



YAMHILL COUNTY ASSESSMENT & TAX

Derrick C Wharff
Assessor and Tax Collector

Special Assessment as Farmland

Land in farm use can qualify for special assessment as farmland, also known as farm deferral. Farm use is the current employment of land with an accepted farming practice for the primary purpose of earning a profit. Specially assessed farmland may be in an exclusive farm use zone or a non-exclusive farm use zone. The zoning is determined by the city or county planning department. General guidelines for each program are provided below. For more details, please refer to the informational flyers on our website at www.yamhillcounty.gov/assessor.

Exclusive Farm Use (EFU)

Farmland in an exclusive farm use zone can be approved for special assessment when the assessor's office discovers that it is in farm use. The land must currently be farmed and have been farmed prior to January 1. No application is required. However, our office provides a request form that owners may submit to notify us when their land is in farm use. This helps ensure timely approval. Forms are accepted year-round but must be submitted by August 14 to apply for that year's tax statement. This special assessment can transfer with ownership if acceptable farm activities continue.

Non-Exclusive Farm Use (Non-EFU)

Farmland in a non-exclusive farm use zone may be used for farming and can qualify for special assessment. The land must currently be farmed and have been farmed for the 2 previous years, and the minimum gross income must be met for 3 of the previous 5 years. Supporting documentation is required. Applications are accepted between January 1 and April 1. This special assessment can transfer with ownership if acceptable farm activities continue, and income requirements are met.

Accepted Farming Practices

Oregon Revised Statute 308A.056 includes examples of farming practices which qualify as farm use. These are also provided in the informational flyer for each program.

The Oregon State University Extension Service is an excellent resource for information and education on farming. Contact information for the local office is provided below.

Yamhill County Extension Service

2050 Lafayette Ave. Suite A, McMinnville, OR 97128

503-434-7517 or 888-373-4628

<https://extension.oregonstate.edu/yamhill>

Our office cannot provide farming recommendations or advice. Our role is to evaluate land that is being farmed and determine if it meets the requirements for special assessment as established by state statutes, administrative rules, and case law.

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Office Address

400 NE Baker St
McMinnville OR 97128



Contact us

(503) 434-7521
assessor@yamhillcounty.gov



Mailing Address

535 NE 5th St
McMinnville OR 97128

Disqualification

Our office periodically reviews all specially assessed farmland for compliance. If we discover farmland that does not meet the program requirements, it is subject to disqualification. Property owners may also submit a request for disqualification. The form is available on our website. (Note: Land cannot be disqualified from EFU if it is still in farm use.)

Once land has been disqualified, a letter is mailed to the owner informing them of the action that was taken. The letter will include information regarding additional taxes and any applicable options for appeal, requalification, or changes in special assessment.

Change in Value

Disqualified acres will be assessed according to market value going forward. A new maximum assessed value (MAV) will be established. This typically results in an increase in the annual taxes.

Unfortunately, we are not able to estimate how much the taxes may increase. It will depend on the real market value (RMV) and change property ratio (CPR). These vary by year. New values are not certified until just before the tax statements are issued each October. We cannot refer to similar properties for an estimate because of how assessed values are established under Measure 50.

Additional Taxes

An additional tax is calculated for the prior 5 years (Non-EFU) or 10 years (EFU), not to exceed the number of years the land was specially assessed. This is required by statute regardless of whether the land met requirements or changed ownership during that time. The additional tax is equal to the difference between the taxes that were assessed against the land and the taxes that would otherwise have been assessed if the land had not been specially assessed as farmland.

We can provide an estimate of the potential additional taxes based on the prior year's certified rates and values. The form to request speculative calculations is available on our website.

Additional taxes are typically added to the next tax roll for collection. However, the additional tax may be deferred and notated on the account as a "potential additional tax liability" (PAT) if:

1. The land is disqualified for failing to meet the farm use or income requirements; and,
2. The land is not being used for industrial, commercial, residential, or other use that is incompatible with a purpose to return the land to farm use.

The PAT is like a lien, but it does not accrue interest. It can be reduced or removed if land requalifies for special assessment, or it can become collectable if the use of the land changes to one that is not compatible with a return to farming. The owner can also choose to pay the PAT once they receive the notice if they do not want the land to be encumbered by the lien.

Changing from Farm to Forest

Farmland that has been converted to forestland can be "rolled" into forest deferral. These programs are closely related, so there usually is not much of a change in the assessed value. No additional taxes are imposed. Special assessment as forestland requires an application. The land must meet stocking and species standards. Please see our website for more information.

