and the market MAV exception for the subdivision land is processed under ORS 308A.156(4)(a). After paying the additional taxes the owner makes a timely application to requalify for non-EFU special assessment. Process the account for any land that newly qualifies for farm use special assessment under ORS 308A.107(6) and 308A.256(6) for a new homesite MSAV (if applicable). This isn't a change to a different special assessment under ORS 308.156(4)(b).

Example 8: A portion of the land being disqualified timely changes to another special assessment under ORS 308A.706(1)(d) and a portion of the land being disqualified doesn't qualify for a change to a different special assessment. Follow ORS 308.156(4)(b) and change the MSAV for the portion changing to a different special assessment. The portion not able to qualify for a change in special assessment will be processed as a market MAV exception under ORS 308.156(4)(a).

Example 9: Land is reclassified under OAR 150-308A.107. This is a special provision that allows the land to be changed to a different MSAV land class. Process the MSAV land class change as an exception under ORS 308.156(4)(b).

Note: This is a change that reflects using the correct valuation table. The change can't be arbitrary and must be supported by a comprehensive study based on pre-existing criteria for the respective land classes in the county, this isn't a disqualification.

Example 10: A partition plat created from a Measure 49 (M37) claim on an EFU parcel has two existing residences on two separate specially assessed homesites. After the partition, each homesite has its own parcel and the third parcel is buildable. A MAV adjustment under ORS 308.156(1) only applies to the "market related MAV" for either a partition or a subdivision. The only time the "specially assessed related MSAV" is changed is when there is a disqualification and then we follow ORS 308.156(4)(a) or (b) depending on the circumstances of the disqualification. Since partitioning or subdividing doesn't require disqualification for EFU land, there is no change in the existing MSAV for the two existing homesites. When the buildable parcel is developed with a residence, the MSAV may be calculated under ORS 308A.256(6) for a newly qualified homesite, if applicable.

There are too many situations and possibilities to list them all. When deciding how to process a disqualified account for an MAV exception carefully interpret each situation to appropriately apply either the market MAV under ORS 308.156(4)(a) or the specially assessed or exemption MAV (MSAV) under ORS 308.156(4)(b).

Changed Property Analysis Codes

Sub-Category: Structures

| Code Number | Description of Change | Changed Property Category | Allows Change of MAV? | Allows Change of RMV? | ORS & OAR Reference |
|-------------|---|---------------------------|-----------------------|-----------------------|---|
| 1. | Any new construction/major addition greater than \$10,000 in 1 year or \$25,000 over 5 years. | Exception | Yes | Yes | 308.153 & 308.149 150-308-0160 |
| 2. | Reconstruction of existing property. | Exception | Yes | Yes | 308.153 & 308.149 150-308-0130 |
| 3. | Modernization of existing property. | Exception | Yes | Yes | 308.153 308.149 |
| 4. | Remodeling of existing property. | Exception | Yes | Yes | 308.153 & 308.149 150-308-0130 |
| 5. | Renovation of existing property. | Exception | Yes | Yes | 308.153 & 308.149 150-308-0130 |
| 6. | Rehabilitation of existing property. | Exception | Yes | Yes | 308.153 & 308.149 150-308-0130 |
| 7. | Restoration of existing property. | Exception | Yes | Yes | 308.153 & 308.149 150-308-0130 |
| 8. | General on-going maintenance and repair of any value. | RMV Change | No | Yes | 308.149(5) 150-308-0150 |
| 9. | Minor construction less than \$10,001 in 1 year, or less than \$25,001 over 5 years. | RMV Change | No | Yes | 308.149(5), & (6) 150-308-0150 150-308-0160 |
| 10. | Improvement physically moved to different location. (Unless subject to ORS 308.162) | Exception | Yes | Yes | 308.149(5) |
| 11. | Value of structures moved from one account to another. Structure not physically moved. | MAV Balance | Balance | Yes | 308.162 |
| 12. | Error in square footage calculation corrected by review or reappraisal. No structural change. | RMV Change | No | Yes | |
| 12 a. | Error in square footage. By taxpayer application. (Allows for reduction only) | Exception | Yes | Yes | 311.234 150-311-0240 |
| 13. | Floor levels reclassified after base year. | RMV Change | No | Yes | |
| 14. | Inventory record corrected on review or reappraisal after base year. (Unless omitted property.) | RMV Change | No | Yes | |
| 15. | Loss in value of property if destroyed or damaged due to fire or act of God. (Allows for reduction only.) | Exception | Yes | Yes | 308.146(5) 150-308-0110 |
| 16. | Building removed/demolished. (Not by fire or act of God.) | RMV Change | No | Yes | |

