**Current Use Removals**

Problem One

Mr. Soil purchased a farm that was in the Farm and Agricultural classification in 2019, the land had been in the classification since 1993 and the appropriate income was provided at the time of purchase. The Notice of Continuance was signed at the time of sale and approved by the Assessor to continue. In May of 2022 Mr. Soil decides to subdivide the land in to 1-acre plots and sell it as residential land. Before he divides the land, he comes into the Assessor’s office in the county where the land is located, on May 16, 2022, and requests to remove the property.

Would the land be removed by the owner’s request?

Is additional tax due with a 20% penalty?

With the following information what would the additional tax be for this property?

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **No. of Yrs.** | **Tax Year** | **Levy Rate** | **True & Fair MV** | **C/U**  **Value** |
| 1 | 2021 | 11.11223 | 78,829 | 1,200 |
| 2 | 2020 | 10.99685 | 70,000 | 900 |
| 3 | 2019 | 10.00000 | 65,000 | 850 |
| 4 | 2018 | 10.88678 | 62,306 | 800 |
| 5 | 2017 | 10.52134 | 50,000 | 896 |
| 6 | 2016 | 9.25368 | 55,000 | 875 |
| 7 | 2015 | 9.56538 | 30,000 | 875 |

2022 Valuation information – Fair Market Value is $90,000 – Levy Rate is 10.05213 – Current Use Value is $1,000

Problem 2

The Assessor’s Office does a 6-year scheduled audit in the designated area and finds that Mr. Carrot is no longer farming his 800-acre farm. Mr. Carrot has suffered an injury and can no longer farm the property. He is currently leasing the property and he reveals in the audit information that is returned to the Assessor that the land will no longer be leased or farmed as of January 1, 2023.

The land has been in the Farm and Agricultural Classification since 2001.

What options does Mr. Carrot have?

Should the Notice of Intent to remove be sent, or should you wait until January 1, of 2023?

Is there an option where Mr. Carrot will not have to pay any additional taxes?

Should you wait and see if Mr. Carrot leases the property for farming purposes?

If Mr. Carrot decides to remove the property and pay the additional taxes, should he be charged the additional 20% interest?

When should you remove the property and impose the additional taxes?

What if Mr. Carrot passes away in December of 2022, and the family sells the property in January of 2023?

Mr. Carrot would like to see an estimate of the removal if he decides to have the property removed.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **No. of Yrs.** | **Tax Year** | **Levy Rate** | **True & Fair MV** | **C/U**  **Value** |
| 1 | 2021 | 11.11223 | 650,000 | 4,000 |
| 2 | 2020 | 10.99685 | 500,000 | 3,000 |
| 3 | 2019 | 10.00000 | 500,000 | 2,500 |
| 4 | 2018 | 10.88678 | 400,000 | 2,000 |
| 5 | 2017 | 10.52134 | 275,000 | 2,000 |
| 6 | 2016 | 9.25368 | 200,000 | 1,500 |
| 7 | 2015 | 9.56538 | 300,000 | 1,200 |

2022 Valuation information – Fair Market Value is $800,000 – Levy Rate is 10.05213 – Current Use Value is $5,000