



STATE OF NEVADA

Department of Taxation

2009-2010 Agricultural Land Values Open Space Property Procedures

DEPARTMENT OF TAXATION

Bulletin No. 198

2009—2010 Agricultural Land Values Open Space Property Procedures

Prepared by:
Division of Assessment Standards
Department of Taxation
1550 East College Parkway
Carson City, NV 89706

Approved by Nevada Tax Commission
April 7, 2008

Table of Contents

Agricultural Land Values

Authority	Page 2
Classification Definitions	Page 2
Intensive Use Land	Page 2
Cultivated Land	Page 2, 3
Native Meadow Land or Wild Hay Land	Page 3
Pasture Land	Page 3
Grazing Land	Page 3, 4
Farmstead	Page 4
Valuation Methodology	Page 4
Procedures	Page 5
Agricultural Land Calculations Section	Page 6
Summary of Proposed Agricultural Land Values	Page 7-15

Assessment of Open-Space Real Property

Procedures	Page 16
Valuation Methodology	Page 17

Appendix

2007 Nevada Agricultural Statistics	Page 19
Feed Requirement Chart, Animals Per Acre Per Year	Page 20
Feed Requirement Chart, Acres Per Animal Per Year	Page 21
Golf Course Adopted Regulations	Page 22-26

2009-2010 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 42 years (\$1.23 in 1966 to \$1.35 in 2008).

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 2007 survey was sent to 578 farm classified properties. Of those returned, 58 stated that they were either no longer farming or did not farm during the past year. 199, or 34% 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 2005-06 through 2009-10**

Land Classification	ADOPTED 2009-2010	ADOPTED 2008-2009	ADOPTED 2007-2008	ADOPTED 2006-2007	ADOPTED 2005-2006	% Change 2005-06 2009-10	% Change 2008-09 2009-10	% Change 2007-08 2008-09	% Change 2006-07 2007-08	% Change 2005-06 2006-07
Intensive Use Land	\$ 214.00	\$ 179.00	\$ 174.00	\$ 166.00	\$ 164.00	30.5%	19.6%	2.9%	4.8%	1.2%
Cultivated Land										
First Class Cultivated	\$ 167.00	\$ 140.00	\$ 135.00	\$ 129.00	\$ 127.00	31.5%	19.3%	3.7%	4.7%	1.6%
Second Class Cultivated	130.00	109.00	105.00	100.00	99.00	31.3%	19.3%	3.8%	5.0%	1.0%
Third Class Cultivated	93.00	78.00	75.00	72.00	71.00	31.0%	19.2%	4.0%	4.2%	1.4%
Fourth Class Cultivated	65.00	54.00	53.00	50.00	49.00	32.7%	20.4%	1.9%	6.0%	2.0%
Native Meadow Land or Wild Hay Land										
First Class Meadow	\$ 115.00	\$ 91.00	\$ 84.00	\$ 81.00	\$ 78.00	47.4%	26.4%	8.3%	3.7%	3.8%
Second Class Meadow	86.00	68.00	63.00	60.00	59.00	45.8%	26.5%	7.9%	5.0%	1.7%
Pasture Land										
First Class Pasture	\$ 86.00	\$ 115.00	\$ 120.00	\$ 96.00	\$ 88.00	-2.3%	-25.2%	-4.2%	25.0%	9.1%
Second Class Pasture	67.00	88.00	92.00	74.00	68.00	-1.5%	-23.9%	-4.3%	24.3%	8.8%
Third Class Pasture	58.00	75.00	79.00	63.00	59.00	-1.7%	-22.7%	-5.1%	25.4%	6.8%
Fourth Class Pasture	24.00	35.00	37.00	28.00	25.00	-4.0%	-31.4%	-5.4%	32.1%	12.0%
Grazing Land										
First Class Grazing	\$ 8.09	\$ 6.32	\$ 5.80	\$ 4.30	\$ 4.16	94.5%	28.0%	9.0%	34.9%	3.4%
Second Class Grazing	4.17	3.28	3.00	2.22	2.15	94.0%	27.1%	9.3%	35.1%	3.3%
Third Class Grazing	2.90	2.29	2.10	1.55	1.50	93.3%	26.6%	9.0%	35.5%	3.3%
Fourth Class Grazing	1.25	1.25	1.25	1.25	1.25	0.0%	0.0%	0.0%	0.0%	0.0%

