

Agricultural Experiment Station
NORTH DAKOTA STATE UNIVERSITY
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Fargo, North Dakota 58102
Publication

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to

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U.S. DEPARTMENT OF
AGRICULTURE



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AGRIC. ENG. DEPT.

Dakota Agricultural Experiment Station. The data in Table 1 apply only to estimates of township average per-acre net income from farmland and do not include any evaluation or appraisal of the effects on value of location, roads, markets, or other amenities.

Conclusion

The research in Eddy county shows that soil productivity ratings are a useful tool to estimate net income and the corresponding average per-acre value for each township, and to determine the average amount per acre which one township should be assessed relative to other townships in the county. If the estimated average net income per acre of the most productive township is twice that of the least productive township, it can be inferred that the farmland in the most productive township has twice the market value, all other things being equal, and on the average should be assessed twice the amount per acre of the least productive township. Townships with estimated net incomes per acre between the two extremes should be ranked accordingly. However, after the initial estimate of market value is made, the other variables which influence farmland values within a township must be evaluated and the final results compared with market data.

In using soil productivity ratings for equalizing farmland assessments among townships, prop-

erty tax administrators must know production costs and returns and the techniques of capitalizing net income. It cannot be expected that this approach will provide an absolute measure of farmland market value, but it is intended to be used as a basis for objectively estimating market value. Other variables which affect value must be identified and evaluated to estimate more accurately the market value of farmland.

It is apparent that the real estate tax will remain the primary source of local government revenue for a long time. Therefore, it is essential that all tools available, including soil productivity ratings and comparable sales, need to be used to insure equitable treatment for property tax-paying citizens.

References

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