

How farmland assessment works

Chief County assessing officers use the per acre values certified by the Illinois Department of Revenue to determine 2009 assessed value of farmland in Illinois. These certified values are calculated in 2008 and are based on data from 2003 to 2007. The 2009 assessed values of farms are the base for 2009 taxes to be paid by farm owners in 2010 (see graphic below). Because income and costs vary by soil quality, a separate calculation is done for each soil productivity index. The soil productivity index ranges from 82 to 130.

The Chief County Assessment Officer applies the appropriate certified value in calculating the taxable value of farmland in each farm tax parcel after determining the soil index for the parcel and the use of the land in farming. The farmland assessment is added to assessments for buildings, building site, home and home site to get the total taxable value for each farm parcel.

The law restricts annual increases or decreases in certified assessed value to no more than 10% of the prior year's value. This 10% limit was passed by the General Assembly and signed into law in 1986 to help stabilize fluctuations in farmland property assessments due to swings in the farm economy.

The income capitalization formula required by the Illinois Farmland Assessment Law is represented by:

$$\begin{aligned} & \text{Gross income per acre} \\ & - \text{(minus) non-land production costs per acre} \\ & \div \text{Average Farm Credit System mortgage interest rate} \end{aligned}$$

The formula uses five-year average data (2003-2007) to calculate the per-acre certified assessed value for cropland. There is a two-year lag between the assessment year and the last year of the data used in the calculations.

A TIME CONSUMING PROCESS: THE FARMLAND ASSESSMENT TAX CYCLE

