



STATE OF NEVADA

Department of Taxation

2010-2011 Agricultural Land Values Open Space Property Procedures

DEPARTMENT OF TAXATION

Bulletin No. 199

2010—2011 Agricultural Land Values Open Space Property Procedures

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2010-2011 Agricultural Land Values

Authority

This bulletin is intended to fulfill the requirements of NRS 361A.140 and NRS 361.325 (1)(b).

NRS 361A.140 requires the Nevada Tax Commission to:

- (a) Define the classifications of agricultural real property;
- (b) Determine the valuations for each classification on the basis provided in NRS 361.325;
- (c) Determine the value of land covered by a residence or necessary to support the residence in the same manner as other real property pursuant to NRS 361.227; and
- (d) Prepare a bulletin listing all classifications and values thereof for the following assessment year.

NRS 361.325 (1)(b) requires the Nevada Tax Commission to classify land and fix and establish the valuation thereof for assessment purposes. The classification of agricultural land must be made on the basis of crop, timber or forage production, either in tons of crops per acre, board feet or other unit, or animal unit months of forage.

Classification Definitions

Land devoted to agriculture is categorized under the following classifications:

Intensive Use Land

The agricultural pursuits do not depend on the quality of the soil for production. Examples include: poultry ranches, fish farms, rabbit raising operations, cattle feed lots, hydroponic operations, and other agricultural operations whose products do not grow out of the soil but whose operations are carried out entirely on the soil.

Cultivated Land

Land developed for agricultural use and is no longer in its natural condition.

First Class Cultivated Land: Land that produces during an average year 4 or more tons of alfalfa hay or 1 & ½ tons or more of small grains per acre or the equivalent of other feeds for livestock.

Second Class Cultivated Land: Land that produces during an average year 3 or more but less than 4 tons of alfalfa hay, or 1 ton but less than 1 & ½ tons of small grains per acre or the equivalent of other feeds for livestock.

Third Class Cultivated Land: Land that produces during an average year 2 to 3 tons of alfalfa hay, or ½ to 1 ton of small grains per acre or the equivalent of other feeds for livestock.

Fourth Class Cultivated Land: Land that produces during an average year 1 & ½ to 2 tons of alfalfa hay or ½ ton of small grains per acre or the equivalent of other feeds for livestock.

Native Meadow Land or Wild Hay Land

Native Meadow Land (Wild Hay Land) is irrigated by streams or rivers and has not been cultivated but will yield enough native Wild Hay growth to afford at least one hay cutting each season with average or better than average precipitation.

First Class Native Meadow or Wild Hay Land: Land that produces during an average year 1 or more tons of hay per acre.

Second Class Native Meadow or Wild Hay Land: Land that produces during an average year ½ ton or more but less than 1 ton of hay per acre.

Pasture Land

Pasture lands are not “harvested and stored” as with Wild Hay Lands, therefore, the value of Pasture Lands are measured by “Carrying Capacity” per acre.

First Class Pasture: During an average year, this land produces enough feed per acre for 4 grown cattle (4 animal units per month).

Second Class Pasture: During an average year, this land produces enough feed per acre for 3 to 4 grown cattle (3.5 animal units per month).

Third Class Pasture: During an average year, this land produces enough feed per acre for 2 to 3 grown cattle (2.5 animal units per month).

Fourth Class Pasture: During an average year, this land produces enough feed per acre for 1 to 2 grown cattle (1.5 animal units per month).

Grazing Land

More than 90% of Nevada grazing land is managed by the Bureau of Land Management. Livestock grazing fees are calculated annually and administered in accordance with 43 CFR (Code of Federal Regulations) 4130.8-1, “Payment of Fees.” The fees are net and have remained extremely stable over the past 43 years (\$1.23 in 1966 to \$1.35 in 2009).

Grazing land usually lacks irrigation and has a lower carrying capacity per acre than pasture land. It is commonly identified as “range land”, either open or fenced. It also may be land

found within the fenced boundaries of the farm or ranch that does not meet the definition of the previous classifications.

First Class Grazing: During an average year, this land produces enough feed on 4 acres or less for 1 grown cow (1/4 up to 1 animal unit per month).

Second Class Grazing: During an average year, this land produces enough feed on 4 to 6 acres for 1 grown cow (1/4 up to 1/6 animal units per month).

Third Class Grazing: During an average year, this land produces enough feed on 6 to 12 acres for 1 grown cow (1/6 up to 1/12 animal units per month).

Fourth Class Grazing: During an average year, this land produces enough feed on 12 acres or more for 1 grown cow (1/12 or less animal units per month). Such land is barren or rocky.

Farmstead

The value of the land in the farmstead area covered by a residence or necessary to support a residence is computed as taxable value pursuant to NRS 361.227. Any remaining farmstead area of an agricultural property that is part of the operation is valued by applying the same value as the highest land classification used for that operation.

Valuation Methodology

The methods used to determine the value of agricultural land are defined in the Nevada Administrative Code (NAC) Chapter 361A.180. The Nevada Tax Commission adopted revised permanent regulations that became effective on December 4, 2003.

Valuation methodology as defined in NAC 361A.180(2). NAC361A.180(2) calls for the application of a capitalized earnings approach, whereby an estimated income stream is capitalized into an estimate of value. There are two major components to the capitalized earnings approach. First, an income stream is developed from information obtained from an annual survey of agricultural producers throughout the state.

The 2008 survey was sent to 576 farm classified properties. Of those returned, 62 stated that they were either no longer farming or did not farm during the past year. 138, or 24% of the total sample, provided information about the price per ton of alfalfa hay and estimated tonnage produced. The survey also asks for information regarding wild or other hay, watered pasture rental prices per AUM, and grazing rental prices per AUM. A five-year average using the mean is then calculated pursuant to the requirements of NAC 361A.180. The resulting weighted averages are used to develop a normalized estimate of typical gross revenues for alfalfa hay, pasture and grazing lands. The information is then compared to statistics developed by the Nevada Agricultural Statistics Service (NASS) to verify reasonableness. The NASS develops average price-per-month for alfalfa hay. The NASS data may be found in the Appendix.

Estimated expenses are then deducted from the normalized gross revenue for each category. Currently, the Department estimates 91.25% of gross income represents expenses for cultivated land; and 70% of gross income represents expenses for native meadow or wild hay land. The estimate was the result of considerable testimony and debate before the Commission several years ago. The rate was set by the Commission so that all but the most marginal farms could continue to exist.

The Department has also carried forward a 10.25% capitalization rate. Capitalization rates typically vary between 8 and 12%, depending on the region and the type of land being valued. However, the Department consults with independent agricultural land fee appraisers and with information from the Agricultural Statistics Service to check for reasonableness of the rate. The suggested capitalization rate is still consistent with current conditions.

Procedures

Procedures for the administration of the assessment of agricultural lands may be found in the NAC, Chapter 361A. For instance, real property owners may apply for an agricultural use assessment on real property qualifying as agricultural land. In order to qualify, the lands must meet the requirements of NRS 361A.020-361A.030, and NAC Chapter 361A. Pursuant to NAC 361A.025, county assessors determine the eligibility of agricultural use applications for properties of 20 acres or more and the Division of Assessment Standards reviews those applications of less than 20 acres. Applications must be on forms approved by the Tax Commission, pursuant to NAC 361A.100.

In order to properly classify agricultural real property according to the descriptions in this Bulletin, assessors should inspect the property and gather information from the property owners and managers, agricultural extension agents, university agronomists, and other agricultural land specialists. The assessor should evaluate soil line and topographical maps, and consider the land's carrying capacity, water availability, soil type and condition pursuant to the requirements of NAC361A.150.

