Qualifications & Application Procedures

The qualification and application procedures for current use valuation of property in lieu of fair and reasonable market valuation is set out in Title 40-7-25.1 and 40-7-25.2. A property must be Class III – 5 or more acres (defined as all agricultural, forest, and residential property, and historic buildings and sites) in order for property to qualify for current use valuation:

- Agricultural and Forest Property: all real property used for raising, harvesting, and selling crops or for the feeding, breeding, management, raising, sale of, or the production of livestock, or for the growing and sale of timber and forest products.
- Residential Property: only real property, used by the owner thereof exclusively as the owner's single-family dwelling.
- Historic Buildings and Sites: regardless of the use to which such property is put, all buildings or structures (1) determined eligible by the state historic preservation officer for listing on the National Register of Historic Places; or (2) located in a registered historic district and certified by the United States Secretary of the Interior as being of historic significance to the district.

Taxpayers interested in obtaining current use valuation must make an application with the county assessing official by December 31st of any given year. The application requires a description of the property and a general description of the use to which the property will be put. **All** owners must sign the application. The tax assessing official may request any additional information to aid in determining whether the real property qualifies for current use value. Once current use valuation is granted by the county assessing official, the owner of the property is not required to repeat the application for the subsequent years. Following the sale or other disposition of property valued at current use value, the new owner must apply for current use valuation by December 31st, otherwise, the property will be valued at its fair and reasonable market value.

Note: If you apply for current use between January 1 and December 31, 2024, you will be applying for the 2025 tax year. Therefore, if property qualifies, current use values, per your application, will not be reflected until the 2025 tax bill becomes due 10/1/2025. Remember, **all** owners must sign the current use application.

Rollbacks

Class III property that has been assessed at a current use value in lieu of fair and reasonable market value, may be subject to the rollback provisions in Title 40-7-25.3 if either one of the two following conditions are met:

- If the sale or other disposition of property valued at its current use value is followed by a conversion of the property to a use not qualified for current use valuation, within two years of the date of sale or other disposition, then the rollback provision will apply.
- If taxable property valued at its current use value is converted to a use not qualified for current use valuation, then the rollback provision will apply. Once a determination has been made that the rollback provision applies to the property, the assessing official must calculate the amount of taxes that would have been payable on the converted property if the sales price or the fair and reasonable market value, whichever is greater, had been used instead of the current use value. The calculation of additional taxes is for the three years preceding the tax year beginning on the October 1 following the conversion of the property. The amount shall be additional taxes to be collected on first assessments prepared after the conversion of the property.

Title 40-7-25.3 states that the rollback will be for a three-year period prior to the October 1 following the conversions. If the property subject to conversion from current use were subject to current use valuation for less than three years, then the rollback would cover only the actual number of years less than three years that the property was subject to current use.

When a rollback becomes apparent, the sales price or market value, whichever is higher, will be used to calculate the additional taxes due. The assessed value will then be calculated using the Class III assessment ratio of 10%, not the 20% Class II assessment ratio.

Additional taxes resulting from a rollback are charged against the owner of record of the property on the October 1 following the date of conversion. Therefore, the person that caused the conversion and rollback may not be the person that receives the additional tax bill on the rollback if the property changed ownership between the conversion and the lien date of October 1. It will be between buyer and seller to determine who will pay.