Nevada Department of Taxation

Cultivated Land Value per Acre

1st Class Cultivated								
A	B	C	D	E	F	G	H	
Year	Price of Hay Per Ton	Estimated Expenses	Net Operating Income Per Ton (B-(B*C))	Production Per Acre Total Tons	Net Operating Income/Acre (D*E)	5-Year Weight	Weighted Average NOI (F*G)	
2007	148.05	91.25%	12.95	4.50	58.28	0.3333	19.42	
2006	128.01	91.25%	11.20	4.50	50.40	0.2667	13.44	
2005	109.42	91.25%	9.57	4.50	43.07	0.2000	8.61	
2004	98.58	91.25%	8.63	4.50	38.84	0.1333	5.18	
2003	87.14	91.25%	7.62	4.50	34.29	0.0667	2.29	
Income stream = Five-year weighted average of net operating income								\$ 48.94
Capitalization Rate:						10.25%		
Value / Acre (Income stream / cap rate)							\$ 477.46	
Level of Assessment:						35.00%		
Assessed Value / Acre (Value per acre times assessment level)							\$ 167.11	
Rounded Assessed Value:							\$ 167.00	

2nd Class Cultivated							
A	B	C	D	E	F	G	H
Year	Price of Hay Per Ton	Estimated Expenses	Net Operating Income Per Ton (B-(B*C))	Production Per Acre Total Tons	Net Operating Income/Acre (D*E)	5-Year Weight	Weighted Average NOI (F*G)
2007	148.05	91.25%	12.95	3.50	45.33	0.3333	15.11
2006	128.01	91.25%	11.20	3.50	39.20	0.2667	10.45
2005	109.42	91.25%	9.57	3.50	33.50	0.2000	6.70
2004	98.58	91.25%	8.63	3.50	30.21	0.1333	4.03
2003	87.14	91.25%	7.62	3.50	26.67	0.0667	1.78
Income stream = Five-year weighted average of net operating income				Income stream:			\$ 38.07
Capitalization Rate:						10.25%	
Value / Acre (Income stream / cap rate)							\$ 371.41
Level of Assessment:						35.00%	
Assessed Value / Acre (Value per acre times assessment level)							\$ 129.99
Rounded Assessed Value:							\$ 130.00

Nevada Department of Taxation

Cultivated Land Value per Acre

3rd Class Cultivated							
A	B	C	D	E	F	G	H
Year	Price of Hay Per Ton	Estimated Expenses	Net Operating Income Per Ton (B-(B*C))	Production Per Acre Total Tons	Net Operating Income/Acre (D*E)	5-Year Weight	Weighted Average NOI (F*G)
2007	148.05	91.25%	12.95	2.50	32.38	0.3333	10.79
2006	128.01	91.25%	11.20	2.50	28.00	0.2667	7.47
2005	109.42	91.25%	9.57	2.50	23.93	0.2000	4.79
2004	98.58	91.25%	8.63	2.50	21.58	0.1333	2.88
2003	87.14	91.25%	7.62	2.50	19.05	0.0667	1.27
Income stream = Five-year weighted average of net operating income						Income stream:	\$ 27.20
Capitalization Rate:						10.25%	
Value / Acre (Income stream / cap rate)							\$ 265.37
Level of Assessment:						35.00%	
Assessed Value / Acre (Value per acre times assessment level)							\$ 92.88
Rounded Assessed Value:							\$ 93.00

4th Class Cultivated							
A	B	C	D	E	F	G	H
Year	Price of Hay Per Ton	Estimated Expenses	Net Operating Income Per Ton (B-(B*C))	Production Per Acre Total Tons	Net Operating Income/Acre (D*E)	5-Year Weight	Weighted Average NOI (F*G)
2007	148.05	91.25%	12.95	1.75	22.66	0.3333	7.55
2006	128.01	91.25%	11.20	1.75	19.60	0.2667	5.23
2005	109.42	91.25%	9.57	1.75	16.75	0.2000	3.35
2004	98.58	91.25%	8.63	1.75	15.10	0.1333	2.01
2003	87.14	91.25%	7.62	1.75	13.34	0.0667	0.89
Income stream = Five-year weighted average of net operating income						Income stream:	\$ 19.03
Capitalization Rate:						10.25%	
Value / Acre (Income stream / cap rate)							\$ 185.66
Level of Assessment:						35.00%	
Assessed Value / Acre (Value per acre times assessment level)							\$ 64.98
Rounded Assessed Value:							\$ 65.00

