

**APPLICATION FOR
AGRICULTURAL REAL PROPERTY TO BE VALUED BASED ON USE**

Charleston County Assessor's Office
Post Office Box 427
Charleston, South Carolina 29402-0427
Telephone: (843) 958-4100

Tax Year _____ Date: _____ Taken _____ Mailed _____ Office Rep. _____

| Name and Mailing Address of Property Owner | Property Location and Legal Description |
|--|---|
| * Please correct mailing address if necessary. | Acres: _____ |

PLEASE READ QUALIFICATION REQUIREMENTS ON THE BACK OF APPLICATION

YOU MUST FILE A SEPARATE APPLICATION FOR EACH QUALIFYING PARCEL OF LAND.

PLATS RECORDED FOR ACREAGE CHANGES WILL NOT BE AFFECTIVE UNTIL THE FOLLOWING TAX YEAR.

1. NUMBER OF ACRES for which tract is used for:

| | | | | |
|------------|-------|-------|-----|--|
| Crop Land | _____ | Acres | AND | Type of Crops _____ |
| Timberland | _____ | Acres | | Date last/to be harvested _____ |
| Pasture | _____ | Acres | AND | Type(s) of animals raised _____ |
| Homesite* | _____ | Acres | | * To include all cleared area used for yard. |
| Dock** | _____ | Acres | | ** To include all cleared area. |
| Wetlands | _____ | Acres | | |

DORMANT LAND, except that which is part of a crop rotation system, DOES NOT QUALIFY for agricultural special assessment.

2. Please list all buildings, docks, or mobile homes on the property: _____

NOTE: If the owner's legal residence is on this parcel, you must file a separate application for the 4% legal residence special assessment.

3. Is any part of the entire tract used for profit other than agricultural profit?

() YES () NO If yes, explain: _____

4. If this is a timber tract and size is less than 5 acres, do you own any other timberland tracts which are contiguous to (adjoining) and are under the same management system as this tract? Timber system must be documented.

() YES () NO If yes, list parcel numbers: _____

5. Do you own any other crop or pasture tracts, which qualify as agricultural real property?

() YES () NO If yes, list parcel numbers _____

6. Are there any buildings or mobile homes used to provide free housing for farm personnel?

() YES () NO

7. Are there any buildings or mobile homes used only for farming office facilities? () YES () NO

8. If the owner is a corporation, does the Corporation:

Have more than Ten Shareholders () YES () NO

Have as a shareholder a person (other than an estate) who is not an individual () YES () NO

Have a Non Resident Alien as a Shareholder () YES () NO

Have more than one class of stock () YES () NO

Questions 9 - 11 concern only those applying on the basis of farm income - PROOF OF INCOME IS REQUIRED

9. Did you have gross farm income of \$1,000 or more per parcel? () YES () NO

10. Did you file a farm income tax return? () YES () NO

11. Attach copies of all relevant Agricultural Stabilization and Conservation Service Farm Identification Numbers.

12. PLEASE ATTACH A COPY OF SCHEDULE F OR PERTINENT TAX INFORMATION

If Applying for Agricultural Use: It is unlawful for a person to knowingly and willfully make a false statement on the application required pursuant to section 12-43-220 (d) (3) to a county assessor for the classification of property as agricultural real property or for the special assessment ratio for certain agricultural real property. A person violating the provisions of this section is guilty of a misdemeanor and upon conviction, must be fined not more than \$200. In making this application, I certify the property, which is the subject of this application, meets the requirements to qualify as agricultural real property as of January first of the current tax year. **I also authorize the assessor to verify farm income with the Department of Revenue and Taxation, the Internal Revenue Service, or the Agricultural Stabilization and Conservation Service. I have read and I understand the requirements listed on the reverse of this form and on the enclosed brochure.**

REQUIRED
Owner's
Signature: _____

SSN: _____ Date: _____
Home _____ Office _____
Phone _____ Phone _____

REQUIRED
Spouse's
Signature: _____

SSN: _____ Date: _____
Home _____ Office _____
Phone _____ Phone _____

For office use only:

Qualified: () YES () NO INITIALS _____ DATE: ____/____/____

APPLICATION FOR SPECIAL ASSESSMENT AS AGRICULTURAL REAL PROPERTY

Definition of Agricultural Real Property: Agricultural real property shall mean any tract of real property which is used to raise, harvest or store crops or feed, breed or manage livestock, or to produce plants, trees, fowl or animals useful to man, including the preparation of the products raised thereon for man's use and disposed of by marketing or any other means. It includes, but is not limited to, such real property used for agriculture, grazing, horticulture, forestry, dairying, and mariculture. In the event at least 50% of a real property tract shall qualify as agriculture real property the entire tract shall be so classified, provided no other business for profit is being operated thereon. The term agricultural real property shall not include any property used as the residence of the owner or others in that the taxation of such property is specifically provided for in Section 12-43-230 of the South Carolina Code of Laws and Department of Revenue Regulation 117-1870.2 II.

