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Agricultural Property and Property Taxation

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CORNHUSKER ECONOMICS

UNIVERSITY OF
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Institute of Agriculture & Natural Resources
Department of Agricultural Economics
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Agricultural Property and Property Taxation

Market Report	Yr Ago	4 Wks Ago	9/4/09
<u>Livestock and Products,</u>			
<u>Weekly Average</u>			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight	\$98.22	\$81.14	\$83.45
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb.	123.06	120.38	112.36
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb.	113.93	104.99	102.85
Choice Boxed Beef, 600-750 lb. Carcass.	159.05	141.49	142.83
Western Corn Belt Base Hog Price Carcass, Negotiated.	71.85	48.38	49.65
Feeder Pigs, National Direct 50 lbs, FOB.	30.26	*	32.00
Pork Carcass Cutout, 185 lb. Carcass, 51-52% Lean.	77.37	56.62	55.02
Slaughter Lambs, Ch. & Pr., Heavy, Wooled, South Dakota, Direct.	96.62	96.50	91.13
National Carcass Lamb Cutout, FOB.	274.80	253.52	251.28
<u>Crops,</u>			
<u>Daily Spot Prices</u>			
Wheat, No. 1, H.W. Imperial, bu.	6.69	4.25	3.74
Corn, No. 2, Yellow Omaha, bu.	5.22	3.01	3.03
Soybeans, No. 1, Yellow Omaha, bu.	11.70	11.54	9.25
Grain Sorghum, No. 2, Yellow Dorchester, cwt.	8.02	5.12	4.75
Oats, No. 2, Heavy Minneapolis, MN, bu.	*	2.09	1.97
<u>Feed</u>			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton.	190.00	*	*
Alfalfa, Large Rounds, Good Platte Valley, ton.	77.50	*	82.50
Grass Hay, Large Rounds, Premium Nebraska, ton.	85.00	*	*
Dried Distillers Grains, 10% Moisture, Nebraska Average.	169.00	85.00	78.00
Wet Distillers Grains, 65-70% Moisture, Nebraska Average.	57.75	32.25	34.00
*No Market			

One entry sure to win most **liars' contests** is the one about the farmer who was asked about his property taxes and he replied "*no comment.*" Farmers and other owners of agricultural real estate have always grumbled about property taxes. And here in Nebraska, the concern seems to be even more than elsewhere.

Why is this? While some would suggest that the philosophy of the agricultural community is basically "anti-tax," this argument does not hold much merit. Farmers and other members of the agricultural community tend to be strong community citizens and willing to contribute actively to their communities. They realize paying their **fair** share of taxes is part of responsible citizenship.

But perhaps the key to the widespread disgust over property taxes is that word: **fairness**. So let's put some perspective on the role of agricultural assets in the property tax system across the state. Since the property tax is relied on heavily for local governments, with K-12 public school districts being the primary users, it is important to understand how the relative tax burden falls on agricultural assets relative to other asset owner classes.

Using Nebraska Department of Revenue data from its 2008 Annual Report, one can examine county-level breakdowns of assessed value into the major property classes. These classes are: agricultural land; commercial, industrial, and mineral; residential; agricultural outbuildings and farm sites; agricultural machinery and equipment; commercial and industrial equipment; public service entities; and railroads.

For 2008, the agricultural land class for the state as a whole had a value of \$31.2 billion, which constituted 22 percent of the total assessed value of all property for tax purposes (Figure 1 on next page). However, in 58 of the state's 93 counties, the agricultural land class constituted the majority of the county's total assessed value. In fact, in 38 counties the agricultural land class accounted for more than 60 percent of total assessed value for property tax purposes.



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