Nevada Department of Taxation

Wild Hay Land Value per Acre

1st Class Wild Hay							
A	B	C	D	E	F	G	H
Year	Price of Hay Per Ton	Estimated Expenses	Net Operating Income Per Ton (B-(B*C))	Production Per Acre Total Tons	Net Operating Income/Acre (D*E)	5-Year Weight	Weighted Average NOI (F*G)
2007	146.64	70.00%	43.99	1.00	43.99	0.3333	14.66
2006	114.04	70.00%	34.21	1.00	34.21	0.2667	9.12
2005	89.91	70.00%	26.97	1.00	26.97	0.2000	5.39
2004	75.82	70.00%	22.75	1.00	22.75	0.1333	3.03
2003	73.04	70.00%	21.91	1.00	21.91	0.0667	1.46
Five-year weighted average of net operating income:				Income stream:			\$ 33.66
Capitalization Rate:						10.25%	
Value / Acre (Income stream / cap rate)							\$ 328.39
Level of Assessment:						35.00%	
Assessed Value/Acre (Value per acre times assessment level)							\$ 114.94
Rounded Assessed Value:							\$ 115.00

2nd Class Wild Hay							
A	B	C	D	E	F	G	H
Year	Price of Hay Per Ton	Estimated Expenses	Net Operating Income Per Ton (B-(B*C))	Production Per Acre Total Tons	Net Operating Income/Acre (D*E)	5-Year Weight	Weighted Average NOI (F*G)
2007	146.64	70.00%	43.99	0.75	32.99	0.3333	11.00
2006	114.04	70.00%	34.21	0.75	25.66	0.2667	6.84
2005	89.91	70.00%	26.97	0.75	20.23	0.2000	4.05
2004	75.82	70.00%	22.75	0.75	17.06	0.1333	2.27
2003	73.04	70.00%	21.91	0.75	16.43	0.0667	1.10
Five-year weighted average of net operating income:				Income stream:			\$ 25.26
Capitalization Rate:						10.25%	
Value / Acre (Income stream / cap rate)							\$ 246.44
Level of Assessment:						35.00%	
Assessed Value/Acre (Value per acre times assessment level)							\$ 86.25
Rounded Assessed Value:							\$ 86.00

Nevada Department of Taxation

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 (B*C)	Management Expense % of Gross	Adjusted Gross Income (D-(D*E))	Fence, Ditch Water, Maintenance, Insurance	Net Operating Income (F-G)	5-Year Weight	Weighted Average NOI (H*I)
2007	12.84	4.0	51.36	6.17%	48.19	17.95	30.24	0.3333	10.08
2006	4.44	4.0	17.76	6.17%	16.66	17.95	(1.29)	0.2667	(0.34)
2005	17.00	4.0	68.00	6.17%	63.80	17.95	45.85	0.2000	9.17
2004	13.74	4.0	54.96	6.17%	51.57	17.95	33.62	0.1333	4.48
2003	12.29	4.0	49.16	6.17%	46.13	17.95	28.18	0.0667	1.88
Five-year weighted average of net operating income:						Income stream:			\$ 25.27

Capitalization Rate: 10.25%

Value / Acre (Income stream / cap rate) \$ 246.54

Level of Assessment: 35.00%

Assessed Value/Acre (Value per acre times assessment level) \$ 86.29

Rounded Assessed Value: **\$ 86.00**

2nd Class Pasture									
A	B	C	D	E	F	G	H	I	J
Year	Gross Rent Per AUM	AUMS Per Acre	Gross Income (B*C)	Management Expense % of Gross	Adjusted Gross Income (D-(D*E))	Fence, Ditch Water, Maintenance, Insurance	Net Operating Income (F-G)	5-Year Weight	Weighted Average NOI (H*I)
2007	12.84	3.0	38.52	6.17%	36.14	12.93	23.21	0.3333	7.74
2006	4.44	3.0	13.32	6.17%	12.50	12.93	(0.43)	0.2667	(0.11)
2005	17.00	3.0	51.00	6.17%	47.85	12.93	34.92	0.2000	6.98
2004	13.74	3.0	41.22	6.17%	38.68	12.93	25.75	0.1333	3.43
2003	12.29	3.0	36.87	6.17%	34.60	12.93	21.67	0.0667	1.45
Five-year weighted average of net operating income:						Income stream:			\$ 19.49