The following are only excerpts from the S. C. Code of Laws that pertain to the agricultural regulations.

For a better understanding, we recommend that the code (please see enclosed brochure) be reviewed in its entirety.

NOTE: Restrictive subdivision covenants may prohibit the granting of agricultural classification

Qualification requirements Agricultural real property, which is actually used for such purposes and meets certain size or income restrictions, not including, however, a corporation which is the owner or lessee except for certain corporations which do not:

Four Percent of its fair market value for such agricultural purposes for owners or lessees who are individuals or partnerships and certain corporations which do not:

- (I) Have more than ten shareholders.
- (II) Have as a shareholder a person (other than an estate) who is not an individual.
- (III) Have more than one class of stock.
- (IV) Have a nonresident alien as a shareholder.

Six percent of its fair market value for such agricultural purposes for owners or lessees who are corporations except for certain corporations specified in (A) above. (S.C. Code 12-43-220(d)(1))

Timberland tracts must be five acres or more of trees. Tracts of timberland must be devoted actively to growing trees for commercial use. Tracts of timberland of less than five acres if any of the following conditions are met:

1. Contiguous to a qualifying tract.
2. Under the same management system as a qualifying tract.
3. Owned in combination with non-timberland tracts that qualify as agricultural real property.

Non-timberland tracts must be ten acres or more. Tracts of non-timberland less than ten acres qualify if any of the following conditions are met:

1. Contiguous tracts with identical ownership meet the minimum acreage requirement when added together.
2. If a person making application earned at least \$1,000 gross farm income per parcel in at least three of the past five years or at least three of the first five years if this is initial application.

(Proof of or Intent of Income IS Required.)

3. If the property has been owned by current owner or an immediate family member of the current owner since January 1, 1984 and the property was classified as agricultural real property for the tax year 1994.

A dockside facility whose primary use is the landing and processing of seafood is considered agricultural real property.

The owner shall notify the assessor within six months of a change in use. For failure to notify the assessor of a change in use, in addition to any other penalties provided by law, a penalty of ten percent and interest at the rate of one-half of one percent a month must be paid on the difference between the amount that was paid and the amount that should have been paid, but not less than thirty dollars nor more than the current year's taxes. (S.C. Code 12-43-220 (d)(3))

ROLL-BACK TAXES

It is understood by Property Owner that when real property which is in agricultural use and is being valued, assessed and taxed as agricultural real property and is applied to a use other than agricultural, it shall be subject to additional taxes referred to as roll-back taxes. Rollback taxes effect the year of change and the previous 5 years. An rollback tax is a lien against the property.

RIGHT TO APPEAL

If the assessor determines a property to be ineligible for classification as agricultural property, the property owner may appeal the classification as provided in Chapter 60, Title 12 of the South Carolina Code of Laws.

RETURN THIS APPLICATION NOW - PLEASE MAKE A COPY FOR YOUR FILES

If this application is not filed on or before the first penalty date for taxes due for the first tax year in which the special assessment is claimed (January 16), the agricultural classification will be denied for the tax year. Please file by May 1st to avoid any unnecessary delays in processing your application.

An inspection of your property may be necessary for qualification.

Mail original application to: (Do Not Fax)

Charleston County Assessor's Office, P.O.Box 427, Charleston, SC 29402.

If you have any questions concerning this application, please call our office at (843) 958-4100.

AG APP 2/6/06

AGRICULTURE CODES

SECTION 12-43-220. Classifications shall be equal and uniform; particular classifications and assessment ratios; procedures for claiming certain classifications; roll-back taxes.

SECTION 12-43-230. Treatment of agricultural real property, mobile home and lessee improvements to real property; department shall prescribe regulations.

SECTION 12-43-232. Requirements for agricultural use.

SECTION 12-43-233. Agritourism uses.

SECTION 12-43-220. Classifications shall be equal and uniform; particular classifications and assessment ratios; procedures for claiming certain classifications; roll-back taxes.