Sub-Category: Land

| Code Number | Description of Change | Changed Property Category | Allows Change of MAV? | Allows Change of RMV? | ORS & OAR Reference |
|-------------|---|---------------------------|-----------------------|-----------------------|------------------------------------|
| 17. | Improvements to land, either on-site or off-site greater than \$10,000 in 1 year or \$25,000 within 5 years. (As defined in ORS 307.010.) | Exception | Yes | Yes | 308.153 307.010 150-307-0010 |
| 18. | Event on property or on contiguous property triggers change in value attributed to existing physical characteristic of land. | RMV Change | No | Yes | |
| 19. | Combination of two or more accounts. | MAV Balance | Balance | Yes | |

Sub-Category: Land (cont.)

| Code Number | Description of Change | Changed Property Category | Allows Change of MAV? | Allows Change of RMV? | ORS & OAR Reference |
|-------------|---|---------------------------|-----------------------|-----------------------|----------------------------|
| 20. | Previously existing landscaping revalued. | RMV Change MAV Balance | No | Yes | |
| 21. | Property is rezoned and use does not change. | RMV Change | No | Yes | 308.156(2) |
| 22. | Property is rezoned and use is consistent with new zoning. | Exception | Yes | Yes | 308.156(2) 150-308-0180 |
| 23. | Lot lines of property are adjusted. | Exception | Yes Limit | Yes | 308.159 150-308-0230 |
| 24. | Property is subdivided or partitioned under Ch. 92. (Not subject to ORS 308.162) | Exception | Yes | Yes | 308.156(1) 150-308-0190 |
| 25. | Property is subdivided or partitioned only by deed division or court order. (Not subject to ORS 308.162) | Exception | Yes | Yes | 308.156(1) 150-308-0190 |
| 25 a. | Property is divided on existing lot lines established by prior Ch. 92 subdivision or partition process. | MAV Balance | Balance | Yes | DOR Memo Dated 11-27-01 |
| 26. | Portion of property valued as a unit or part of total sold. | RMV Change | No | Yes | |

Sub-Category: Personal Property/ MS/ M & E
(\$10,000 minor construction threshold does not include initial siting of MS or Floating Homes)

| Code Number | Description of Change | Changed Property Category | Allows Change of MAV? | Allows Change of RMV? | ORS & OAR Reference |
|-------------|--|---------------------------|-----------------------|-----------------------|---------------------|
| 27. | Siting/installation of MS or floating structure. | Exception | Yes | Yes | 308.149(5) |
| 28. | Rehabilitation of MS or floating structure. | Exception | Yes | Yes | 308.149(5) |
| 29. | MS transferred from one roll to another. (Not physically moved.) | MAV Balance | Balance | Yes | 308.162 |
| 30. | MS moved to different location. | Exception | Yes | Yes | 308.149(5) |
| 31. | Change of classification of M & E from Real to Personal or Personal to Real. | MAV Balance | Balance | Yes | 308.162 |
| 32. | New account is created for new personal property. | Exception | Yes | Yes | 308.153 |
| 33. | Personal property physically moved from one account to another. (Unless subject to ORS 308.162) | Exception | Yes | Yes | 308.153 |
| 34. | Personal property value transferred from one account to another. (Not physically moved.) | MAV Balance | Balance | No | 308.162 |
| 35. | M & E transferred from one account to another. (Not physically moved.) | MAV Balance | Balance | No | 308.162 |

Sub-Category: Code Area Changes

| Code Number | Description of Change | Changed Property Category | Allows Change of MAV? | Allows Change of RMV? | ORS & OAR Reference |
|-------------|---|---------------------------|-----------------------|-----------------------|---------------------|
| 36. | Code area changes due to any reason. | Not a change | NA | NA | |
| 37. | Property physically moved to different code area. | Exception | Yes | Yes | 308.149(5) |