Capitalization Rate: 10.25%

Value / Acre (Income stream / cap rate) \$ 190.15

Level of Assessment: 35.00%

Assessed Value/Acre (Value per acre times assessment level) \$ 66.55

Rounded Assessed Value: **\$ 67.00**

Nevada Department of Taxation

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 (B*C)	Management Expense % of Gross	Adjusted Gross Income (D-(D*E))	Fence, Ditch Water, Maintenance, Insurance	Net Operating Income (F-G)	5-Year Weight	Weighted Average NOI (H*I)
2007	12.84	2.5	32.10	6.17%	30.12	10.15	19.97	0.3333	6.66
2006	4.44	2.5	11.10	6.17%	10.42	10.15	0.27	0.2667	0.07
2005	17.00	2.5	42.50	6.17%	39.88	10.15	29.73	0.2000	5.95
2004	13.74	2.5	34.35	6.17%	32.23	10.15	22.08	0.1333	2.94
2003	12.29	2.5	30.73	6.17%	28.83	10.15	18.68	0.0667	1.25
Five-year weighted average of net operating income:					Income stream:				\$ 16.87
Capitalization Rate:							10.25%		
Value / Acre (Income stream / cap rate)									\$ 164.59
Level of Assessment:							35.00%		
Assessed Value/Acre (Value per acre times assessment level)									\$ 57.61
Rounded Assessed Value:									\$ 58.00

4th Class Pasture									
A	B	C	D	E	F	G	H	I	J
Year	Gross Rent Per AUM	AUMS Per Acre	Gross Income (B*C)	Management Expense % of Gross	Adjusted Gross Income (D-(D*E))	Fence, Ditch Water, Maintenance, Insurance	Net Operating Income (F-G)	5-Year Weight	Weighted Average NOI (H*I)
2007	12.84	1.5	19.26	6.17%	18.07	9.08	8.99	0.3333	3.00
2006	4.44	1.5	6.66	6.17%	6.25	9.08	(2.83)	0.2667	(0.76)
2005	17.00	1.5	25.50	6.17%	23.93	9.08	14.85	0.2000	2.97
2004	13.74	1.5	20.61	6.17%	19.34	9.08	10.26	0.1333	1.37
2003	12.29	1.5	18.44	6.17%	17.30	9.08	8.22	0.0667	0.55
Five-year weighted average of net operating income:					Income stream:				\$ 7.13
Capitalization Rate:							10.25%		
Value / Acre (Income stream / cap rate)									\$ 69.56
Level of Assessment:							35.00%		
Assessed Value/Acre (Value per acre times assessment level)									\$ 24.35
Rounded Assessed Value:									\$ 24.00

Nevada Department of Taxation

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	Grazing Period # Months	Total Acres Required (C*D)	Season Return (B*D)	Gross Income Per Acre (F/E)	Fence, Ditch Water, Maintenance, Insurance Expense 10% of G	Management Expense 2.08% of G	Net Operating Income (G-(H+I))	5-year Weight	Weighted Average NOI
2007	6.20	2	5	10	31.00	3.10	0.31	0.06	2.73	0.3333	0.91
2006	5.95	2	5	10	29.75	2.98	0.30	0.06	2.62	0.2667	0.70
2005	4.87	2	5	10	24.35	2.44	0.24	0.05	2.15	0.2000	0.43
2004	4.27	2	5	10	21.35	2.14	0.21	0.04	1.89	0.1333	0.25
2003	2.60	2	5	10	13.00	1.30	0.13	0.03	1.14	0.0667	0.08
Five-year weighted average of net operating income: Income stream:											\$ 2.37

Capitalization Rate: 10.25%

Value / Acre (Income stream / cap rate) \$ 23.12

Level of Assessment: 35.00%

Assessed Value/Acre (Value per acre times assessment level) \$ 8.09

Rounded Assessed Value: **\$ 8.09**

2nd Class Grazing											
A	B	C	D	E	F	G	H	I	J	K	L
Year	Gross Rent Per AUM	Acres Required	Grazing Period # Months	Total Acres Required (C*D)	Season Return (B*D)	Gross Income Per Acre (F/E)	Fence, Ditch Water, Maintenance, Insurance Expense 7% of (G)	Management Expense 2.08% of G	Net Operating Income (G-(H+I))	5-year Weight	Weighted Average NOI
2007	6.20	4	5	20	31.00	1.55	0.11	0.03	1.41	0.3333	0.47
2006	5.95	4	5	20	29.75	1.49	0.10	0.03	1.36	0.2667	0.36
2005	4.87	4	5	20	24.35	1.22	0.09	0.03	1.10	0.2000	0.22
2004	4.27	4	5	20	21.35	1.07	0.07	0.02	0.98	0.1333	0.13
2003	2.60	4	5	20	13.00	0.65	0.05	0.01	0.59	0.0667	0.04
Five-year weighted average of net operating income: Income stream:											1.22

