

## Different Classifications of Assessed Farmland

Under Illinois' Farmland Assessment Law, farmland in Illinois is classified as one of four different types... cropland, permanent pasture, other farmland, and miscellaneous/wasteland. Each classification is valued as a percentage of cropland.

Farm buildings are assessed separately from the land.

### **Cropland**

Assessed according to the equalized assessed value (EAV) of its adjusted soil productivity index (PI).

### **Permanent Pasture**

Assessed at 1/3 of its adjusted PI EAV as cropland.

### **Other Farmland**

Assessed at 1/6 of its adjusted PI EAV as cropland.

### **Miscellaneous / Wasteland**

Assessed according to its contributory value to the farm. If it does contribute, then it is assessed at 1/6 of the value of the lowest cropland soil PI. If there is no contributory value, then it is assessed at zero.

### **Farm Structures**

Assessed at 1/3 of their contributory value to the farm. A value is determined, in part, by a formula that considers the cost of construction and depreciation.

### **Farm Homes**

Assessed the same as residential homes at 1/3 of the fair market value.

For additional information on Farmland Assessment in Illinois, contact the Supervisor of Assessments office or the Marion County Farm Bureau.

### **Marion County**

Supervisor of Assessments 618-548-3853  
Farm Bureau 618-548-2100



## Your Farmland Assessment is Changing

## Here's Why

## A resource from your County Farm Bureau®

The Farmland Assessment Law in Illinois is critical to the solvency of Illinois' number one industry... agriculture. In 2013, the Illinois Department of Revenue (IDOR) introduced legislation that made a fundamental change to how farmland's assessed values are determined. This resource was developed to answer some common questions about the change in the law.

### Why are farmland taxes based on the land's use instead of fair market value like my house?

The original goal of taxing farmland based on the land's use was to prevent urban sprawl and inflation from decimating agriculture in Illinois. It also provided statewide uniformity of assessed values on like soils across the state. In the late 1970's, farmland was being developed at a rate of 100,000 acres each year, driving up the land values for development. Farmland values tripled from 1974 to 1980. The farmland assessment law prevents farmland from being taxed as residential or commercial due to urban sprawl. Homes built on farmland are taxed like other residential property at 1/3 its fair market value.

### How did the Farmland Assessment Law change in 2013?

IDOR's plan shifted the annual 10% maximum change in the assessment on an individual soil productivity index (PI) to the % change in the median cropped soil found in Illinois. **The median cropped soil in Illinois has a PI of 111.** As a result of this change, calculated values on lower PI soils will increase at a faster rate,

while higher PI soils will increase at a slower rate.

### Why was it necessary to make this change?

The primary reason for the change was to correct an ongoing disparity in the assessed value from the lowest PI soil to the highest PI soil. The 10% limitation on changes in assessed value from year to year was artificially keeping the assessment on lower PI soils from rising as fast as they should under the farmland assessment formula.

### When will the change go into effect?

The change will apply for 2015 assessments, for taxes payable in 2016.

### How are assessed values calculated under the Farmland Assessment Law?

Under the farmland assessment formula, the value per acre is based on the soil's ability to produce a crop. Each soil in Illinois is given a Productivity Index (PI) value; these values can be found in the resource "Bulletin 810". Gross income per acre minus the production expenses equals the return-to-land value. The return-to-land value is divided by the 5-year average of Farm Credit Bank interest rates for farm mortgages. The result is "equalized" by dividing it by three, as Illinois property is assessed at 33.3 percent of value. The change in this calculated value is limited to 10% of the change in the median soil compared to the previous year. This "certified value" is multiplied by your local tax rate to achieve your property tax per acre.

### What are debasements?

Your farmland may be debased for a number of reasons. The most common debasements are flooding and slope. As the severity of debase-

ment increases, so does the level of adjustment to the PI value. The debasement will be reflected on the property tax record for your parcel.

### What is my tax rate?

Tax rates vary throughout the county based on where your parcel is located. Taxing districts may include county government, local school district, township, community college, park district, drainage district, and others. These taxing districts determine how much money they need to provide services. Those monetary needs are calculated against the total real property value in their jurisdiction. This creates a tax rate in terms of a percentage needed to raise revenue. That percentage is applied to the assessed value of your property to determine the amount you pay in taxes. Taxing districts and their rates will be listed on your property's tax record.

### Will my taxes go up this much every year?

It is estimated to take 15-20 years for the assessed values of all PI soils to reach their calculated value under the formula. However, there are many factors that go into the farmland assessment formula. The time estimate assumes that farmland assessments will increase the maximum allowed under the law each year. The amount of property taxes you pay is also determined by the tax rates set by local taxing districts.