Frequently Asked Questions

How do I keep my property in farm deferral?

The land must continue being used primarily for obtaining a profit in money by farming with an accepted practice. This means you need to raise a product on the land to sell. Examples include row crops, vineyards, orchards, hay, lavender, large quantities of vegetables, cut flowers, livestock, fur-bearing animals, etc. For Non-EFU, it must also continue meeting the income requirements.

What are the income requirements for Non-EFU?

If you have 6.5 acres or less, your gross income from the farm use must be at least \$650 per year. For more than 6.5 acres but less than 30 acres, it is \$100 per acre. And for 30 acres or more, the minimum is \$3,000. Income requirements must be met in 3 of the previous 5 years. Areas planted in perennials will not need to produce an income until the plants have matured.

Does the sale of blackberries count as farm use?

Yes, but not Wild Himalayan Blackberries. Those are considered a noxious weed.

Does the sale of firewood count as farm use?

No, it does not.

Do beehives qualify for farm deferral?

Yes. A minimum of one active hive per acre is recommended along with a cover crop such as clover, wildflowers, etc. The acreage surrounding the hives needs to be maintained.

Does growing trees qualify for farm deferral?

Trees sold as nursery stock are a farm product, as well as Christmas trees. (See our Christmas Tree Requirements flyer.) Each farm unit may also have up to 20 acres of woodlot. A “farm unit” is all farmland with common ownership. The woodlot must have potential useful wood volume and be contiguous to the acres in farm use. Woodlot acres do not need to produce farm income. If the land is used primarily to grow and harvest timber, see our website for information about forest deferral.

How much livestock is required for farm deferral? Do horses count?

See our Quantity of Livestock flyer. Horses can qualify if you make an income from them.

Can my farmland be leased to another entity?

Yes, if the tenant is farming with the intent of making a profit in money and you are receiving an income from the tenant. We may request a lease agreement as proof of income.

Where is the farmland on my property located?

The special assessment is not assigned to a specific area on the property. The amount of land in farm use just needs to meet or exceed the number of acres being specially assessed.

Where does the special assessment show on my tax statement?

There will be a “Potential Additional Tax Liability” notation in the upper right corner. Please contact our office to confirm the specific program and number of acres.

Frequently Asked Questions (*continued*)

How much do I save in taxes if my property is specially assessed?

The tax benefit from special assessment is not based on a lower tax rate, or a percentage of value. It is determined by the soil class and amount of specially assessed acreage. These vary by property. For newly approved applications, you will need to wait to receive your upcoming tax statement. Then, you can compare the difference in assessed value from this year to last year. If the property is already being specially assessed, the difference cannot be calculated.

What happens if I decide to stop farming my land?

If farming activities cease, the land will be disqualified and removed from special assessment. See page 2 for more information about disqualification.

What happens when a property in farm deferral is sold?

Farm deferral stays with the land regardless of ownership. New owners do not need to reapply. We recommend any interested parties contact our office to verify the property has land in special assessment, but we cannot confirm it is compliant. It is the owner's responsibility to ensure any specially assessed land continues meeting the program requirements.

When a property with a Potential Additional Tax Liability is sold, who must pay it?

The liability stays with the land regardless of ownership. Oregon law does not require that it be paid due to a sale or transfer, except in certain circumstances involving an exempt owner. If an interested party does not want the land to be encumbered by a lien, they will need to negotiate a payoff between the buyer and seller. Our office must receive payment in full.

What happens if I build a house on my specially assessed farmland?

Homesites are valued as a minimum of 1.0 acre and are disqualified from special assessment as farmland due to a change to residential use. See page 2 for more information about disqualification. If the home is occupied by a person involved in the farm operation, that acre may qualify for "homesite special assessment" so the onsite developments would be taxed at a reduced value and no additional taxes would be imposed. Many homesites in EFU zones will qualify. Most homesites in Non-EFU zones do not qualify because the farmland must produce more than 50% of the owner's adjusted gross income.

What happens to my specially assessed farmland if I record a lot line adjustment or sell a portion of my property?

Typically, the special assessment will stay with the land. However, this cannot be guaranteed since there are some circumstances in which a revision may result in disqualification.

What happens to my specially assessed farmland if I create a subdivision?

The act of recording a subdivision may trigger a disqualification from special assessment, and the deferred taxes from the prior 5 to 10 years will become due before the plat can be recorded at the Clerk's office. Taxes are calculated once our office receives the plat from the planning department.