

STATE OF NEVADA
DEPARTMENT OF TAXATION

2006-2007

BULLETIN NO. 195



AGRICULTURAL LAND VALUES
OPEN - SPACE PROPERTIES PROCEDURES

PREPARED BY THE
DIVISION OF ASSESSMENT STANDARDS

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2006-2007 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

Land irrigated by streams or rivers and has not been cultivated. It is still in its natural condition with maybe a simple irrigation system.

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 land is irrigated or partially irrigated land. It is usually not cultivated but has a higher carrying capacity per acre than “grazing land.”

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 to 4 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 to 3 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 to 2 animal units per month).

Grazing Land

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. This year, approximately 350 farmers and ranchers responded to the survey. A copy of the survey form may be found in the Appendix.

From the survey, information about the price per ton of alfalfa hay and estimated tonnage produced was obtained. 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 actual cost of production of hay varies widely year by year and area to area. Last year's survey indicated the actual cost of production of a ton of hay varied between \$40 and \$200 per ton throughout Nevada. (Nevada Department of Agriculture) The prime reason was the cost of water. For instance, river water in Fallon and Yerington may be free or low cost. On the other hand, well water in Eureka is high due to the high cost of power. In other areas relying on other sources, the cost of water can be even higher.

All of the other costs including fuel, fences, payroll, insurance and maintenance are included. A year of fallow, rotation, or replanting is addressed by the basic expense rate, which is an expression of normalized averages.

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 Proposed Agricultural Land Values
and
Comparison 2001-2002 through 2006-2007**

Land Classification	Adopted	Adopted	Annual	Adopted	Annual	Adopted	Annual	Adopted	Annual	Proposed	Annual	5 yr
	2001-02	2002-03	Percent Change		Percent Change	2004-2005	Percent Change	2005-2006	Percent Change		2006-2007	Percent Change
Intensive Use Land	\$ 164.00	\$ 153.00	-6.71%	\$ 161.00	5.23%	\$ 164.00	1.86%	\$ 164.00	0.00%	\$166	1.47%	8.76%
Cultivated Land												
First Class Cultivated	\$ 127.00	\$ 118.00	-7.09%	\$ 125.00	5.93%	\$ 127.00	1.60%	\$ 127.00	0.00%	\$ 129.00	1.57%	9.32%
Second Class Cultivated	99.00	92.00	-7.07%	97.00	5.43%	99.00	2.06%	99.00	0.00%	100.00	1.01%	8.70%
Third Class Cultivated	70.00	66.00	-5.71%	69.00	4.55%	71.00	2.90%	71.00	0.00%	72.00	1.41%	9.09%
Fourth Class Cultivated	49.00	46.00	-6.12%	49.00	6.52%	49.00	0.00%	49.00	0.00%	50.00	2.04%	8.70%
Native Meadow Land or Wild Hay Land												
First Class Meadow	\$ 71.00	\$ 66.00	-7.04%	\$ 66.00	0.00%	\$ 75.00	13.64%	\$ 78.00	4.00%	\$ 81.00	3.85%	22.73%
Second Class Meadow	53.00	49.00	-7.55%	49.00	0.00%	56.00	14.29%	59.00	5.36%	60.00	1.69%	22.45%
Pasture Land												
First Class Pasture	\$ 80.00	\$ 82.00	2.50%	\$ 75.00	-8.54%	\$ 79.00	5.33%	\$ 88.00	11.39%	\$ 96.00	9.09%	17.07%
Second Class Pasture	60.00	64.00	6.67%	58.00	-9.38%	61.00	5.17%	68.00	11.48%	74.00	8.82%	15.63%
Third Class Pasture	53.00	54.00	1.89%	51.00	-5.56%	53.00	3.92%	59.00	11.32%	63.00	6.78%	16.67%
Fourth Class Pasture	23.00	23.00	0.00%	20.00	-13.04%	22.00	10.00%	25.00	13.64%	28.00	12.00%	21.74%
Grazing Land												
First Class Grazing	\$ 5.26	\$ 5.05	-3.99%	\$ 4.03	-20.20%	\$ 4.54	12.66%	\$ 4.16	-8.37%	\$ 4.30	3.36%	-14.85%
Second Class Grazing	2.73	2.59	-5.13%	\$ 2.08	-19.69%	2.36	13.46%	2.15	-8.90%	2.22	3.41%	-14.16%
Third Class Grazing	1.91	1.81	-5.24%	\$ 1.47	-18.78%	1.61	9.52%	1.50	-6.83%	1.55	3.16%	-14.51%
Fourth Class Grazing	1.25	1.25	0.00%	\$ 1.25	0.00%	1.25	0.00%	1.25	0.00%	1.25	0.00%	0.00%

