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2001 Certified Farmland Assessed Values Decrease for All Soils

For 2001, the certified farmland assessed values for soils of all productivity index values decreased 10% from the 2000 certified assessed values. This is largely the result of the interaction of the 1986 law limiting changes in certified farmland assessed valuation to no more than a 10% increase or a 10% decrease. The underlying economic conditions in Illinois agriculture are the driver of the limit down movement. Increasing production costs, relatively lower commodity prices, and a slightly increased interest rate all had a role in the decreasing certified assessed farmland values. The state of the agricultural economy in Illinois drives the use-value farmland assessment calculations. As noted above, commodity prices, general farm expenses, and interest rates all have an impact in the calculation of the assessed valuation of farmland in its use as farmland. The decrease in certified values for all soil productivity indexes was restricted by the 1986 ten percent limit law since the decrease in calculated assessment valuation from 2000 to 2001 exceeded ten percent. Each soil type identified in Illinois is assigned a soil productivity index based on the production capacity of the soil. These certified assessed valuations were issued to county assessing officials in May of 2000 for use in 2001 farmland assessments. Property tax on the 2001 farmland assessments are paid in 2002.

Recent history of farmland assessments

Certified assessed values for 1988, 1989, 1990, and 1991 steadily declined over the four year period. The following four years - 1992, 1993, 1994, and 1995 - saw the certified assessed values of farmland increase in each of the four years. Certified values for 1996 showed both increases and decreases depending on soil productivity index. In 1996, the lower soil productivity indexes increased the ten percent limit while the upper soil productivity indexes increased at less than the ten percent limit. The 1997 certified farmland assessed values were increased as much as the ten percent limit on the lower productivity soils and slightly decreased on the higher productivity soils. The 1998 and 1999 certified assessed values for farmland increased the ten percent limit. The 2000 certified assessed values were a mixed bag - the lower productivity indexes showed decreases, some down the ten percent limit. The higher productivity indexes increased, but not more than 6.5%.

The farm economy's poor performance in the early and mid-1980's, evidenced by weak commodity prices and high interest rates, put significant downward pressure on certified

assessed values for farmland through the 1991 assessment year. The strengthened economic conditions in Illinois agriculture (relatively higher commodity prices and relatively lower interest rates) put upward pressure on farmland assessments from 1991 through 1995. Illinois agriculture picked up in the early 1990's which puts the 1996 assessments revealing an increase in valuation, but not all soil productivity indexes at the ten percent limit. 1997's mixed assessments were driven by lower interest rates, higher commodity prices, and higher production costs. The 1998 and 1999 increases in assessed valuation are due to the relatively higher commodity prices in the mid-1990's coupled with decreasing interest rates. The mixed bag of certified assessed values for 2000 were driven by the offsetting factors of decreasing commodity prices and decreasing interest rates.

Issued by: Dwight Raab, Department of Agricultural and Consumer Economics