

Orchard Qualification

The requirements for ag qualification are spelled out in Montana Administrative Rule, ARM 42.20.620. The property must have a minimum of 100 live trees maintained at all times using accepted fruit tree husbandry practices. When the application is filled out you are claiming to be an agricultural business.

The following practices are part of a viable and legitimate ag operation:

1. Minimum of 100 live trees at the time of my visit (I recommend planting at least 10% more to allow for mortality)
2. Fencing around the perimeter of the orchard (deer can devastate an orchard in 1 night)
3. Fruit trees require a lot of water so an irrigation system is usually necessary
4. Pest control of some kind to insure the trees remain healthy
5. Adequate spacing of trees depending on the recommended distance for each particular species (typically 8, 10, or 12 feet depending on canopy)

Newly planted trees take approximately 4 – 6 years to mature and produce fruit. A property owner is given a "grace" period and may be monitored during that time to make sure there is still a minimum of 100 viable trees on the property. If you are only here 5 – 6 months out of the year you may need to consider having someone take care of the orchard during your absence.

The actual orchard will be classed in the continuously cropped 1A4 category. Excess land not planted to fruit trees and the 1 acre homesite (if any) will be the grazing category based on a soil survey of the property. The 1 acre farmsite will be assessed at \$1667. If the property is on the water, the valuation for the frontage will be deleted. The improvement value will be based on the cost approach to value. The ag land is a class 3 with the same tax rate as the full market valuation. The rate is phased in at 16.666% over 6 years (MCA 15.6.134).

One last important point is the time of year the trees are planted. The lien date in Montana is January 1. This means that property is taxed for what is in place as of January 1 of any given year. What does this mean to you? It means that if you don't have trees in the ground and actively growing by January 1, you will not qualify for ag that year. For example, if you plant trees in the late fall of 2010, you would file for ag status for the following year, 2011. If you plant trees in the spring of 2011, you would file your ag application for the 2012 tax year.