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)
2000	89.00	91.25%	\$ 7.79	4.50	35.04	0.0667	\$ 2.34
2001	109.00	91.25%	\$ 9.54	4.50	42.92	0.1333	\$ 5.72
2002	100.00	91.25%	\$ 8.75	4.50	39.38	0.2000	\$ 7.88
2003	87.00	91.25%	\$ 7.61	4.50	34.26	0.2667	\$ 9.14
2004	97.00	91.25%	\$ 8.49	4.50	38.19	0.3333	\$ 12.73
Five-year weighted average of net operating income:							\$ 37.80
Capitalization Rate:							10.25%
Income stream:							\$ 37.80
Value / Acre (Income stream / cap rate)							\$ 368.78
Level of Assessment:							35%
Assessed Value/Acre (Value per acre times assessment level)							\$ 129.07
Rounded Assessed Value:							\$ 129.00

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)
2000	89.00	91.25%	\$ 7.79	3.50	27.26	0.0667	\$ 1.82
2001	109.00	91.25%	\$ 9.54	3.50	33.38	0.1333	\$ 4.45
2002	100.00	91.25%	\$ 8.75	3.50	30.63	0.2000	\$ 6.13
2003	87.00	91.25%	\$ 7.61	3.50	26.64	0.2667	\$ 7.11
2004	97.00	91.25%	\$ 8.49	3.50	29.71	0.3333	\$ 9.90
Five-year weighted average of net operating income:							\$ 29.40
Capitalization Rate:							10.25%
Income stream:							\$ 29.40
Value / Acre (Income stream / cap rate)							\$ 286.83
Level of Assessment:							35%
Assessed Value/Acre (Value per acre times assessment level)							\$ 100.39
Rounded Assessed Value:							\$ 100.00
Rounded Assessed Value:							

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)
2000	89.00	91.25%	\$ 7.79	2.50	19.47	0.0667	\$ 1.30
2001	109.00	91.25%	\$ 9.54	2.50	23.84	0.1333	\$ 3.18
2002	100.00	91.25%	\$ 8.75	2.50	21.88	0.2000	\$ 4.38
2003	87.00	91.25%	\$ 7.61	2.50	19.03	0.2667	\$ 5.08
2004	97.00	91.25%	\$ 8.49	2.50	21.22	0.3333	\$ 7.07
Five-year weighted average of net operating income:							\$ 21.00
Capitalization Rate:							10.25%
Income stream:							\$ 21.00
Value / Acre (Income stream / cap rate)							\$ 204.88
Level of Assessment:							35%
Assessed Value/Acre (Value per acre times assessment level)							\$ 71.71
Rounded Assessed Value:							\$ 72.00

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)
2000	89.00	91.25%	\$ 7.79	1.75	13.63	0.0667	\$ 0.91
2001	109.00	91.25%	\$ 9.54	1.75	16.69	0.1333	\$ 2.23
2002	100.00	91.25%	\$ 8.75	1.75	15.31	0.2000	\$ 3.06
2003	87.00	91.25%	\$ 7.61	1.75	13.32	0.2667	\$ 3.55
2004	97.00	91.25%	\$ 8.49	1.75	14.85	0.3333	\$ 4.95
Five-year weighted average of net operating income:							\$ 14.70
Capitalization Rate:							10.25%
Income stream:							\$ 14.70
Value / Acre (Income stream / cap rate)							\$ 143.41
Level of Assessment:							35%
Assessed Value/Acre (Value per acre times assessment level)							\$ 50.20
Rounded Assessed Value:							\$ 50.00

