

# Agricultural Use

SC Law provides for a substantial tax break on agricultural real property that is actually used for a bona fide agricultural use. There are two parts to this benefit. First, if qualified, the property's taxable value is based on "Use Value", which is almost always considerably less than the property's "Market Value". The "Use Value" is based on the productive capability of the soil type or types in the property. Second, the assessed value is either 4% or 6% of the "Use Value". This is determined by the ownership of the property.

## **4% RATIO QUALIFICATIONS:**

Individual

Partnership

LLPs

LLCs which have less than 11 shareholders/members/owners

Trusts

Family Trust

Estates

## **6% RATIO QUALIFICATIONS:**

Corporations

LLCs which have 11 or more shareholders/members/owners

Companies

The owner must file an application (see "[On-Line Documents](#) for an application) with the County Assessor. Once the initial application is filed and approved, it will automatically be renewed each year until there is a change in the property use/or a change in title. Should there be a change in use or owner, an Assessment Notice will be mailed to the owner's last known address indicating that the value has been changed from "Use Value to Market Value". It is the owner's responsibility to apply (or reapply) and to make sure applications are timely filed to avoid any unnecessary delays in processing your application. 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" (next January 16), the agricultural classification will be denied for that year.

### **Qualifications**

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

1. Have more than 10 shareholders.
2. Have as a shareholder a person (other than an estate) who is not an individual
3. Have a nonresident alien as a shareholder, and
4. Have more than one class of stock.

**Timberland** tracts must be at least five acres. Tracts of timberland must be devoted actively to growing trees for commercial use. Tracts of timberland less than five acres may be eligible for agricultural classification if any of the following conditions are met

1. The tract is contiguous to another timberland tract of at least five acres.
2. The tract is under the same management system as another qualifying timberland tract.
3. The tract is owned in combination with non-timberland tracts that qualify as agricultural real property.

**Non-timberland** (cropland) tracts must be at least 10 acres. Tracts of non-timberland less than 10 acres may be eligible for agricultural classification if any of the following conditions are met:

1. Contiguous tracts with identical ownership meet the minimum acreage requirement when added together.
2. The person making the application earned at least \$1,000 gross farm income in at least three of the past five years or at least three of the first five years if this is an initial application.
3. Current owner or immediate family member of the current owner has owned the property for at least ten years ending January 1, 1994 and the property is classified as agricultural real property for tax year 1994.

### **Definition of Agricultural Real Property**

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 agricultural, grazing, horticulture, forestry, dairying, and mariculture. In the event at least 50% of 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 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 2 (C) and (E) of Act 208.

NOTE: See next section on Roll Back Taxes to explain how up to five years taxes may apply when agricultural real property use class is changed to a new use such as subdivision or commercial use.