Pursuant to NRS 361A.130, assessors must maintain records of agricultural use assessments and make those records available to any person upon request. They must notify property owners of their agricultural use assessments in the same manner used to notify property owners of their taxable value assessments. The notice must contain the following statement: **Deferred taxes will become due on this parcel if it is converted to a higher use.**

Agricultural Land Calculations Section

Nevada Department of Taxation

**Summary of Agricultural Land Values and
Comparison of 2006-07 through 2010-11**

Land Classification	PROPOSED 2010-2011	ADOPTED 2009-2010	ADOPTED 2008-2009	ADOPTED 2007-2008	ADOPTED 2006-2007	% Change 2006-07 2010-11	% Change 2009-10 2010-11	% Change 2008-09 2009-10	% Change 2007-08 2008-09	% Change 2006-07 2007-08
Intensive Use Land	\$ 225.00	\$ 214.00	\$ 179.00	\$ 174.00	\$ 166.00	35.5%	5.1%	19.6%	2.9%	4.8%
Cultivated Land										
First Class Cultivated	\$ 176.00	\$ 167.00	\$ 140.00	\$ 135.00	\$ 129.00	36.4%	5.4%	19.3%	3.7%	4.7%
Second Class Cultivated	137.00	130.00	109.00	105.00	100.00	37.0%	5.4%	19.3%	3.8%	5.0%
Third Class Cultivated	98.00	93.00	78.00	75.00	72.00	36.1%	5.4%	19.2%	4.0%	4.2%
Fourth Class Cultivated	68.00	65.00	54.00	53.00	50.00	36.0%	4.6%	20.4%	1.9%	6.0%
Native Meadow Land or Wild Hay Land										
First Class Meadow	\$ 113.00	\$ 115.00	\$ 91.00	\$ 84.00	\$ 81.00	39.5%	-1.7%	26.4%	8.3%	3.7%
Second Class Meadow	85.00	86.00	68.00	63.00	60.00	41.7%	-1.2%	26.5%	7.9%	5.0%
Pasture Land										
First Class Pasture	\$ 51.00	\$ 86.00	\$ 115.00	\$ 120.00	\$ 96.00	-46.9%	-40.7%	-25.2%	-4.2%	25.0%
Second Class Pasture	38.00	67.00	88.00	92.00	74.00	-48.6%	-43.3%	-23.9%	-4.3%	24.3%
Third Class Pasture	34.00	58.00	75.00	79.00	63.00	-46.0%	-41.4%	-22.7%	-5.1%	25.4%
Fourth Class Pasture	10.00	24.00	35.00	37.00	28.00	-64.3%	-58.3%	-31.4%	-5.4%	32.1%
Grazing Land										
First Class Grazing	\$ 8.37	\$ 8.09	\$ 6.32	\$ 5.80	\$ 4.30	94.7%	3.5%	28.0%	9.0%	34.9%
Second Class Grazing	4.34	4.17	3.28	3.00	2.22	95.5%	4.1%	27.1%	9.3%	35.1%
Third Class Grazing	3.01	2.90	2.29	2.10	1.55	94.2%	3.8%	26.6%	9.0%	35.5%
Fourth Class Grazing	1.25	1.25	1.25	1.25	1.25	0.0%	0.0%	0.0%	0.0%	0.0%

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Cultivated Land Value per Acre

1st Class Cultivated							
A	B	C	D	E	F	G	H
Year	Weighted Average Price of Hay per Ton	Estimated Expenses	Net Operating Income per Ton (B-(B*C))	Tons Produced per Acre	Net Operating Income per Acre (D*E)	Total Annual Production (Tons)	Expected Annual Net Income (F*G)
2008	\$ 184.53	91.25%	\$ 16.15	4.50	\$ 72.68	172,402	\$ 12,530,177
2007	148.05	91.25%	12.95	4.50	58.28	208,199	12,133,838
2006	128.01	91.25%	11.20	4.50	50.40	252,798	12,741,019
2005	109.42	91.25%	9.57	4.50	43.07	173,455	7,470,707
2004	98.58	91.25%	8.63	4.50	38.84	258,030	10,021,885
Total Production & Net Income						1,064,884	\$ 54,897,626
Income stream = Five-year weighted average of net operating income							\$ 51.55
Capitalization Rate:						10.25%	
Value / Acre (Income stream / cap rate)							\$ 502.93
Level of Assessment:						35.00%	
Assessed Value / Acre (Value per acre times assessment level)							\$ 176.03
Rounded Assessed Value:							\$ 176.00

2nd Class Cultivated							
A	B	C	D	E	F	G	H
Year	Weighted Average Price of Hay per Ton	Estimated Expenses	Net Operating Income per Ton (B-(B*C))	Tons Produced per Acre	Net Operating Income per Acre (D*E)	Total Annual Production (Tons)	Expected Annual Net Income (F*G)
2008	\$ 184.53	91.25%	\$ 16.15	3.50	\$ 56.53	172,402	\$ 9,745,885
2007	148.05	91.25%	12.95	3.50	45.33	208,199	9,437,661
2006	128.01	91.25%	11.20	3.50	39.20	252,798	9,909,682
2005	109.42	91.25%	9.57	3.50	33.50	173,455	5,810,743
2004	98.58	91.25%	8.63	3.50	30.21	258,030	7,795,086
Total Production & Net Income						1,064,884	\$ 42,699,056
Income stream = Five-year weighted average of net operating income							\$ 40.10
Capitalization Rate:						10.25%	
Value / Acre (Income stream / cap rate)							\$ 391.19
Level of Assessment:						35.00%	
Assessed Value / Acre (Value per acre times assessment level)							\$ 136.92
Rounded Assessed Value:							\$ 137.00

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Cultivated Land Value per Acre

3rd Class Cultivated							
A	B	C	D	E	F	G	H
Year	Weighted Average Price of Hay per Ton	Estimated Expenses	Net Operating Income per Ton (B-(B*C))	Tons Produced per Acre	Net Operating Income per Acre (D*E)	Total Annual Production (Tons)	Expected Annual Net Income (F*G)
2008	\$ 184.53	91.25%	\$ 16.15	2.50	\$ 40.38	172,402	\$ 6,961,593
2007	148.05	91.25%	12.95	2.50	32.38	208,199	6,741,484
2006	128.01	91.25%	11.20	2.50	28.00	252,798	7,078,344
2005	109.42	91.25%	9.57	2.50	23.93	173,455	4,150,778
2004	98.58	91.25%	8.63	2.50	21.58	258,030	5,568,287
Total Production & Net Income						1,064,884	\$ 30,500,486
Income stream = Five-year weighted average of net operating income							\$ 28.64
Capitalization Rate:						10.25%	
Value / Acre (Income stream / cap rate)							\$ 279.43
Level of Assessment:						35.00%	
Assessed Value / Acre (Value per acre times assessment level)							\$ 97.80
Rounded Assessed Value:							\$ 98.00

4th Class Cultivated							
A	B	C	D	E	F	G	H
Year	Weighted Average Price of Hay per Ton	Estimated Expenses	Net Operating Income per Ton (B-(B*C))	Tons Produced per Acre	Net Operating Income per Acre (D*E)	Total Annual Production (Tons)	Expected Annual Net Income (F*G)
2008	\$ 184.53	91.25%	\$ 16.15	1.75	\$ 28.26	172,402	\$ 4,872,081
2007	148.05	91.25%	12.95	1.75	22.66	208,199	4,717,789
2006	128.01	91.25%	11.20	1.75	19.60	252,798	4,954,841
2005	109.42	91.25%	9.57	1.75	16.75	173,455	2,905,371
2004	98.58	91.25%	8.63	1.75	15.10	258,030	3,896,253
Total Production & Net Income						1,064,884	\$ 21,346,335
Income stream = Five-year weighted average of net operating income							\$ 20.05
Capitalization Rate:						10.25%	
Value / Acre (Income stream / cap rate)							\$ 195.57
Level of Assessment:						35.00%	
Assessed Value / Acre (Value per acre times assessment level)							\$ 68.45
Rounded Assessed Value:							\$ 68.00

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Wild Hay Land Value per Acre

1st Class Wild Hay							
A	B	C	D	E	F	G	H
Year	Weighted Average Price of Hay per Ton	Estimated Expenses	Net Operating Income per Ton (B-(B*C))	Tons Produced per Acre	Net Operating Income per Acre (D*E)	Total Annual Production (Tons)	Expected Annual Net Income (F*G)
2008	\$ 175.80	70.00%	\$ 52.74	1.00	\$ 52.74	23,260	\$ 1,226,732
2007	146.64	70.00%	43.99	1.00	43.99	33,035	1,453,210
2006	114.04	70.00%	34.21	1.00	34.21	32,853	1,123,901
2005	89.91	70.00%	26.97	1.00	26.97	106,664	2,876,728
2004	75.82	70.00%	22.75	1.00	22.75	18,792	427,518
Production & Net Income						214,604	\$ 7,108,089
Five-year weighted average of net operating income:							\$ 33.12
Capitalization Rate:						10.25%	
Value / Acre (Income stream / cap rate)							\$ 323.12
Level of Assessment:						35.00%	
Assessed Value/Acre (Value per acre times assessment level)							\$ 113.09
Rounded Assessed Value:							\$ 113.00