Except as otherwise provided, the ratio of assessment to value of property in each class shall be equal and uniform throughout the State. All property presently subject to ad valorem taxation shall be classified and assessed as follows:

d)(1) Agricultural real property which is actually used for such agricultural purposes shall be taxed on an assessment equal to:

(A) Four percent of its fair market value for such agricultural purposes for owners or lessees who are individuals or partnerships and certain corporations which do not:

- (i) Have more than ten shareholders.
- (ii) Have as a shareholder a person (other than an estate) who is not an individual.
- (iii) Have a nonresident alien as a shareholder.
- (iv) Have more than one class of stock.

(B) Six percent of its fair market value for such agricultural purposes for owners or lessees who are corporations, except for certain corporations specified in (A) above.

(2)(A) "Fair market value for agricultural purposes", when applicable to land used for the growth of timber, is defined as the productive earning power based on soil capability to be determined by capitalization of typical cash rents of the lands for timber growth or by capitalization of typical net income of similar soil in the region or a reasonable area of the region from the sale of timber, not including the timber growing thereon, and when applicable to land used for the growth of other agricultural products the term is defined as the productive earning power based on soil capability to be determined by capitalization of typical cash rents or by capitalization of typical net annual income of similar soil in the region or a reasonable area of the region, not including the agricultural products thereon. Soil capability when applicable to lands used for the growth of timber products means the capability of the soil to produce such timber products of the region considering any natural deterrents to the potential capability of the soil as of the current assessment date. The term, when applicable to lands used for the growth of other agricultural products, means the capability of the soil to produce typical agricultural products of the region considering any natural deterrents to the potential capability of the soil as of the current assessment date. The term "region" means that geographical part of the State as determined by the department to be reasonably similar for the production of the agricultural products. After average net annual earnings have been established for agricultural lands, they must be capitalized to determine use-value of the property based on a capitalization rate which includes:

1. an interest component;
2. a local property tax differential component;
3. a risk component;
4. an illiquidity component.

Each of these components of the capitalization rate must be based on identifiable factors related to agricultural use of the property. The interest rate component is the average coupon (interest) rate applicable on all bonds which the Federal Land Bank of Columbia, which serves South Carolina farmers, has outstanding on July first of the crop-years being used to estimate net earnings and agricultural use-value. Implementation of the provisions contained in this section is the responsibility of the department.

(B)(i) For tax year 1988 and subsequent tax years, fair market value for agricultural purposes must be determined by adjusting the applicable base year value by an amount equal to the product of multiplying the applicable base year value by a percentage factor obtained through the formula provided in this item. For tax year 1988, the applicable base year is 1981. The fair market value for agricultural purposes determined for the 1991 tax year is effective for all subsequent years.

(ii) The percentage factor provided in this item is derived from the most recent edition of the United States Department of Agriculture publication "AGRICULTURAL LAND VALUES AND MARKETS", specifically, from "Table 1--Farm Real Estate Values: Indexes of the average value per acre of land and buildings.. ." as listed for this State. The formula to determine the applicable percentage factor is the index of the year of change less the index of the base year with the resulting amount being divided by the index of the base year and rounded to the nearest whole number. For purposes of the formula, the base year is the last year in which values were adjusted under this item.

(3) Agricultural real property does not come within the provisions of this section unless the owners of the real property or their agents make a written application therefor on or before the first penalty date for taxes due for the first tax year in which the special assessment is claimed. The application for the special assessment must be made to the assessor of the county in which the agricultural real property is located, on forms provided by the county and approved by the department and a failure to apply constitutes a waiver of the special assessment for that year. The governing body may extend the time for filing upon a showing satisfactory to it that the person had reasonable cause for not filing on or before the first penalty date. No additional annual filing is required while the use of the property remains bona fide agricultural and the ownership remains the same. The owner shall notify the assessor within six months of a change in use. For failure to notify the assessor of a change in use, in addition to any other penalties provided by law, a penalty of ten percent and interest at the rate of one-half of one percent a month must be paid on the difference between the amount that was paid and the amount that should have been paid, but not less than thirty dollars nor more than the current year's taxes.

(4) When real property which is in agricultural use and is being valued, assessed, and taxed under the provisions of this article, is applied to a use other than agricultural, it is subject to additional taxes, hereinafter referred to as roll-back taxes, in an amount equal to the difference, if any, between the taxes paid or payable on the basis of the valuation and the assessment authorized hereunder and the taxes that would have been paid or payable had the real property been valued, assessed, and taxed as other real property in the taxing district, in the current tax year (the year of change in use) and each of the five tax years immediately preceding in which the real property was valued, assessed, and taxed as herein provided. If in the tax year in which a change in use of the real property occurs the real property was not valued, assessed, and taxed under this article, then the real property is subject to roll-back taxes for each of the five tax years immediately preceding in which the real property was valued, assessed, and taxed hereunder. In determining the amounts of the roll-back taxes chargeable on real property which has undergone a change in use, the assessor shall for each of the roll-back tax years involved ascertain:

(A) the fair market value without consideration of the standing timber of such real property under the valuation standard applicable to other real property in the same classification;

(B) the amount of the real property assessment for the particular tax year by multiplying such fair market value by the appropriate assessment ratio provided in this article;

(C) the amount of the additional assessment on the real property for the particular tax year by deducting the amount of the actual assessment on the real property for that year from the amount of the real property assessment determined under (B) of this section;

(D) the amount of the rollback for that tax year by multiplying the amount of the additional assessment determined under (C) of this section by the property tax rate of the taxing district applicable for that tax year.

(5) Any other provision of law to the contrary notwithstanding, a dockside facility whose primary use is the landing and processing of seafood is considered agricultural real property.

(6) Any property which becomes exempt from property taxes under Section 12-37-220(A)(1) or any economic development property which becomes exempt under Section 12-37-220(B) is not subject to rollback taxes.

(e) All other real property not herein provided for shall be taxed on an assessment equal to six percent of the fair market value of such property.

Provided, however, all agricultural or forest land within easements granted to public bodies, agencies, railroads, or utilities for rights of way of thirty feet in width or greater shall be assessed at the same cropland value per acre as soil class 7 in schedule 1 of R 117-126 of the State Department of Revenue. In order to receive such assessment the landowner must apply to the tax assessor of the county where the easement is located, with documentation of the existence, location, and amount of acreage contained in the easement.

SECTION 12-43-230. Treatment of agricultural real property, mobile home and lessee improvements to real property; department shall prescribe regulations.

(a) For the purposes of this article, unless otherwise required by the context, the words "agricultural real property" shall mean any tract of real property which is used to raise, harvest or store crops, feed, breed or manage livestock, or to produce plants, trees, fowl or animals useful to man, including the preparation of the products raised thereon for man's use and disposed of by marketing or other means. It includes but is not limited to such real property used for agriculture, grazing, horticulture, forestry, dairying and mariculture. In the event at least fifty percent of a real property tract shall qualify as "agricultural real property", the entire tract shall be so classified, provided no other business for profit is being operated thereon. The term "agricultural real property" shall include real property used to provide free housing for farm laborers provided such housing is located on the tract of land that qualifies as agricultural real property.

The department shall provide by regulation for a more detailed definition of "agricultural real property" consistent with the general definition set forth in this section, to be used by county assessors in determining entitlement to special assessment under this article. Such regulations shall be designed to exclude from the special assessment that real property which is not bona fide agricultural real property for which the tax relief is intended.

SECTION 12-43-232. Requirements for agricultural use.

In addition to all other requirements for real property to be classified as agricultural real property, the property must meet the following requirements:

(1)(a) If the tract is used to grow timber, the tract must be five acres or more. Tracts of timberland of less than five acres which are contiguous to or are under the same management system as a tract of timberland which meets the minimum

acreage requirement are treated as part of the qualifying tract. Tracts of timberland of less than five acres are eligible to be agricultural real property when they are owned in combination with other tracts of nontimberland agricultural real property that qualify as agricultural real property. For the purposes of this item, tracts of timberland must be devoted actively to growing trees for commercial use.

(b) A tract which meets the acreage requirement of subitem (a) of this item devoted to growing Christmas trees is considered timberland. A Christmas tree tract not meeting the acreage requirement qualifies as agricultural property if the landowner reports gross income from Christmas trees that meets the income test provided in item (3) of this section, *mutatis mutandis*.

(2) For tracts not used to grow timber as provided in item (1) of this section, the tract must be ten acres or more. Nontimberland tracts of less than ten acres which are contiguous to other such tracts which, when added together, meet the minimum acreage requirement, are treated as a qualifying tract. For purposes of this item (2) only, contiguous tracts include tracts with identical owners of record separated by a dedicated highway, street, or road or separated by any other public way.

(3)(a) Nontimberland tracts not meeting the acreage requirement of item (2) qualify as agricultural real property if the person making the application required pursuant to Section 12-43-220(d)(3) earned at least one thousand dollars of gross farm income for at least three of the five taxable years preceding the year of the application. The assessor may require the applicant (i) to give written authorization consistent with privacy laws allowing the assessor to verify farm income from the Department of Revenue or the Internal Revenue Service and (ii) to provide the Agriculture Stabilization and Conservation Service (ASCS) farm identification number of the tract and allow verification with the ASCS office.

