



STATE BOARD OF EQUALIZATION
PROPERTY AND SPECIAL TAXES DEPARTMENT
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www.boe.ca.gov

November 25, 2013

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No. 2013/056

TO COUNTY ASSESSORS:

**2014 LIEN DATE
URBAN AGRICULTURE INCENTIVE ZONES ACT
PER-ACRE VALUE OF CALIFORNIA IRRIGATED CROPLAND**

Background

Assembly Bill 551 (Stats. 2013, ch. 406) was signed by the Governor on September 28, 2013 which added Chapter 6.3 to Part 1 of Division 1 of Title 5 of the Government Code (section 51040 et seq.) and amended Section 402.1 of, and added Section 422.7 to, the Revenue and Taxation Code, and its provisions become effective on January 1, 2014.

This bill enacted the Urban Agriculture Incentive Zones Act (Act) which authorizes, under specified conditions, a city, county, or city and county and a landowner to enter into a contract to enforceably restrict the use of vacant, unimproved, or otherwise blighted lands for small-scale production of agricultural crops and animal husbandry. Any contract entered into on or before January 1, 2019 is valid and enforceable for the duration of the contract.¹ The bill would require a contract entered into pursuant to these provisions to, among other things, be for a term of no less than five years² and to enforceably restrict property that is at least 0.10 acres and no more than 3 acres in size.³

Unlike valuation of land under the Williamson Act where the restricted value is based on income and a specifically developed capitalization rate, this Act requires a county assessor to value land that is enforceably restricted by a contract at a rate based on the average per-acre value of irrigated cropland in California as most recently published by the National Agricultural Statistics Service of the United States Department of Agriculture (USDA). The USDA annually publishes this information in August.

This bill also requires the State Board of Equalization (BOE) to post the published per-acre land values on its website within 30 days of publication by the USDA National Agricultural Statistics Service, and to provide to county assessors, no later than January 1 of each assessment year, the per-acre value of irrigated cropland in California.⁴ The information is posted on the BOE website at:

www.boe.ca.gov/proptaxes/uaincentivezone.htm

¹ Government Code section 51042, subdivision (e).

² Government Code section 51042, subdivision (b)(1).

³ Government Code section 51042, subdivision (b)(2).

⁴ Revenue and Taxation Code section 422.7, subdivision (c).

2014 Lien Date

In accordance with the provisions of Revenue and Taxation Code section 422.7, the August 2013 report from the USDA National Agricultural Statistics Service indicates that the average per-acre value of irrigated cropland in California for the 2014 lien is \$12,500.

The USDA report may be accessed at:

http://www.nass.usda.gov/Publications/Todays_Reports/reports/land0813.pdf

Proportional Adjustments

When calculating the value for land, the average per-acre value is adjusted proportionally to reflect the acreage.

For example, the calculation of the assessed value for land that is one-tenth of an acre for the 2014 lien date would be:

$$0.10 \text{ acre} \times \$12,500 = \$1,250$$

The calculation of the assessed value for land that is 3 acres for the 2014 lien date would be:

$$3 \text{ acres} \times \$12,500 = \$37,500$$

If you have any questions regarding the assessment of property subject to an Urban Agriculture Incentive Zone contract, you may contact the County-Assessed Properties Division at 1-916-274-3350.

Sincerely,

/s/ David J. Gau

David J. Gau
Deputy Director
Property and Special Taxes Department

DJG:mds