2nd Class Wild Hay							
A	B	C	D	E	F	G	H
Year	Weighted Average Price of Hay per Ton	Estimated Expenses	Net Operating Income per Ton (B-(B*C))	Tons Produced per Acre	Net Operating Income per Acre (D*E)	Total Annual Production (Tons)	Expected Annual Net Income (F*G)
2008	\$ 175.80	70.00%	\$ 52.74	0.75	\$ 39.56	23,260	\$ 920,166
2007	146.64	70.00%	43.99	0.75	32.99	33,035	1,089,825
2006	114.04	70.00%	34.21	0.75	25.66	32,853	843,008
2005	89.91	70.00%	26.97	0.75	20.23	106,664	2,157,813
2004	75.82	70.00%	22.75	0.75	17.06	18,792	320,592
Production & Net Income						214,604	\$ 5,331,402
Five-year weighted average of net operating income:							\$ 24.84
Capitalization Rate:						10.25%	
Value / Acre (Income stream / cap rate)							\$ 242.34
Level of Assessment:						35.00%	
Assessed Value/Acre (Value per acre times assessment level)							\$ 84.82
Rounded Assessed Value:							\$ 85.00

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Pasture Land Value per Acre

1st Class Pasture										
A	B	C	D	E	F	G	H	I	J	
Year	Gross Rent per AUM	AUMS per Acre	Gross Income per Acre (B*C)	Management Expense % of Gross	Adjusted Gross Income per Acre (D-(D*E))	Fence, Ditch Water, Maintenance, Insurance	Net Operating Income per Acre (F-G)	Total Annual Production (AUMS)	Expected Annual Net Income (G*H)	
2008	\$ 5.46	4.0	\$ 21.84	6.17%	\$ 20.49	\$ 17.95	\$ 2.54	38,908	98,826.00	
2007	12.84	4.0	51.36	6.17%	48.19	17.95	30.24	34,169	1,033,271	
2006	4.44	4.0	17.76	6.17%	16.66	17.95	(1.29)	46,063	(59,421)	
2005	17.00	4.0	68.00	6.17%	63.80	17.95	45.85	7,264	333,054	
2004	13.74	4.0	54.96	6.17%	51.57	17.95	33.62	22,991	772,957	

Total Production & Net Income								149,395	\$ 2,178,687	
Five-year weighted average of net operating income:									\$ 15.00	
Capitalization Rate:								10.25%		
Value / Acre (Income stream / cap rate)									\$ 146.34	
Level of Assessment:								35.00%		
Assessed Value/Acre (Value per acre times assessment level)									\$ 51.22	
Rounded Assessed Value:									\$ 51.00	

2nd Class Pasture										
A	B	C	D	E	F	G	H	I	J	
Year	Gross Rent Per AUM	AUMS Per Acre	Gross Income Per Acre (B*C)	Management Expense % of Gross	Adjusted Gross Income Per Acre (D-(D*E))	Fence, Ditch Water Maintenance, Insurance	Net Operating Income per Acre (F-G)	Total Annual Production (AUMS)	Expected Annual Net Income (G*H)	
2008	\$ 5.46	3.0	\$ 16.38	6.17%	\$ 15.37	\$ 12.93	\$ 2.44	38,908	94,935.52	
2007	12.84	3.0	38.52	6.17%	36.14	12.93	23.21	34,169	793,062	
2006	4.44	3.0	13.32	6.17%	12.50	12.93	(0.43)	46,063	(19,807)	
2005	17.00	3.0	51.00	6.17%	47.85	12.93	34.92	7,264	253,659	
2004	13.74	3.0	41.22	6.17%	38.68	12.93	25.75	22,991	592,018	

Total Production & Net Income								149,395	\$ 1,713,868	
Five-year weighted average of net operating income:									\$ 11.00	
Capitalization Rate:								10.25%		
Value / Acre (Income stream / cap rate)									\$ 107.32	
Level of Assessment:								35.00%		
Assessed Value/Acre (Value per acre times assessment level)									\$ 37.56	
Rounded Assessed Value:									\$ 38.00	

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Pasture Land Value per Acre

3rd Class Pasture									
A	B	C	D	E	F	G	H	I	J
Year	Gross Rent Per AUM	AUMS Per Acre	Gross Income Per Acre (B*C)	Management Expense % of Gross	Adjusted Gross Income Per Acre (D-(D*E))	Fence, Ditch Water Maintenance, Insurance	Net Operating Income per Acre (F-G)	Total Annual Production (AUMS)	Expected Annual Net Income (G*H)
2008	\$ 5.46	2.5	\$ 13.65	6.17%	\$ 12.81	\$ 10.15	\$ 2.66	38,908	103,495
2007	12.84	2.5	32.10	6.17%	30.12	10.15	19.97	34,169	682,355
2006	4.44	2.5	11.10	6.17%	10.42	10.15	0.27	46,063	12,437
2005	17.00	2.5	42.50	6.17%	39.88	10.15	29.73	7,264	215,959
2004	13.74	2.5	34.35	6.17%	32.23	10.15	22.08	22,991	507,641
Total Production & Net Income								149,395	\$ 1,521,887
Five-year weighted average of net operating income:									\$ 10.00
Capitalization Rate:								10.25%	
Value / Acre (Income stream / cap rate)									\$ 97.56
Level of Assessment:								35.00%	
Assessed Value/Acre (Value per acre times assessment level)									\$ 34.15
Rounded Assessed Value:									\$ 34.00

4th Class Pasture									
A	B	C	D	E	F	G	H	I	J
Year	Gross Rent Per AUM	AUMS Per Acre	Gross Income Per Acre (B*C)	Management Expense % of Gross	Adjusted Gross Income Per Acre (D-(D*E))	Fence, Ditch Water Maintenance, Insurance	Net Operating Income per Acre (F-G)	Total Annual Production (AUMS)	Expected Annual Net Income (G*H)
2008	\$ 5.46	1.5	\$ 8.19	6.17%	\$ 7.68	\$ 9.08	\$ (1.40)	38,908	(54,471)
2007	12.84	1.5	19.26	6.17%	18.07	9.08	8.99	34,169	307,236
2006	4.44	1.5	6.66	6.17%	6.25	9.08	(2.83)	46,063	(130,401)
2005	17.00	1.5	25.50	6.17%	23.93	9.08	14.85	7,264	107,846
2004	13.74	1.5	20.61	6.17%	19.34	9.08	10.26	22,991	235,850
Total Production & Net Income								149,395	\$ 466,060
Five-year weighted average of net operating income:									\$ 3.00
Capitalization Rate:								10.25%	
Value / Acre (Income stream / cap rate)									\$ 29.27
Level of Assessment:								35.00%	
Assessed Value/Acre (Value per acre times assessment level)									\$ 10.24
Rounded Assessed Value:									\$ 10.00

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Grazing Land Value per Acre

1st Class Grazing											
A	B	C	D	E	F	G	H	I	J	K	L
Year	Gross Rent per AUM	Acres Required per AUM	Grazing Period (Months)	Total Acres Required (C*D)	Season Return (B*D)	Gross Income Per Acre (F/E)	Fence, Ditch, Water, Maint, Insurance (10% of G)	Management Expense (2.08% of G)	Net Operating Income / Acre (G-(H+I))	Total Annual Production (AUMS)	Expected Annual Net Income (J*K)
2008	\$ 7.87	2.0	5	10	\$ 39.35	\$ 3.94	\$ 0.39	\$ 0.08	\$ 3.47	56,874	\$ 197,353
2007	6.20	2.0	5	10	31.00	3.10	0.31	0.06	2.73	34,679	94,674
2006	5.95	2.0	5	10	29.75	2.98	0.30	0.06	2.62	43,474	113,902
2005	4.87	2.0	5	10	24.35	2.44	0.24	0.05	2.15	30,274	65,089
2004	4.27	2.0	5	10	21.35	2.14	0.21	0.04	1.89	117,954	222,933

Total Production & Net Income

Five-year weighted average of net operating income:

Capitalization Rate:

Value / Acre (Income stream / cap rate)

Level of Assessment:

Assessed Value/Acre (Value per acre times assessment level)

Rounded Assessed Value:

	283,255	\$	693,951
		\$	2.45
	10.25%		
		\$	23.90
	35.00%		
		\$	8.37
		\$	8.37

2nd Class Grazing											
A	B	C	D	E	F	G	H	I	J	K	L
Year	Gross Rent per AUM	Acres Required per AUM	Grazing Period (Months)	Total Acres Required (C*D)	Season Return (B*D)	Gross Income Per Acre (F/E)	Fence, Ditch, Water, Maint, Insurance (10% of G)	Management Expense (2.08% of G)	Net Operating Income / Acre (G-(H+I))	Total Annual Production (AUMS)	Expected Annual Net Income (J*K)
2008	\$ 7.87	4.0	5	20	\$ 39.35	\$ 1.97	\$ 0.14	\$ 0.04	\$ 1.79	56,874	\$ 101,804.46
2007	6.20	4.0	5	20	31.00	1.55	0.11	0.03	1.41	34,679	48,897.39
2006	5.95	4.0	5	20	29.75	1.49	0.10	0.03	1.36	43,474	59,124.64
2005	4.87	4.0	5	20	24.35	1.22	0.09	0.03	1.10	30,274	33,301.40
2004	4.27	4.0	5	20	21.35	1.07	0.07	0.02	0.98	117,954	115,594.92

Total Production & Net Income

Five-year weighted average of net operating income:

Capitalization Rate:

Value / Acre (Income stream / cap rate)

Level of Assessment:

Assessed Value/Acre (Value per acre times assessment level)

Rounded Assessed Value:

	283,255	\$	358,723
		\$	1.27
	10.25%		
		\$	12.39
	35.00%		
		\$	4.34
		\$	4.34

Nevada Department of Taxation

Grazing Land Value per Acre

3rd Class Grazing											
A	B	C	D	E	F	G	H	I	J	K	L
Year	Gross Rent per AUM	Acres Required per AUM	Grazing Period (Months)	Total Acres Required (C*D)	Season Return (B*D)	Gross Income Per Acre (F/E)	Fence, Ditch, Water, Maint, Insurance (10% of G)	Management Expense (2.08% of G)	Net Operating Income / Acre (G-(H+I))	Total Annual Production (AUMS)	Expected Annual Net Income (J*K)
2008	\$ 7.87	6.0	5	30	\$ 39.35	\$ 1.31	\$ 0.04	\$ 0.03	\$ 1.24	56,874	\$ 70,523.76
2007	6.20	6.0	5	30	31.00	1.03	0.03	0.02	0.98	34,679	33,985.42
2006	5.95	6.0	5	30	29.75	0.99	0.03	0.02	0.94	43,474	40,865.56
2005	4.87	6.0	5	30	24.35	0.81	0.02	0.02	0.77	30,274	23,310.98
2004	4.27	6.0	5	30	21.35	0.71	0.02	0.01	0.68	117,954	80,208.72
Total Production & Net Income										283,255	\$ 248,894
Five-year weighted average of net operating income:											\$ 0.88
Capitalization Rate:										10.25%	
Value / Acre (Income stream / cap rate)											\$ 8.59
Level of Assessment:										35.00%	
Assessed Value/Acre (Value per acre times assessment level)											\$ 3.01
Rounded Assessed Value:											\$ 3.01

4th Class Grazing

Fourth class grazing is deemed to have minimal value. Pursuant to NRS 361.230 (1), no patented land of any description in the state of Nevada owned by any individual, partnership, association, estate, corporation or otherwise, and no land held under any state land contract, shall be assessed for less than \$1.25 per acre by the county assessors of the various counties.

Taxable Value per Acre (Income stream / cap rate)	\$ 3.57
Assessment Level	35.00%
Assessed Value per Acre (Taxable Value per Acre times Assessment Level)	\$ 1.25

Nevada Department of Taxation

Cultivated Land Value per Acre

Intensive Use Lands

The formula adopted by the Tax Commission reflects the idea that intensive use lands have a value approximately 30% greater than cultivated lands. The formula used to estimate the value of intensive use lands is the value of 1st cultivated divided by 2nd cultivated times 1st cultivated. In effect it reflects the percentage of difference in value between 1st and 2nd cultivated lands to reflect a graduated value line.

1st Class Cultivated	=	\$	176.00	Assessed Value per Acre
2nd Class Cultivated	=	\$	137.00	Assessed Value per Acre
\$ 176.00	divided by	\$ 137.00	=	1.28
\$ 176.00	x	1.28	=	\$225.00 Assessed value per acre

ASSESSMENT OF OPEN-SPACE REAL PROPERTY

Procedures

NRS 361A.170 requires the governing bodies of every city or county to establish and promote the conservation, maintenance, and protection of open-space property as part of their master plans. Any property designated as open-space becomes eligible for an open-space use assessment and tax deferment.

Property owners file open-space use applications with the county assessor who then forwards their applications to the county commission or city governing body. The county commission or governing body evaluates open-space use assessment applications and take actions based on procedures adopted by ordinance.

Pursuant to NRS 361A.220(2), assessors must maintain records of open-space use assessments and make these records available to any person upon request. They must notify property owners of their open-space use assessments in the same manner used to notify property owners of their taxable value assessments. The notice must contain the following statement:

Deferred taxes will become due on this parcel if it is converted to a higher use.

Pursuant to NRS 361A.050, historic sites that satisfy the following conditions may also qualify for open-space use assessment.

- The Department of Cultural Affairs, State Historic Preservation Office must designate the site as historic.
- In addition, an historic site must meet the requirements of NRS 361A.170 through 361A.210.

In addition, pursuant to NRS 361A.170, property used as a golf course is classified as open-space real property and must be assessed as an open-space use. The methods used to value open-space golf course property are contained in permanent regulations adapted by the Tax Commission and effective October 1, 2007. The uncodified regulations are in the Appendix of this Bulletin.

Valuation Methodology

Upon approval of the application, the assessor calculates the open-space use assessed value by discounting the property's equalized taxable value. The Nevada Tax Commission adopted a formula that grants open-space use assessments a discount of 9 percent for a term of 3 and 1/2 years, which yields a discount factor of 0.74.

Open space value thus equals taxable value of the open-space property times a factor of 0.74. The assessed value equals 35 percent of the open-space use value. For open-space historic sites with both land and improvements, apply the 0.74 factor to the equalized taxable value of both land and improvements.

Example

The subject property, a 19th century Pony Express station on a one acre site, qualifies as open-space land. The equalized full cash value of comparable land nearby, which is not open-space, equals \$10,000 per acre. The taxable value (RCNLD) of the subject improvements equals \$40,000.

Land	\$10,000 x 0.74	= \$ 7,400 x 35%	= \$ 2,590
Improvements	\$40,000 x 0.74	= \$29,600 x 35%	= <u>\$10,360</u>
Total open-space use assessed value			= \$12,950

For tax deferral purposes the assessor should record the following:

Land	\$10,000 x 35%	= \$ 3,500
Improvements	\$40,000 x 35%	= <u>\$14,000</u>
Total Assessed Value		= \$17,500

Equalize the taxable value of open-space property with the taxable value of comparable surrounding properties. Reappraise open-space property with other property during the normal reappraisal cycle, or apply land and improvement factors in intervening years. If the taxable value increases or decreases through reappraisal or factoring, make the appropriate adjustments to the open-space use valuation.

Appendix

Nevada Department of Taxation

Appendix

2008

Nevada Agricultural Statistics Service

Month	Average Price	
	Alfalfa Hay	All Hay
January	\$ 120.00	\$ 119.00
February	\$ 118.00	\$ 118.00
March	\$ 119.00	\$ 119.00
April	\$ 119.00	\$ 119.00
May	\$ 127.00	\$ 126.00
June	\$ 127.00	\$ 126.00
July	\$ 138.00	\$ 137.00
August	\$ 141.00	\$ 142.00
September	\$ 144.00	\$ 144.00
October	\$ 148.00	\$ 149.00
November	\$ 150.00	\$ 149.00
December	\$ 156.00	\$ 155.00
Median Price	\$ 132.50	\$ 131.50

