LARIMER COUNTY
COMMITTED TO EXCELLENCE

Steve Miller, Assessor
200 West Oak Street, Suite 2000
PO Box 1190
Fort Collins, CO 80522-1190

March 5, 2012

Dear Property Owner:

In 2011, the Colorado General Assembly passed HB 1146. That bill was an attempt to limit what some viewed as systemic abuses of the agricultural land property tax classification. HB 1146 modified the definition of agricultural land in 39-1-102(1)(I) CRS. That statute is provided in the *Definitions* on the back of this page. This new definition became effective on 1 Jan 2012.

Prior to 1 Jan 2012, all land underlying a residence could be classified as agricultural land if the land itself was used for agricultural purposes. The occupant of the residence did not have to be involved in any way with the actual agricultural operations on the property. This was often the case with groups of residences on larger parcels in the county, the owners of which would join together and lease out their parcels for livestock grazing to area ranchers.

This change in the law means that every residence on a parcel classified as agricultural property must be tested to determine whether or not the parcel should continue to be classified solely as agricultural property or whether, based on the activities of the occupant (or lack of agricultural activities), a portion of the parcel (up to two acres) should be classified and taxed as residential property.

The test is whether or not the occupant of the residence (or members of the occupant's family) is "integral" to the agricultural operations. This test may also change the classification of outbuildings on a parcel.

There are problems with this new approach to land classification. Obvious problems are the creation of imaginary residential parcels and the valuation of those imaginary residential parcels according to the market approach to valuation. This year, we hope to identify parcels that will likely be affected by this new classification scheme and formulate alternatives to be used in determining the new "residential" parcel sizes and usable sources of market data. We do not intend to change actual property valuations until the reappraisal in 2013.

More information is available on our website at larimerassessor.org. This new definition of agricultural land may affect the classification of your property. A questionnaire is enclosed. Please complete the questionnaire and return it to us.

Best regards,

Steve Miller
Larimer County Assessor

Definitions:

"Agricultural land" means a parcel of land, whether located in an incorporated or unincorporated area and regardless of the uses for which the land is zoned, which was used the previous two years and presently is used as a farm or ranch, as defined in subsection (3.5) and (13.5) of this section or that is in the process of being restored through conservation practices. Such land must have been classified or eligible for classification as "agricultural land", consistent with this subsection (1.6), during the ten years preceding the year of assessment. Such land must continue to have actual agricultural use. "Agricultural land" under this subparagraph (I) shall not include two acres or less of land on which a residential improvement is located unless the improvement is integral to an agricultural operation conducted on such land. "Agricultural land" also includes the land underlying other improvements if such improvements are an integral part of the farm or ranch and if such other improvements and the land area dedicated to such other improvements are typically used as an ancillary part of the operation. The use of a portion of such land for hunting, fishing, or other wildlife purposes, for monetary profit or otherwise, shall not affect the classification of agricultural land. §39-1-102 (1.6)(a)(I)(A),C.R.S.

"Integral to an agricultural operation" means for purposes of subparagraph (A) of this subparagraph (I) if an individual occupying the residential improvement either regularly conducts, supervises, or administers material aspects of the agricultural operation or is the spouse, or a parent, grandparent, sibling, or child of the individual. §39-1-102(1.6)(a)(I)(B), C.R.S.

"Farm" means a parcel of land which is used to produce agricultural products that originate from the land's productivity for the primary purpose of obtaining a monetary profit. §39-1-102(3.5), C.R.S.

"Ranch" means a parcel of land which is used for grazing livestock for the primary purpose of obtaining a monetary profit. For the purpose of this subsection (13.5), "livestock" means domestic animals which are used for food for human or animal consumption, breeding, draft, or profit. §39-1-102(13.5), C.R.S.

"Livestock" Part of the statutory definition of a ranch, under § 39-1-102(13.5), C.R.S., includes the definition of livestock, "…livestock means domestic animals which are used for food for human or animal consumption, breeding, draft, or profit." The statutes require the animals to be used for food for human or animal consumption, breeding, draft, or profit. Animals which are not used for these purposes do not meet the definition of a ranch, regardless of whether the land owner makes a profit from the grazing of such animals or not.

"Actual value determined - when" Once any property is classified for property tax purposes, it shall remain so classified until such time as its actual use changes or the assessor discovers that the classification is erroneous. The property owner shall endeavor to comply with the reasonable requests of the assessor to supply information which cannot be ascertained independently but which is necessary to determine actual use and properly classify the property when the assessor has evidence that there has been a change in the use of the property. Failure to supply such information shall not be the sole reason for reclassifying the property. Any such request for such information shall be accompanied by a notice that states that failure on the part of the property owner to supply such information will not be used as the sole reason for reclassifying the property in question. §39-1-103(5)(c),C.R.S.