(b) An owner making an initial application required pursuant to Section 12-43-220(d)(3) for a nontimberland tract of less than ten acres may claim the property as agricultural real property for each year for the first five years of operation if he earned at least one thousand dollars of gross farm income in at least three of the first five years. The assessor may require the new owner (i) to give written authorization consistent with privacy laws allowing the assessor to verify farm income from the Department of Revenue or the Internal Revenue Service and (ii) to provide the Agriculture Stabilization and Conservation Service (ASCS) farm identification number of the tract and allow verification with the ASCS office.

If the new owner fails to meet the income requirements in the five-year period, the tract is not considered agricultural real property and is subject to the rollback tax.

(c) Real property idle under a federal or state land retirement program or property idle pursuant to accepted agricultural practices is agricultural real property if the property otherwise would have qualified as agricultural real property subject to satisfactory proof to the assessor.

(d) Unimproved real property subject to a perpetual conservation easement as provided in Chapter 8 of Title 27 is agricultural real property if the property otherwise would have qualified as agricultural real property subject to satisfactory proof to the assessor.

(e) A nontimberland tract that does not meet the acreage or income requirements of this section to be classified as agricultural real property must nevertheless be classified as agricultural real property if the current owner or an immediate family member of the current owner has owned the property for at least the ten years ending January 1, 1994, and the property is classified as agricultural real property for property tax year 1994.

The property must continue to be classified as agricultural real property until the property is applied to some other use or until the property is transferred to other than an immediate family member, whichever occurs first. For purposes of this subitem, "immediate family" is a person related to the current owner within the third degree of consanguinity or affinity and a trust all of whose noncontingent beneficiaries are related to the grantor of the trust within the third degree of consanguinity or affinity.

(4) In the case of rented or leased agricultural real property, either the lessor or the lessee shall meet the requirements of this section.

(5)(a) On the application required pursuant to Section 12-43-220(d)(3), the owner or his agent shall certify substantially as follows: Subject to the penalty provided in Section 12-43-340, either:

(i) "I certify that the property which is the subject of this application meets the requirements to qualify as agricultural real property as of January first of the current tax year"; or

(ii) "I certify that the property which is the subject of this application meets the requirements to qualify as agricultural real property and for the special assessment ratio for certain agricultural real property as of January first of the current tax year".

(b) If it is determined that the property for which the certification was made did not meet the requirements to qualify for agricultural use classification at the time the certification was made, the property which is the subject of the certification is denied agricultural use value for the property tax year or years in question and in lieu of the rollback tax, the tax on the property for each tax year in question must be recalculated using fair market value, the appropriate assessment ratio, and the appropriate millage. There must be deducted from the recalculated tax liability any taxes paid for the year and the penalties provided pursuant to Section 12-45-180 must be added to the balance due. Interest at the rate of one percent a month must be added to the unpaid taxes calculated from the last penalty date. Additional property tax revenues derived from the operation of this section changing agricultural use property to some other use must be used only for the purpose of rolling back property tax millage.

SECTION 12-43-233. Agritourism uses.

(A) In addition to and incidental to the uses required for real property to be classified as agricultural real property pursuant to Sections 12-43-220(d), 12-43-230(a), and 12-43-232, and applicable regulations, uses of tracts of agricultural real property for "agritourism" purposes is deemed an agricultural use of the property to the extent agritourism is not the primary reason any tract is classified as agricultural real property but is supplemental and incidental to the primary purposes of the tract's use for agriculture, grazing, horticulture, forestry, dairying, and mariculture. These supplemental and incidental agritourism uses are not an "other business for profit" for purposes of Section 12-43-230(a). For purposes of this section, agritourism uses include, but are not limited to: wineries, educational tours, education barns, on-farm historical reenactments, farm schools, farm stores, living history farms, on-farm heirloom plants and animals, roadside stands, agricultural processing demonstrations, on-farm collections of old farm machinery, agricultural festivals, on-farm theme playgrounds for children, on-farm fee fishing and hunting, pick your own, farm vacations, on-farm pumpkin patches, farm tours, horseback riding, horseback sporting events and training for horseback sporting events, cross-country trails, on-farm food sales, agricultural regional themes, hayrides, mazes, crop art, harvest theme productions, native ecology preservations, on-farm picnic grounds, dude ranches, trail rides, Indian mounds, earthworks art, farm animal exhibits, bird-watching, stargazing, nature-based attractions, and ecological-based attractions.

(B) The Department of Revenue by regulation may further define those uses qualifying as agritourism and appropriate definitions for "supplemental and incidental" as used in this section.