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)
2000	62.00	70.00%	\$ 18.60	1.00	18.60	0.0667	\$ 1.24
2001	80.00	70.00%	\$ 24.00	1.00	24.00	0.1333	\$ 3.20
2002	92.00	70.00%	\$ 27.60	1.00	27.60	0.2000	\$ 5.52
2003	73.00	70.00%	\$ 21.90	1.00	21.90	0.2667	\$ 5.84
2004	78.00	70.00%	\$ 23.40	1.00	23.40	0.3333	\$ 7.80

Five-year weighted average of net operating income: \$ 23.60

Capitalization Rate: 10.25%

Income stream: \$ 23.60

Value / Acre (Income stream / cap rate) \$ 230.24

Level of Assessment: 35%

Assessed Value/Acre (Value per acre times assessment level) \$ 80.59

Rounded Assessed Value: \$ 81.00

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)
2000	62.00	70.00%	\$ 18.60	0.75	13.95	0.0667	\$ 0.93
2001	80.00	70.00%	\$ 24.00	0.75	18.00	0.1333	\$ 2.40
2002	92.00	70.00%	\$ 27.60	0.75	20.70	0.2000	\$ 4.14
2003	73.00	70.00%	\$ 21.90	0.75	16.43	0.2667	\$ 4.38
2004	78.00	70.00%	\$ 23.40	0.75	17.55	0.3333	\$ 5.85

Five-year weighted average of net operating income: \$ 17.70

Capitalization Rate: 10.25%

Income stream: \$ 17.70

Value / Acre (Income stream / cap rate) \$ 172.68

Level of Assessment: 35%

Assessed Value/Acre (Value per acre times assessment level) \$ 60.44

Rounded Assessed Value: \$ 60.00

Nevada Department of Taxation
Pasture and Grazing 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	Weighted Average NOI (H*I)
2000	10.70	4	\$ 42.80	6.17%	\$ 40.16	17.95	\$ 22.21	0.0667	\$ 1.48
2001	11.52	4	\$ 46.08	6.17%	\$ 43.24	17.95	\$ 25.29	0.1333	\$ 3.37
2002	11.93	4	\$ 47.72	6.17%	\$ 44.78	17.95	\$ 26.83	0.2000	\$ 5.37
2003	12.29	4	\$ 49.15	6.17%	\$ 46.12	17.95	\$ 28.17	0.2667	\$ 7.51
2004	13.00	4	\$ 52.00	6.17%	\$ 48.79	17.95	\$ 30.84	0.3333	\$ 10.28
Five-year weighted average of net operating income:									\$ 28.01

Capitalization Rate: 10.25%

Income stream: \$ 28.01

Value / Acre (Income stream / cap rate) \$ 273.27

Level of Assessment: 35%

Assessed Value/Acre (Value per acre times assessment level) \$ 95.64

Rounded Assessed Value: \$ 96.00

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)
2000	10.70	3	\$ 32.10	6.17%	\$ 30.12	12.93	\$ 17.19	0.0667	\$ 1.15
2001	11.52	3	\$ 34.56	6.17%	\$ 32.43	12.93	\$ 19.50	0.1333	\$ 2.60
2002	11.93	3	\$ 35.79	6.17%	\$ 33.58	12.93	\$ 20.65	0.2000	\$ 4.13
2003	12.29	3	\$ 36.86	6.17%	\$ 34.59	12.93	\$ 21.66	0.2667	\$ 5.78
2004	13.00	3	\$ 39.00	6.17%	\$ 36.59	12.93	\$ 23.66	0.3333	\$ 7.89
Five-year weighted average of net operating income:									\$ 21.54

Capitalization Rate: 10.25%

Income stream: \$ 21.54

Value / Acre (Income stream / cap rate) \$ 210.15

Level of Assessment: 35%

Assessed Value/Acre (Value per acre times assessment level) \$ 73.55

Rounded Assessed Value: \$ 74.00

Nevada Department of Taxation
Pasture and Grazing 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)
2000	10.70	2.5	\$ 26.75	6.17%	\$ 25.10	10.15	\$ 14.95	0.0667	\$ 1.00
2001	11.52	2.5	\$ 28.80	6.17%	\$ 27.02	10.15	\$ 16.87	0.1333	\$ 2.25
2002	11.93	2.5	\$ 29.83	6.17%	\$ 27.98	10.15	\$ 17.83	0.2000	\$ 3.57
2003	12.29	2.5	\$ 30.72	6.17%	\$ 28.82	10.15	\$ 18.67	0.2667	\$ 4.98
2004	13.00	2.5	\$ 32.50	6.17%	\$ 30.49	10.15	\$ 20.34	0.3333	\$ 6.78
Five-year weighted average of net operating income:									\$ 18.57