FEED REQUIREMENT CHART ANIMALS PER ACRE PER YEAR

	1 st Cult	2 nd Cult	3 rd Cult	4 th Cult	1 st Pasture Wild Hay	2 nd Pasture Wild Hay	3 rd Pasture	4 th Pasture	1 st Grazing	2 nd Grazing	3 rd Grazing	4 th Grazing
BEEF CATTLE												
Mature Cow and Calf	0.83	0.73	0.52	0.36	0.33	0.29	0.21	0.13	0.021	0.017	0.009	0.007
Mature Bull	0.64	0.56	0.40	0.28	0.26	0.22	0.16	0.10	0.016	0.013	0.007	0.005
Yearling	1.11	0.97	0.69	0.49	0.44	0.39	0.28	0.17	0.028	0.022	0.012	0.009
Calves	1.67	1.46	1.04	0.73	0.67	0.58	0.42	0.25	0.042	0.033	0.018	0.013
Steers	0.83	0.73	0.52	0.36	0.33	0.29	0.21	0.13	0.021	0.017	0.009	0.007
DAIRY CATTLE												
Mature Cow	0.69	0.61	0.43	0.30	0.28	0.24	0.17	0.10	0.017	0.014	0.008	0.006
Dairy Bull	0.64	0.56	0.40	0.28	0.26	0.22	0.16	0.10	0.016	0.013	0.007	0.005
Yearling	1.26	1.10	0.79	0.55	0.51	0.44	0.32	0.19	0.032	0.025	0.014	0.010
Calves	2.08	1.82	1.30	0.91	0.83	0.73	0.52	0.31	0.052	0.042	0.023	0.017
SHEEP												
Ewe and Lamb	4.17	3.65	2.60	1.82	1.67	1.46	1.04	0.63	0.104	0.083	0.046	0.033
Mature Buck	4.17	3.65	2.60	1.82	1.67	1.46	1.04	0.63	0.104	0.083	0.046	0.033
Lambs	5.56	4.86	3.47	2.43	2.22	1.94	1.39	0.83	0.139	0.111	0.061	0.044
SWINE												
Sow and Litter	1.67	1.46	1.04	0.73	0.67	0.58	0.42	0.25	0.042	0.033	0.018	0.013
Boar	1.67	1.46	1.04	0.73	0.67	0.58	0.42	0.25	0.042	0.033	0.018	0.013
Pig, (4 mos.)	3.33	2.92	2.08	1.46	1.33	1.17	0.83	0.50	0.083	0.067	0.037	0.027
Pig, (6 mos.)	2.08	1.82	1.30	0.91	0.83	0.73	0.52	0.31	0.052	0.042	0.023	0.017
HORSES												
Mature Adult	0.64	0.56	0.40	0.28	0.26	0.22	0.16	0.10	0.016	0.013	0.007	0.005
Yearling	0.83	0.73	0.52	0.36	0.33	0.29	0.21	0.13	0.011	0.017	0.009	0.007
Weanling	1.11	0.97	0.69	0.49	0.44	0.39	0.28	0.17	0.028	0.022	0.012	0.009

Land used in the feeding, breeding, management and sale of livestock, poultry or the produce thereof must be capable of providing more than one-half of the feed required during the year. This chart provides the total number of **animals possible per acre per year**. A qualified property must be of sufficient size and capacity to produce more than one-half of the feed required during that year.

Source: University of Nevada, Reno College of Agriculture and the U. S. Department of Agriculture Extension Service

FEED REQUIREMENT CHART ACRES PER ANIMAL PER YEAR

	1 st Cult	2 nd Cult	3 rd Cult	4 th Cult	1 st Pasture Wild Hay	2 nd Pasture Wild Hay	3 rd Pasture	4 th Pasture	1 st Grazing	2 nd Grazing	3 rd Grazing	4 th Grazing
BEEF CATTLE												
Mature Cow and Calf	1.20	1.37	1.92	2.74	3.00	3.43	4.80	8.00	48.0	60.0	109.1	150.0
Mature Bull	1.56	1.78	2.50	3.57	3.90	4.46	6.24	10.40	62.4	78.0	141.8	195.0
Yearling	0.90	1.03	1.44	2.06	2.25	2.57	3.60	6.00	36.0	45.0	81.8	112.5
Calves	0.60	0.69	0.96	1.37	1.50	1.71	2.40	4.00	24.0	30.0	54.5	75.0
Steers	1.20	1.37	1.92	2.74	3.00	3.43	4.80	8.00	48.0	60.0	109.1	150.0
DAIRY CATTLE												
Mature Cow	1.44	1.65	2.30	3.29	3.60	4.11	5.76	9.60	57.6	72.0	130.9	180.0
Dairy Bull	1.56	1.78	2.50	3.57	3.90	4.46	6.24	10.40	62.4	78.0	141.8	195.0
Yearling	0.79	0.91	1.27	1.81	1.98	2.26	3.17	5.28	31.7	39.6	72.0	99.0
Calves	0.48	0.55	0.77	1.10	1.20	1.37	1.92	3.20	19.2	24.0	43.6	60.0
SHEEP												
Ewe and Lamb	0.24	0.27	0.38	0.55	0.60	0.69	0.96	1.59	9.6	12.0	21.8	30.0
Mature Buck	0.24	0.27	0.38	0.55	0.60	0.69	0.96	1.59	9.6	12.0	21.8	30.0
Lambs	0.18	0.21	0.29	0.41	0.45	0.51	0.72	1.20	7.2	9.0	16.4	22.5
SWINE												
Sow and Litter	0.60	0.69	0.96	1.37	1.50	1.71	2.40	4.00	24.0	30.0	54.5	75.0
Boar	0.60	0.69	0.96	1.37	1.50	1.71	2.40	4.00	24.0	30.0	54.5	75.0
Pig, (4 mos.)	0.30	0.34	0.48	0.69	0.75	0.86	1.20	2.00	12.0	15.0	27.3	37.5
Pig, (6 mos.)	0.48	0.55	0.77	1.10	1.20	1.37	1.92	3.20	19.2	24.0	43.6	60.0
HORSES												
Mature Adult	1.56	1.78	2.50	3.57	3.90	4.46	6.24	10.40	62.4	78.0	141.8	195.0
Yearling	1.20	1.37	1.92	2.74	3.00	3.43	4.80	8.00	48.0	60.0	109.1	150.0
Weanling	0.90	1.03	1.44	2.06	2.25	2.57	3.60	6.00	36.0	45.0	81.8	112.5

Land used in the feeding, breeding, management and sale of livestock, poultry and the produce thereof must be capable of providing more than one-half of the feed required during the year. This chart provides the **total acreage needed to sustain the specified animal for one year**. A qualified property must be of sufficient size and capacity to produce more than one-half of the feed required during that year.

Source: University of Nevada, Reno College of Agriculture and the U. S. Department of Agriculture Extension Service

GENERAL PROVISIONS

NAC 361A.010 Definitions. ([NRS 360.090](#), [360.250](#)) As used in this chapter, unless the context otherwise requires, the words and terms defined in [NAC 361A.010](#) to [361A.065](#), inclusive, have the meanings ascribed to them in those sections.

(Added to NAC by Tax Comm'n by R030-03, eff. 12-4-2003)

NAC 361A.015 “Animal unit” defined. ([NRS 360.090](#), [360.250](#)) “Animal unit” has the meaning ascribed to it in paragraph (b) of subsection 1 of [NRS 361.325](#).

(Added to NAC by Tax Comm'n by R030-03, eff. 12-4-2003)

NAC 361A.020 “Animal unit month” defined. ([NRS 360.090](#), [360.250](#)) “Animal unit month” has the meaning ascribed to it in paragraph (b) of subsection 1 of [NRS 361.325](#).

(Added to NAC by Tax Comm'n by R030-03, eff. 12-4-2003)

NAC 361A.025 “Assessing authority” defined. ([NRS 360.090](#), [360.250](#)) “Assessing authority” means:

1. The county assessor if the property to be considered is 20 acres or more; or
2. The Department if the property to be considered is less than 20 acres.

(Added to NAC by Tax Comm'n by R030-03, eff. 12-4-2003)

NAC 361A.030 “Business venture for profit” defined. ([NRS 360.090](#), [360.250](#)) “Business venture for profit” means an agricultural pursuit engaged in by an operator for a reasonable profit or at least upon the expectation of a reasonable profit consistent with the productive capability of the land unit.

(Added to NAC by Tax Comm'n by R030-03, eff. 12-4-2003)

NAC 361A.035 “Commission” defined. ([NRS 360.090](#), [360.250](#)) “Commission” means the Nevada Tax Commission.

(Added to NAC by Tax Comm'n by R030-03, eff. 12-4-2003)

NAC 361A.040 “Converted to a higher use” defined. ([NRS 360.090](#), [360.250](#)) “Converted to a higher use” has the meaning ascribed to it in [NRS 361A.031](#).

(Added to NAC by Tax Comm'n by R030-03, eff. 12-4-2003)

NAC 361A.045 “Crop” defined. ([NRS 360.090](#), [360.250](#)) “Crop” means any agricultural product, including, without limitation, alfalfa, barley, certified seed, Christmas trees, garlic, grass hay, nursery stock, oats, onions, pasturage, sod and wheat, that is grown in soil or any other medium.

