

HB 142 Review of Advisory Councils

Agricultural Land Valuation Advisory Committee

Prepared by Megan Moore

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Statutory Authority: 15-7-201, MCA

Purposes

- The committee's overall purpose is to advise the Department of Revenue on matters related to valuation of agricultural land for property tax purposes.
- The statute provides the following specific areas in which the committee should advise the Department:
 - compile and review data used to determine productive capacity value and net income;
 - recommend to the Department any adjustments to data or to landowners' share percentages if required by changes in government agricultural programs, market conditions, or prevailing agricultural practices;
 - recommend appropriate base periods and averaging methods;
 - evaluate the appropriateness of the capitalization rate and recommend a rate;
 - verify for each class and subclass of land that the determined net income reasonably approximates that which the average Montana farmer or rancher could have attained;
 - recommend agricultural land valuation schedules. With respect to irrigated land, the recommended value of irrigated land may not be below the value that the land would have if it were not irrigated.
 - provide methods for adjusting agricultural land productivity values when more site-specific data is available and pertinent; and
 - recommend definitions for "site-specific" and "pertinent."

General Information

- The governor appoints the committee.
- Members should be knowledgeable about agriculture and agricultural economics.
- One member must be on staff at Montana State University-Bozeman, College of Agriculture.

Budget Information

The two meetings in 2013 cost \$2,989, or an average of about \$1,500 per meeting.

Recent Activities

- The committee met on August 28, 2013, and October 29, 2013.
- The committee reviewed the agricultural land appraisal process, examples of 7-year averaging, a discussion of direct payments and crop share, a presentation on water cost calculations, and commodity price analysis.
- The committee also discussed House Bill No. 593 definitions. HB 593 was a bill passed

by the 63rd Legislature that directs the committee to provide methods for adjusting agricultural land productivity values when site-specific data is available and pertinent and requires the committee to recommend definitions of "site-specific" and "pertinent."

Agricultural Land Valuation Advisory Committee Membership

| Members | Hometown |
|--------------------|-----------------|
| Jane DeBruycker | Dutton |
| James Johnson* | Bozeman |
| Mike Jopek | Whitefish |
| Dennis McDonald | Melville |
| Gerald Nielsen | Bozeman |
| Richard O'Brien | Great Falls |
| James O'Hara | Fort Benton |
| John Schutter | Manhattan |
| Helen (Jo) Shipman | Lewistown |

*James Johnson is an Emeritus Professor of Agricultural Economics at Montana State University and serves as the committee member on staff there.