Sub-Category: Exemptions & Special Assessments

(MV = Market Value MAV; SA = Specially Assessed MSAV)

| Code Number | Description of Change | Changed Property Category | Allows Change of MAV? | Allows Change of RMV? | ORS & OAR Reference |
|-------------|---|---------------------------|-----------------------|-----------------------|-------------------------------------|
| 38. | Property changed from exempt or partially exempt to taxable. | Exception | Yes-MV | No * | 308.156(4)(a) 150-308-0220 |
| 39. | Property disqualified from special assessment. | Exception | Yes-MV | No * | 308.156(4)(a) 150-308-0220 |
| 40. | Property changed from one special assessment, exemption, or partial exemption to another special assessment, exemption, or partial exemption. | MSAV Change | No-MV Yes-SA | Yes | 308.156(4)(b) 308A.706(1)(d) |
| 41. | Classification of specially assessed land is changed by the assessor. Land is not changed or improved. | MSAV Change | No-MV Yes-SA | Yes | 150-308-1090 |
| 42. | Classification of specially assessed land is changed due to improvements to the land and land is revalued. | MSAV Change | No-MV Yes-SA | Yes | 150-308-1090 |
| 43. | Newly qualified property changed from market to specially assessed. | NA | No-MV Yes-SA | No | See valuation statutes per program. |

Sub-Category: Miscellaneous

| Code Number | Description of Change | Changed Property Category | Allows Change of MAV? | Allows Change of RMV? | ORS & OAR Reference |
|-------------|--|---------------------------|-----------------------|-----------------------|---------------------|
| 44. | Property class change. See Codes 21 & 22 if rezoned. | RMV Change | No | Yes | 150-308.146 |
| 45. | Property contaminated. RMV reduced to reflect contamination. | RMV Change | No | Yes | 150-308-0270 |
| 45a. | Correction of contamination. (If RMV reduced to reflect contamination, then RMV and MAV adjusted as clean-up occurs. | Exception | Yes | Yes | 150-308-0270 |
| 46. | Market area changed (neighborhood, value area). | RMV Change | No | Yes | |

Sub-Category: Corrections

| Code Number | Description of Change | Changed Property Category | Allows Change of MAV? | Allows Change of RMV? | ORS & OAR Reference |
|-------------|--|---------------------------|-----------------------|-----------------------|----------------------------|
| 47. | Omitted Property added to roll. | Exception | Yes | Yes | 308.156(3) 150-308-0210 |
| 48. | Correction of clerical error or error or omission of another kind that adds value to the roll. | Exception | Yes | Yes | 308.156(3) |
| 49. | Settlement of appeal affects value for base year and changes MAV. | NA | Changes base MAV | Yes | |
| 50. | Appeal reduces total value of property after base year. (Unless MAV change included in order/decision.) | RMV Change | No | Yes | |
| 51. | Appeal reduces total value of property. Property includes an exception added after base year. Use best information to arrive at value attributable to exception. | Exception | Yes | Yes | |
| 52. | Correction of clerical error or error or omission of another kind that does not result in addition of value. | MAV Balance | Balance | No | |

* RMV will need to be determined upon disqualification if no RMV exists on the roll or if use changes.

Special assessment diagram

Following a disqualification, ORS 308A.706(1)(d) allows an owner to defer additional taxes if the land qualifies to change to another special assessment. This change in special assessment is commonly called a "rollover." A change in special assessment can't be offered under ORS 308A.706(1)(d) if the additional tax is required to be imposed.

As the diagram illustrates, any program can change to any other program (except eastern Oregon forestland can't change with one another). EFU and non-EFU land can't change with one another unless there is a zone change. STF can change and defer the additional taxes for 100 percent to market, but the 20 percent to 100 percent can't be deferred. Land subject to 215.236 may **not** qualify for farm or forestland, but may qualify for WLH or CE or change between programs.

The arrows pointing away from the special assessment programs illustrate the maximum number of years of additional taxes for each program if the owner elects not to change special assessment under ORS 308A.706(1)(d).