(Added to NAC by Tax Comm'n by R030-03, eff. 12-4-2003)

NAC 361A.050 “Department” defined. ([NRS 360.090](#), [360.250](#)) “Department” means the Department of Taxation.

(Added to NAC by Tax Comm'n by R030-03, eff. 12-4-2003)

NAC 361A.055 “Livestock” defined. ([NRS 360.090](#), [360.250](#)) “Livestock” means domestic animals, including, without limitation, cattle, sheep, goats, swine, poultry, fish and equine animals, used for food, fiber, breeding, draft or profit.

(Added to NAC by Tax Comm’n by R030-03, eff. 12-4-2003)

NAC 361A.060 “Operator” defined. ([NRS 360.090](#), [360.250](#)) “Operator” means a person who engages in an agricultural pursuit as a business venture for profit. The operator may be either the owner or occupant of the agricultural real property.

(Added to NAC by Tax Comm’n by R030-03, eff. 12-4-2003)

NAC 361A.065 “Poultry” defined. ([NRS 360.090](#), [360.250](#)) “Poultry” means domestic and game birds produced for meat, eggs or other poultry products, including, without limitation, chickens, turkeys, ducks, geese, peafowl, ostriches, pheasants, quail and chukar.

(Added to NAC by Tax Comm’n by R030-03, eff. 12-4-2003)

AGRICULTURAL PROPERTY

Assessment

NAC 361A.110 Application: Date; form. ([NRS 360.090](#), [360.250](#), [361A.110](#)) An owner of property who wishes to qualify the property for the agricultural use assessment pursuant to [NRS 361A.110](#) must apply to the assessing authority on or before the date required by [NRS 361A.110](#). The application must be on a form approved by the Commission.

(Added to NAC by Tax Comm’n by R030-03, eff. 12-4-2003)

NAC 361A.120 Application: Contents. ([NRS 360.090](#), [360.250](#), [361A.110](#))

1. An application for agricultural use assessment filed pursuant to [NRS 361A.110](#) must contain:

(a) The names, addresses and telephone numbers of the owner or his representative and, if applicable, the lessee;

(b) A description of the uses to which the land is put, including residential use and other higher uses if applicable;

(c) A description of the type of agricultural operation;

(d) The size of the land devoted to agricultural use;

(e) A description of any noncontiguous parcels which may qualify for agricultural use;

(f) The number of years which the land has been devoted exclusively to agricultural use;

(g) The gross income received from agricultural pursuits during the immediately preceding calendar year; and

(h) Expenses and net income attributable to the agricultural pursuit.

2. As used in this section, “noncontiguous parcels” means parcels of land with no common boundary and completely detached from one another, including, without limitation, two portions of land connected only by a point, such as when the northeast corner of a parcel connects at the point of the southwest corner of another parcel.

(Added to NAC by Tax Comm’n by R030-03, eff. 12-4-2003)

NAC 361A.130 Application: Additional documentation. ([NRS 360.090](#), [360.250](#), [361A.110](#), [361A.120](#)) Additional documentation may be requested by the assessing authority relating to a determination of agricultural pursuit or conducting a business venture for profit,

including, without limitation, leases, receipts or rent paid, account balance sheets, profit and loss statements, audited financial statements and federal income tax returns. Such additional documentation must accompany the application but does not need to be recorded.

(Added to NAC by Tax Comm'n by R030-03, eff. 12-4-2003)

NAC 361A.140 Application for property containing less than 20 acres: Forwarding to Department for review. ([NRS 360.090](#), [360.250](#), [361A.110](#)) If a county assessor receives an application for agricultural use assessment for property containing less than 20 acres, the county assessor shall forward the application within 10 days after the date on which he receives the application to the Department for review and qualification of property as agricultural real property.

(Added to NAC by Tax Comm'n by R030-03, eff. 12-4-2003)

NAC 361A.150 Determination of whether activities qualify as agricultural pursuits. ([NRS 360.090](#), [360.250](#), [361A.120](#))

1. The assessing authority must determine from field inspection and other available information whether the activities conducted on the property qualify as agricultural pursuits.

2. In addition to the agricultural pursuits described in [NRS 361A.030](#), including, raising crops, livestock, poultry, fur-bearing animals and bees, and dairying, the following activities qualify as an agricultural pursuit provided that the pursuit conducted is in accordance with generally accepted agricultural practices:

(a) Aquatic agriculture, including, without limitation, hydroponic gardens;

(b) Intensively produced fruits and vegetables, including, without limitation, fruits and vegetables produced in greenhouses; and

(c) Experimental crop production.

3. Notwithstanding any specific statutory provision to the contrary, the following types of activities which may appear to be agricultural in nature do not by themselves qualify as an agricultural pursuit, including, without limitation:

(a) Grazing on land by any animal kept as a hobby;

(b) Harvesting shrubs or seeds that grow wild on the land; and

(c) Hunting or harvesting game animals or birds.

↪ Such an activity may qualify as an agricultural pursuit if the activity is accompanied by other agricultural activities which would generate an expectation of profit consistent with the land.

4. In determining whether an activity qualifies as an agricultural pursuit, the assessing authority shall consider whether the activity occurs after the agricultural product has been raised and harvested or whether the activity is a process or step necessary and incident to the preparation and storage of products raised on the property. Processing activities, including, without limitation, pasteurizing and bottling milk, cheese making, honey or candy manufacturing, and slaughtering, dressing and packing meat, do not qualify for the agricultural use assessment.

5. As used in this section:

(a) "Aquatic agriculture" means the propagation, cultivation and harvesting of plants or animals indigenous to water in a controlled or selected aquatic environment for the commercial production of food.

(b) "Fur-bearing animals" means fur-bearing mammals, including, without limitation, mink, ermine, otter, chinchilla and fox.

(c) “Greenhouse” means a fully or partially enclosed structure that is used for the propagation, cultivation or protection of food or fiber. The term includes weather shelters and hot or cold frames.

(Added to NAC by Tax Comm’n by R030-03, eff. 12-4-2003)

NAC 361A.160 Determination of whether operator is engaged in business venture for profit. ([NRS 360.090](#), [360.250](#), [361A.120](#))

1. Upon a determination that an activity on the land qualifies as an agricultural pursuit, the assessing authority must then determine whether the operator is engaged in the agricultural pursuit as a business venture for profit. When determining whether an operator is engaged in a business venture for profit, reasonable profit and the expectation of a reasonable profit are not affected by any independent intervening causes of production failure or nonproductive use that are beyond the control of the operator, including, without limitation, land idle under government programs. Property not otherwise fulfilling the requirements to be considered as land on which an agricultural pursuit is conducted may still qualify as such if there are extenuating circumstances, including, without limitation, use of the land for an orchard or other perennial crops with a long maturation period that have not yet matured.

2. To qualify as a business venture for profit, an agricultural pursuit must raise the expectation of profit consistent with:

(a) The size of the property used in the operation;

(b) The capacity of the property, including, without limitation, suitability, terrain, availability of water, soil capabilities, type of vegetation grown, growing season, animal unit months, animal units and animal unit equivalents;

(c) The viability of the property, including, without limitation, the cost and availability of water, soil capacities, market proximity, fencing and suitability of the property for other uses; and

(d) Any other factors or criteria that the assessing authority deems appropriate under the circumstances.

3. In making a determination about whether the operator is engaged in a business venture for profit, especially in cases where the size of the land appears to be too small to sustain a monetary profit from agricultural pursuits, the assessing authority may consider whether a reasonable effort has been made to care for the land sufficiently and adequately, as evaluated in time, labor, equipment, management and capital consistent with accepted agricultural practices for the type of agricultural operation involved.

4. Gross income derived from nonagricultural uses of the land must not be included in the requirements for the total minimum gross income, including, without limitation:

(a) Leasing of the land for billboards;

(b) Leasing of the land for roadside produce stands;

(c) Leasing of the land for hunting;

(d) Income derived from the mineral estate, whether severed or not;

(e) Income from the extraction of sand and gravel or other operations relating to products from the earth;

(f) Interest income from a loan or investment, royalties or dividends; and

(g) Transfer or sale of property rights such as conservation easements or severed mineral rights.

5. As used in this section, “animal unit equivalent” means the equivalent to the animal unit for various kinds and sizes of animals.