Capitalization Rate: 10.25%

Income stream: \$ 18.57

Value / Acre (Income stream / cap rate) \$ 181.22

Level of Assessment: 35%

Assessed Value/Acre (Value per acre times assessment level) \$ 63.43

Rounded Assessed Value: \$ 63.00

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)
2000	10.70	1.5	\$ 16.05	6.17%	\$ 15.06	9.08	\$ 5.98	0.0667	\$ 0.40
2001	11.52	1.5	\$ 17.28	6.17%	\$ 16.21	9.08	\$ 7.13	0.1333	\$ 0.95
2002	11.93	1.5	\$ 17.90	6.17%	\$ 16.79	9.08	\$ 7.71	0.2000	\$ 1.54
2003	12.29	1.5	\$ 18.43	6.17%	\$ 17.29	9.08	\$ 8.21	0.2667	\$ 2.19
2004	13.00	1.5	\$ 19.50	6.17%	\$ 18.30	9.08	\$ 9.22	0.3333	\$ 3.07
Five-year weighted average of net operating income:									\$ 8.15

Capitalization Rate: 10.25%

Income stream: \$ 8.15

Value / Acre (Income stream / cap rate) \$ 79.56

Level of Assessment: 35%

Assessed Value/Acre (Value per acre times assessment level) \$ 27.85

Rounded Assessed Value: \$ 28.00

Nevada Department of Taxation
Pasture and 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	Net Operating Income (G-(H+I))	5-year Weight	Weighted Average NOI	
2000	2.94	2	5	10	\$ 14.70	\$ 1.47	\$ 0.15	\$ 0.03	\$ 1.29	0.0667	\$ 0.09	
2001	2.82	2	5	10	\$ 14.10	\$ 1.41	\$ 0.14	\$ 0.03	\$ 1.24	0.1333	\$ 0.17	
2002	2.98	2	5	10	\$ 14.90	\$ 1.49	\$ 0.15	\$ 0.03	\$ 1.31	0.2000	\$ 0.26	
2003	2.61	2	5	10	\$ 13.06	\$ 1.31	\$ 0.13	\$ 0.03	\$ 1.15	0.2667	\$ 0.31	
2004	3.00	2	5	10	\$ 15.00	\$ 1.50	\$ 0.15	\$ 0.03	\$ 1.32	0.3333	\$ 0.44	
Five-year weighted average of net operating income:											\$ 1.26	

Capitalization Rate: 10.25%
Income stream: \$ 1.26
Value / Acre (Income stream / cap rate) \$ 12.29

Level of Assessment: 35%
Assessed Value/Acre (Value per acre times assessment level) \$ 4.30

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	
2000	2.94	4	5	20	\$ 14.70	\$ 0.74	\$ 0.05	\$ 0.02	\$ 0.67	0.0667	\$ 0.04	
2001	2.82	4	5	20	\$ 14.10	\$ 0.71	\$ 0.05	\$ 0.01	\$ 0.64	0.1333	\$ 0.09	
2002	2.98	4	5	20	\$ 14.90	\$ 0.75	\$ 0.05	\$ 0.02	\$ 0.68	0.2000	\$ 0.14	
2003	2.61	4	5	20	\$ 13.06	\$ 0.65	\$ 0.05	\$ 0.01	\$ 0.59	0.2667	\$ 0.16	
2004	3.00	4	5	20	\$ 15.00	\$ 0.75	\$ 0.05	\$ 0.02	\$ 0.68	0.3333	\$ 0.23	
Five-year weighted average of net operating income:											\$ 0.65	

Capitalization Rate: 10.25%
Income stream: \$ 0.65
Value / Acre (Income stream / cap rate) \$ 6.35

Level of Assessment: 35%
Assessed Value/Acre (Value per acre times assessment level) \$ 2.22

