Urban Farming Assessment Act

Do you Qualify for this tax break?
What is it?

- An effort to encourage urban farming
- A potential tax break for Utah’s landowners
- An effort to connect people who own underutilized land with farmers in their community.
Benefits

- A property tax reduction
  - Taxes rates for agricultural land are lower than for other uses.
- Unused properties provide local economic activity through urban farming
- Other environmental benefits
Do I Qualify?

- Parcels must be 2 - 4.99 Acres
- Measurement only includes undeveloped land used for agriculture
- Multiple parcels may be used if they share a border
  - Acreage of all parcels must add up to at least two acres
- Plots must be farmed for two years before applying
Do I Qualify?

- Land must be used for commercial farming
- Land must be irrigated
- Greenhouses qualify if used for food crop seedlings and sprouts
- Other structures that store crops and tools used for production also qualify
- Structures used to store animals (such as barns) do not qualify
Do I Qualify?

Crops that qualify:

- Food crops:
  - Berries
  - Tomatoes
  - Orchards
  - Corn
  - Other produce for human consumption
Do I Qualify?

- Crops that do not qualify:
  - Field crops such as barley or wheat
  - Grazing
  - Herbs
  - Plants grown for ornamental use
  - Non-food crops such as cotton
Rollback Taxes?

- After farming use is terminated:
  - Owner must pay taxes for period (for up to 10 years) of agricultural use

- Rollback taxes are the fair market tax minus what has already been paid

- Owner does not pay rollback taxes older than 10 years

- Owner can sell land to a third party without triggering back tax
Hypothetical

- Jane Doe owns 2.5 acres in Salt Lake County.
- She farms for 2 years, then applies for the tax break.
- After another 5 years of farming, she receives an offer to buy the land from a real estate developer.
- She decides to sell, and includes the amount of rollback taxes for the past 5 years in the sell price.
Hypothetical

- John Doe owns a 3 acre parcel located in Salt Lake County.
- It is lying fallow with high residential taxes
- He decides to lease the land to Suzy Farmer for a reasonable price.
- Suzy grows broccoli, raspberries, and greens on those three acres.
- John Doe benefits from the modest lease and from substantial savings in property taxes.
- After 15 years, John decides to sell the three acres to home developers. He must pay 10 year’s worth of the savings from the tax break (back taxes) to the county.
- However, he is able to add that amount into the cost of the sale, so he continues to benefit from UFA.
Hypothetical

- Suzy Farmer owns 2 acres in Salt Lake County. She has been farming them for 2 years, so she applies for the Urban Farming tax break.
- She farms for 5 years, and then sells the land to another farmer, who signs an affidavit promising to continue farming.
- She had saved a considerable sum in the past 5 years with the tax break, and now can walk away without paying rollback taxes.
Questions?