(Added to NAC by Tax Comm'n by R030-03, eff. 12-4-2003)

NAC 361A.170 Categorization and valuation of land devoted to agriculture. ([NRS 360.090](#), [360.250](#), [361A.130](#), [361A.140](#)) Land devoted to agriculture must be categorized and valued pursuant to the classifications in the Agricultural Instructions Bulletin that is annually prepared by the Commission in accordance with [NRS 361A.140](#).

(Added to NAC by Tax Comm'n by R030-03, eff. 12-4-2003)

NAC 361A.180 Annual study of value of lands designated for agricultural use. ([NRS 360.090](#), [360.250](#), [361A.140](#))

1. On or before the first Monday in October of each year, the Department shall conduct a study of the value of lands designated for agricultural use and present the study for approval by the Commission. The Commission will incorporate the results of the study so approved into the bulletin prepared pursuant to [NRS 361A.140](#) for use by county assessors.

2. The study conducted by the Department must, in accordance with [NRS 361.325](#), be based on the productivity of the land. Productive capability of land may be determined by the classification of land and application of a capitalized earnings approach as follows:

(a) For cultivated and native meadow or wild hay lands:

(1) Agricultural income for lands designated as cultivated may be projected by developing estimates of gross income based on average commodity prices. Sources of commodity prices of agricultural products which the Department may use include, without limitation, the Nevada Agricultural Statistics Service and a survey of growers and local buyers.

(2) A net operating income must be determined by subtracting an estimated allocation for expenses from the gross income. Expenses for lands must be appropriate to the type of land being valued and may include the typical costs for water and the maintenance of irrigation systems, and loss in production due to necessary management practices, such as loss in production during the seed year or the first year of the hay stand. The expenses subtracted from the gross income results in a net operating income.

(3) A 5-year weighted average of net operating income may be capitalized into an indication of the value of the land per acre by multiplying the yield per acre, measured in tons per acre, by the net income per ton and then dividing the result by the capitalization rate. The result must be multiplied by the level of assessment to obtain an assessed value per acre.

(b) For pasture and grazing lands:

(1) Agricultural income for lands designated as pasture may be projected by developing estimates of gross income based on the carrying capacity of the land as measured by rentals per animal unit months per acre. Sources of rental prices for pasture and grazing lands which the Department may use include, without limitation, the Nevada Agricultural Statistics Service and a survey of growers and local buyers.

(2) A net operating income must be determined by subtracting an estimated allocation for expenses from the gross rent per animal unit month. Expenses for lands must be appropriate to the type of land being valued and may include typical miscellaneous costs, including costs for management, insurance, stock water and maintenance of fences. The expenses subtracted from the gross income results in a net operating income to land.

(3) A 5-year weighted average of net operating income must be capitalized into an indication of land value per acre by multiplying the net income per acre and then dividing the result by the capitalization rate. The result must be multiplied by the level of assessment to obtain an assessed value per acre.

3. As used in this section, “carrying capacity” means the measure of the capacity of grazing land to provide adequate forage to sustain livestock for a given period.

(Added to NAC by Tax Comm’n by R030-03, eff. 12-4-2003)

Conversion to Higher Use

NAC 361A.210 “Physical alteration” interpreted. ([NRS 360.090](#), [360.250](#), [361A.031](#)) The Commission will interpret the term “physical alteration,” as used in [NRS 361A.031](#), to mean the application of man-made changes, including, without limitation, changes in the contour of the land, removal of native plant life, diversion of water channels and building site improvements intended to enable the land to be used for purposes other than agricultural uses.

(Added to NAC by Tax Comm’n by R030-03, eff. 12-4-2003)

NAC 361A.220 Determination of whether final map or parcel map creates parcels not intended for agricultural use. ([NRS 360.090](#), [360.250](#)) If a final map or parcel map has been recorded, the county assessor must determine whether the map creates one or more parcels not intended for agricultural use. In making such a determination, the county assessor must consider:

1. The size of the parcel or parcels being created;
2. The capacity of the property, including, without limitation, suitability, terrain, availability of water, soil capabilities, type of vegetation grown, growing season, animal unit months and animal units;
3. The viability of the property, including, without limitation, cost and availability of water, soil capacities, market proximity, fencing and suitability of the property for other uses; and
4. Any other factors or criteria that the assessing authority deems appropriate under the circumstances.

(Added to NAC by Tax Comm’n by R030-03, eff. 12-4-2003)

NAC 361A.230 Conversion of property by county assessor. ([NRS 360.090](#), [360.250](#)) If the county assessor finds that a property has been converted to a higher use or otherwise becomes aware that such a conversion has taken place, the county assessor must convert the property, or that portion of the property no longer qualifying as agricultural property, to a higher use.

(Added to NAC by Tax Comm’n by R030-03, eff. 12-4-2003)

NAC 361A.240 Calculation of deferred tax when property is converted. ([NRS 360.090](#), [360.250](#), [361A.155](#), [361A.280](#)) To calculate the amount of deferred tax that must be assessed when property is converted to a higher use:

1. The county assessor must determine what the taxable value of the property would have been pursuant to the provisions of this chapter and [NRS 361.227](#) for the fiscal year in which the conversion took place and for the 6 previous fiscal years. The value of the land must be established based on the taxable value of comparable property for the 6 previous fiscal years.
2. Using the taxable value so derived, the amount of taxes for each fiscal year in which taxes would have been due and payable must then be calculated. The tax rate to be applied to the assessed value must be the rate used in the year for which the taxable value is established.
3. The amount of taxes paid or payable based on the agricultural use assessment must then be subtracted from the amount of taxes calculated pursuant to subsection 2. The resulting difference

is the amount of deferred tax which must be added on the next property tax statement pursuant to [NRS 361A.280](#) if the deferred tax has not already been paid.

(Added to NAC by Tax Comm'n by R030-03, eff. 12-4-2003)

GOLF COURSES

NAC 361A.310 Definitions. ([NRS 360.090](#), [360.250](#), [361A.225](#)) As used in [NAC 361A.310](#) to [361A.440](#), inclusive, unless the context otherwise requires, the words and terms defined in [NAC 361A.320](#) to [361A.370](#), inclusive, have the meanings ascribed to them in those sections.

(Added to NAC by Tax Comm'n by R010-07, eff. 10-31-2007)

NAC 361A.320 “Converted to a higher use” defined. ([NRS 360.090](#), [360.250](#), [361A.225](#)) “Converted to a higher use” has the meaning ascribed to it in [NRS 361A.031](#).

(Added to NAC by Tax Comm'n by R010-07, eff. 10-31-2007)

NAC 361A.330 “Golf course” defined. ([NRS 360.090](#), [360.250](#), [361A.225](#)) “Golf course” has the meaning ascribed to it in [NRS 361A.0315](#).

(Added to NAC by Tax Comm'n by R010-07, eff. 10-31-2007)

NAC 361A.340 “Golf course land” defined. ([NRS 360.090](#), [360.250](#), [361A.225](#)) “Golf course land” means the land underlying:

1. A golf course;
2. Any related improvements used in connection with that golf course; and
3. Any appurtenant areas that are necessary for the use of any property described in subsection 1 or 2.

(Added to NAC by Tax Comm'n by R010-07, eff. 10-31-2007)

NAC 361A.350 “Golfing improvements” defined. ([NRS 360.090](#), [360.250](#), [361A.225](#)) “Golfing improvements” means any improvements to land which are typical and necessary for the use of the property as a golf course, including, without limitation, tees, fairways, bunkers, greens, trees, turf, irrigation, lakes, lake liners, bridges, practice ranges, cart paths, trails and service roads.

(Added to NAC by Tax Comm'n by R010-07, eff. 10-31-2007)

NAC 361A.360 “Marshall and Swift” defined. ([NRS 360.090](#), [360.250](#), [361A.225](#)) “Marshall and Swift” means the applicable manual published or furnished by the Marshall and Swift Publication Company, as that manual existed on October 1 of the year immediately preceding the current assessment year.

(Added to NAC by Tax Comm'n by R010-07, eff. 10-31-2007)

NAC 361A.370 “Related improvements” defined. ([NRS 360.090](#), [360.250](#), [361A.225](#)) “Related improvements” means any improvements to land, other than golfing improvements, which are used in connection with a golf course, including, without limitation, clubhouses, pro shops, restaurants, parking lots, swimming pools, tennis courts, maintenance buildings and areas, and nurseries.

(Added to NAC by Tax Comm'n by R010-07, eff. 10-31-2007)

NAC 361A.380 Applicability. ([NRS 360.090](#), [360.250](#), [361A.225](#), [361A.280](#)) The provisions of [NAC 361A.310](#) to [361A.440](#), inclusive, apply to the determination by a county assessor of the taxable value of real property used as a golf course for the purposes of [chapter 361A](#) of NRS.