Capitalization Rate: 10.25%

Value / Acre (Income stream / cap rate) \$ 11.90

Level of Assessment: 35.00%

Assessed Value/Acre (Value per acre times assessment level) \$ 4.17

Rounded Assessed Value: **\$ 4.17**

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	Grazing Period # Months	Total Acres Required (C*D)	Season Return (B*D)	Gross Income Per Acre (F/E)	Fence, Ditch Water, Maintenance, Insurance Expense 3% of G	Management Expense 2.08% of G	Net Operating Income (G-(H+I))	5-year Weight	Weighted Average NOI	
2007	6.20	6	5	30	31.00	1.03	0.03	0.02	0.98	0.3333	0.33	
2006	5.95	6	5	30	29.75	0.99	0.03	0.02	0.94	0.2667	0.25	
2005	4.87	6	5	30	24.35	0.81	0.02	0.02	0.77	0.2000	0.15	
2004	4.27	6	5	30	21.35	0.71	0.02	0.01	0.68	0.1333	0.09	
2003	2.60	6	5	30	13.00	0.43	0.01	0.01	0.41	0.0667	0.03	
Five-year weighted average of net operating income: Income stream:											\$ 0.85	
Capitalization Rate:											10.25%	
Value / Acre (Income stream / cap rate)											\$ 8.29	
Level of Assessment:											35.00%	
Assessed Value/Acre (Value per acre times assessment level)											\$ 2.90	
Rounded Assessed Value:											\$ 2.90	

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.

Value / Acre (Income stream / cap rate)	\$ 3.57
Level of Assessment:	35.00%
Assessed Value/Acre (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	=	\$	167.00	Assessed Value per Acre
2nd Class Cultivated	=	\$	130.00	Assessed Value per Acre
\$ 167.00	divided by	\$ 130.00	=	1.28
\$ 167.00	x	1.28	=	\$214.00 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

2007

Nevada Agricultural Statistics Service

Month	Average Price	
	Alfalfa Hay	All Hay
January	\$ 128.00	\$ 128.00
February	\$ 125.00	\$ 124.00
March	\$ 120.00	\$ 120.00
April	\$ 128.00	\$ 127.00
May	\$ 123.00	\$ 122.00
June	\$ 121.00	\$ 120.00
July	\$ 119.00	\$ 117.00
August	\$ 109.00	\$ 107.00
September	\$ 108.00	\$ 108.00
October	\$ 112.00	\$ 112.00
November	\$ 118.00	\$ 118.00
December	\$ 117.00	\$ 117.00
Median Price	\$ 119.50	\$ 119.00

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

**ADOPTED REGULATION OF
THE NEVADA TAX COMMISSION
LCB File No. R010-07
Effective October 31, 2007**

EXPLANATION – Matter in *italics* is new; matter in brackets [omitted material] is material to be omitted.

AUTHORITY: §§1-8 and 10-14, NRS 360.090 and 361A.225; §§9 and 15, NRS 360.090, 360.215, 360.250, 361A.225 and 361A.280.

A REGULATION relating to the taxation of property; establishing a methodology for determining the value for open-space use of real property which is used as a golf course and for calculating the deferred tax due on such property after its conversion to a higher use; and providing other matters properly relating thereto.

Section 1. Chapter 361A of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 15, inclusive, of this regulation.

Sec. 2. *As used in sections 2 to 15, inclusive, of this regulation, unless the context otherwise requires, the words and terms defined in sections 3 to 8, inclusive, of this regulation have the meanings ascribed to them in those sections.*

Sec. 3. *“Converted to a higher use” has the meaning ascribed to it in NRS 361A.031.*

Sec. 4. *“Golf course” has the meaning ascribed to it in NRS 361A.0315.*

Sec. 5. *“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.*

Sec. 6. *“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.*

Sec. 7. *“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.*

Sec. 8. *“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.*

Sec. 9. *The provisions of sections 2 to 15, inclusive, of this regulation 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.

Sec. 10. *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.**

Sec. 11. *A county assessor shall:*

- 1. Determine the replacement cost of the golfing improvements as provided in section 12 of this regulation;*
- 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 section 13 of this regulation.*

Sec. 12. 1. *For the purposes of subsection 1 of section 11 of this regulation, 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).*

Sec. 13. *For the purposes of subsection 3 of section 11 of this regulation, 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.*

Sec. 14. *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 section 10 of this regulation and subsection 3 of section 11 of this regulation;

(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.

Sec. 15. *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 sections 10 to 14, inclusive, of this regulation; 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 section 10 of this regulation; and

(b) The applicable product determined pursuant to subsection 3 of section 11 of this regulation,

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