

County farmland sales don't follow recession

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MOORE

Farm ground sales in the county continue to soar off the charts.

“That’s in stark contrast to anything resembling a recession,” said Dawson County assessor John Moore.

Moore was referring to proposed 2010 valuation notices that county landowners will receive in June.

The increased sales, he said, is a positive sign for the economy in general.

“I just hope land owners understand the day comes when valuations catch up with the market sales,” Moore said, noting that double-digit percentage increases carry some sticker shock. “I know it did for my staff and I as we were making the changes.”

Other dynamics are also at work.

For example, he said assessors across the state are required to implement a new national soil survey. Natural resource district officials also expect land owners to certify the number of acres they irrigate.

Moore said the regulations scrambled acre counts on nearly every parcel with agricultural production and, in many cases, the use changed.

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“What was grass or dry land is now irrigated land and that alone just put an exponential increase into play,” he said.

The assessor said most land owners will see increases in “unit” values of at least 12%. Some will have little or no change depending on the type of ground involved and its location.

The “unit,” he explained, is one of dozens of subclasses of ground determined by soil type and slope. There are four levels and seven categories within each of the three main classes which are irrigated, dry and grass.

Valuations are determined by monitoring sales over three years, Moore said. The sales are reduced to land only as all improvements on parcels are deducted from the bottom line.

Moore said there were 145 sales within the file when it started—all within Dawson County.

State revenue property assessment division officials added another 17 sales to the file imported from surrounding counties.

Moore said state officials told him the sales were “representative of the level of value” for each subclass which means 162 sales were used within the state’s statistical model.

That was reported to the regulatory board known as the Tax Equalization and Review Commission (TERC). The sales occurred from mid 2006 through mid 2009.

Assessors were told of the expanded sales file earlier this year, he said, after the state determined it was going to change its measurement methods.

TERC reviews statistics in early April and then decides whether a county meets the standards.

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An order to show cause may follow asking why valuations should not be adjusted, Moore said.

Dawson County has met the standards for several years.

A couple of years ago increased farm ground prices seemed to follow higher commodity prices, he said.

“Even with those prices falling back to prior levels, land still continues to bring more,” Moore said. “In part, that may be a result of forward contracting.”

He noted that it may take another year or so to see prices leveling off.

For example just when he thought \$4,300 an acre for top irrigated ground was going to be a county high, sales last December jumped past \$5,000 an acre.

Reports of even greater changes are coming from other counties, he said.

Furnas County officials announced a 40% increase in assessments, he said, while Phelps County's best irrigated land will be assessed about \$40 an acre higher than in Dawson County. Gosper County's top ground will increase by 30%.

Citing raw numbers, Moore said “1A” irrigated will increase from \$1,700 in 2009 to \$1,920 per acre for the vast majority of the county in 2010.

That figure was \$1,600 an acre last year in what was market area 3 or the Sumner-Eddyville area.

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In the grass classification, he said "4G" will increase from \$385 to \$415 per acre.

Moore pointed out that "1A" and "4G" represent well over half the value within major classes of irrigated and grassland.

Dry land crop ground represents only about 5% production acres in Dawson County, he said, noting that dry land valuations have been updated to keep them in proportion to irrigated and grass markets.

County assessors are instructed to maintain the level of farmland value to between 69-75% of market, he said.

"That means irrigated farm ground assessments have jumped about 20-25% in the last two years combined," Moore said, adding that some parcels have increased substantially more because of use change.

Preliminary reports for sales ratios showed most categories in the low 60 percentile range. Many of the recent sales had generated assessment/sales ratios of 50% or lower at the beginning of 2010.

"I'm trying to stay below the middle of the range in case the market backs off even though I haven't seen anything that shows me that will happen," Moore said.