(Added to NAC by Tax Comm'n by R010-07, eff. 10-31-2007)

NAC 361A.390 Golf course land: Determination of taxable value for open-space use. ([NRS 360.090](#), [360.250](#), [361A.225](#)) A county assessor shall:

1. Determine the value of the golf course land in the same manner as the county assessor would determine the taxable value of the land for purposes other than open-space use;

2. Multiply the amount of acreage of the golf course land by the product obtained by multiplying \$2,860 by 1 plus the percentage change in the Consumer Price Index (All Items) for July 1 immediately preceding the date of valuation as compared to July 1, 2004; and

3. If the value calculated pursuant to subsection 1 is:

(a) Greater than or equal to the value calculated pursuant to subsection 2, use the value calculated pursuant to subsection 2 as the taxable value for open-space use of the golf course land; or

(b) Less than the value calculated pursuant to subsection 2, use the product obtained by multiplying the value calculated pursuant to subsection 1 by an open-space discount factor of 0.74 as the taxable value for open-space use of the golf course land.

(Added to NAC by Tax Comm'n by R010-07, eff. 10-31-2007)

NAC 361A.400 Golfing improvements: Determination of taxable value for open-space use. ([NRS 360.090](#), [360.250](#), [361A.225](#)) A county assessor shall:

1. Determine the replacement cost of the golfing improvements as provided in [NAC 361A.410](#);

2. Subtract from the amount determined pursuant to subsection 1 an amount for the depreciation of the golfing improvements, calculated at 1.5 percent of the amount determined pursuant to subsection 1 for each year of the adjusted actual age of the golfing improvements, up to a maximum of 50 years; and

3. Multiply the remainder determined pursuant to subsection 2 by a factor for the obsolescence of the golfing improvements, calculated as provided in [NAC 361A.420](#).

(Added to NAC by Tax Comm'n by R010-07, eff. 10-31-2007)

NAC 361A.410 Golfing improvements: Determination of replacement cost. ([NRS 360.090](#), [360.250](#), [361A.225](#))

1. For the purposes of subsection 1 of [NAC 361A.400](#), a county assessor shall determine the replacement cost of the golfing improvements for a golf course in accordance with the provisions of this section.

2. Except as otherwise provided in subsection 3, the class of a golf course must be determined by the sum of the number of points assigned to the golf course in accordance with the following criteria:

(a) A golf course must be assigned the number of points which is most nearly equal to the amount calculated by:

(1) Dividing the number 18 by the number of holes on the golf course; and

(2) Multiplying the figure obtained pursuant to subparagraph (1) by the total acreage of the golf course land.

(b) If the slope rating of a golf course, as designated by the United States Golf Association, exceeds 94, the golf course must be assigned the number of points which is equal to the amount calculated by subtracting 94 from that slope rating and multiplying the remainder by 5.

(c) If the total yardage of a golf course exceeds 5,000 yards, as determined from the tee which is farthest from each hole, the golf course must be assigned the number of points which is most nearly equal to the amount calculated by subtracting 5,000 from that total yardage and multiplying the remainder by 0.05.

(d) If par for a golf course:

(1) Is 72 or more, the golf course must be assigned 80 points;

(2) Is 71, the golf course must be assigned 60 points;

(3) Is 70, the golf course must be assigned 40 points;

(4) Is 60 or more but less than 70, the golf course must be assigned 30 points; or

(5) Is less than 60, the golf course must be assigned 20 points.

(e) If a golf course has:

(1) Above-average water features, except as otherwise provided in subparagraph (2), the golf course must be assigned 10 points; or

(2) Extensive and elaborate water features which come into play on a majority of the holes, the golf course must be assigned 30 points.

(f) If a golf course has:

(1) Above-average landscaping, except as otherwise provided in subparagraph (2), the golf course must be assigned 10 points; or

(2) Extensive and elaborate landscaping, including many large, transplanted trees, the golf course must be assigned 30 points.

(g) If the total number of points assigned to a golf course pursuant to paragraphs (a) to (f), inclusive:

(1) Does not exceed 300, the golf course must be designated as a class I course;

(2) Is greater than 300 and does not exceed 450, the golf course must be designated as a class II course;

(3) Is greater than 450 and does not exceed 540, the golf course must be designated as a class III course;

(4) Is greater than 540 and does not exceed 610, the golf course must be designated as a class IV standard course;

(5) Is greater than 610 and does not exceed 650, the golf course must be designated as a class IV good championship course; or

(6) Is greater than 650, the golf course must be designated as a class IV excellent championship course.

3. If any information necessary to determine the class of a golf course pursuant to subsection 2 is unavailable, a county assessor shall use his best judgment to determine the class of the golf course.

4. A county assessor shall assign a cost per hole to a golf course which, except as otherwise provided in this subsection, must be within the cost range per hole for the class of the golf course, as specified in the recreational facilities section for golf courses in Marshall and Swift. The county assessor may assign a cost per hole which exceeds the maximum amount of that cost range only by:

(a) A maximum amount of 3 percent, as appropriate, to account for any excessive grading required for the golf course land; and

(b) The appropriate recreational facilities multiplier and local cost multiplier, as specified in Marshall and Swift.

5. The replacement cost of the golfing improvements must be calculated by:

(a) Multiplying the appropriate cost per hole, as determined pursuant to subsection 4 for the class of the golf course, by the number of holes on the golf course; and

(b) Adding the amount of any additional unit costs for bridges, man-made water features and special drainage requirements, as specified in Marshall and Swift, to the amount determined pursuant to paragraph (a).

(Added to NAC by Tax Comm'n by R010-07, eff. 10-31-2007)

NAC 361A.420 Golfing improvements: Calculation of factor for obsolescence. ([NRS 360.090](#), [360.250](#), [361A.225](#)) For the purposes of subsection 3 of [NAC 361A.400](#), a county assessor shall:

1. Determine the number of rounds of golf played on a golf course during the 12-month period ending on June 30 immediately preceding the date of valuation;

2. Determine the number of rounds of golf played on that golf course during the busiest month of that period;

3. Multiply the number determined pursuant to subsection 2 by 12;

4. Divide the number determined pursuant to subsection 1 by the number determined pursuant to subsection 3; and

5. Apply the figure determined pursuant to subsection 4 as the factor for the obsolescence of the golfing improvements.

(Added to NAC by Tax Comm'n by R010-07, eff. 10-31-2007)

NAC 361A.430 Determination of taxable value of real property used as golf course and related improvements and personal property. ([NRS 360.090](#), [360.250](#), [361A.225](#)) A county assessor shall:

1. Except as otherwise provided in subsection 3:

(a) Determine the taxable value for open-space use of real property used as a golf course by adding the amounts determined pursuant to subsection 3 of [NAC 361A.390](#) and subsection 3 of [NAC 361A.400](#);

(b) Determine the taxable value of any related improvements used in connection with that golf course in the same manner as the county assessor would determine the value of similar improvements that are not used in connection with a golf course; and

(c) Determine the taxable value of any personal property used in connection with that golf course in the same manner as the county assessor would determine the value of similar property that is not used in connection with a golf course;

2. Add the amounts determined pursuant to subsection 1; and

3. If the sum determined pursuant to subsection 2 exceeds the full cash value of the golf course and any related improvements and personal property used in connection with that golf course, when valued as a single unit, reduce the total taxable value of the golf course and any related improvements and personal property used in connection with that golf course to that full cash value.

(Added to NAC by Tax Comm'n by R010-07, eff. 10-31-2007)

NAC 361A.440 Calculation of deferred tax due when property is converted to higher use. ([NRS 360.090](#), [360.250](#), [361A.225](#), [361A.280](#)) If a golf course or any portion thereof is

converted to a higher use, the county assessor shall calculate the deferred tax due on the real property converted to a higher use on the basis of the difference between:

1. The taxable value of that property for each pertinent fiscal year as determined in accordance with [NAC 361A.390](#) to [361A.430](#), inclusive; and

2. The taxable value of that property for each pertinent fiscal year as determined by adding:

(a) The applicable amount determined pursuant to subsection 1 of [NAC 361A.390](#); and

(b) The applicable product determined pursuant to subsection 3 of [NAC 361A.400](#),

↳ except that for the purposes of this subsection, the taxable value of that property must not exceed its full cash value.

(Added to NAC by Tax Comm'n by R010-07, eff. 10-31-2007)