Nevada Department of Taxation
Pasture and 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	
2000	2.94	6	5	30	\$ 14.70	\$ 0.49	\$ 0.01	\$ 0.01	\$ 0.47	0.0667	\$ 0.03	
2001	2.82	6	5	30	\$ 14.10	\$ 0.47	\$ 0.01	\$ 0.01	\$ 0.45	0.1333	\$ 0.06	
2002	2.98	6	5	30	\$ 14.90	\$ 0.50	\$ 0.01	\$ 0.01	\$ 0.47	0.2000	\$ 0.09	
2003	2.61	6	5	30	\$ 13.06	\$ 0.44	\$ 0.01	\$ 0.01	\$ 0.41	0.2667	\$ 0.11	
2004	3.00	6	5	30	\$ 15.00	\$ 0.50	\$ 0.02	\$ 0.01	\$ 0.47	0.3333	\$ 0.16	
Five-year weighted average of net operating income:											\$ 0.45	

Capitalization Rate: 10.25%
Income stream: \$ 0.45
Value / Acre (Income stream / cap rate) \$ 4.42

Level of Assessment: 35%
Assessed Value/Acre (Value per acre times assessment level) \$ 1.55

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%
Assessed Value/Acre (Value per acre times assessment level) \$ 1.25

Nevada Department of Taxation
Intensive Use 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	=	\$	129.00	Assessed Value per Acre
2nd Class Cultivated	=	\$	100.00	Assessed Value per Acre

\$ 129.00	divided by	\$ 100.00	=	1.29	
\$ 129.00	x	1.29	=	\$166.41	Assessed value per acre

ASSESSMENT OF OPEN-SPACE REAL PROPERTY

Procedures

NRS 361A.170 requires the governing bodies of every city or county, as part of their master plan, to establish and promote the conservation, maintenance and protection of open-space property. If a property is designated as open-space property, it is eligible for an open-space use assessment.

Open-space use applications are filed with county assessors who forward the applications to the county commissioners or city governing body. The county commissioners or governing bodies evaluate open-space use assessment applications and take action 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 may qualify for open-space use assessment. The following conditions must be met:

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

Valuation Methodology

If an application is approved, the assessor calculates an open-space use assessment by discounting the property's equalized taxable value. The Nevada Tax Commission adopted a formula in which open-space use assessments receive a discount of 9 percent for a term of 3 and 1/2 years.

To apply this discount, multiply the taxable value of the open-space property by the factor of .74. The assessed value is 35 percent of the open-space use value. If the qualified property is a historic site with both land and improvements, apply the .74 factor to the equalized taxable value of both land and improvements.

Example

The subject property qualifies as open-space land. The equalized taxable value of comparable land nearby, which is not open-space land, is \$10,000 per acre. The equalized taxable value of the subject's improvements, an older historic residence, is \$40,000.

Land	$\$10,000 \times .74 = \$ 7,400 \times 35\% =$	$\$ 2,590$
Improvements	$\$40,000 \times .74 = \$29,600 \times 35\% =$	$\$10,360$

Total assessed based on open-space use = \$12,950

The assessor should record for tax deferral purposes the following:

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

Equalize an open-space property's taxable value with the taxable values of comparable surrounding properties. Reappraise the open-space property with other properties in the normal reappraisal cycle. If the taxable value increases or decreases during reappraisal, make the appropriate adjustments to the open-space use valuation.

Appendix

Nevada Department of Taxation

Appendix

2004

Nevada Agricultural Statistics Service

Month	Average Price	
	Alfalfa Hay	All Other Hay
January	\$ 91.00	\$ 105.00
February	\$ 90.00	\$ 130.00
March	\$ 88.00	\$ 107.00
April	\$ 99.00	\$ 109.00
May	\$ 90.00	\$ 90.00
June	\$ 99.00	\$ 110.00
July	\$ 103.00	\$ 116.00
August	\$ 101.00	\$ 123.00
September	\$ 97.00	\$ 103.00
October	\$ 98.00	\$ 120.00
November	\$ 103.00	\$ 122.00
December	\$ 102.00	\$ 104.00
Mean Average	\$ 96.75	\$ 111.58

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