

2007 Agricultural Census Tidbit: Florida Agricultural Property Taxes Show Small Increases¹

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Introduction

The 2007 agricultural census data were reported for states and counties throughout the United States in February 2009. National, state, and local policy makers look forward to the census report for several reasons: they use the information to show the importance and size of the industry in their state and counties, and to show the importance of the industry in the state and local economy; and they use the information to make policy decisions. One of the limitations of the agricultural census is that the report, for the most part, is just data with limited or no discussion. This publication is one in a series of five that reorganizes some of the data collected in the census and offers some comments on trends and gaps in the data. The other publications in the 2007 Agricultural Census Tidbit series can be accessed online at <http://edis.ifas.ufl.edu>.

Property taxes are a *hot topic* in general, not just within the agricultural community. A national survey (Tax Foundation, *What Does America Think about Taxes*) indicates that Americans view property taxes as the second most unfair source of state and local taxes (only gas taxes were considered more unfair).

Property taxes are a primary source of revenue for local units of government to provide services to local residents. In Florida, this is especially true as the state is only one of nine states in the United States without a broad-based personal income tax as reported by the International Revenue Service (the other states are Alaska, Nevada, New Hampshire, South Dakota, Texas, Tennessee, Washington and Wyoming).

Census of Agriculture

The Census of Agriculture is conducted every five years and is an attempt by the U.S. government to collect data on the entire U.S. farm population in every state. Of course, not all agricultural producers provide the information requested and there is always the possibility for error in the data reported. A farm is defined as a place in which \$1,000 of agricultural products were produced or sold, or typically would have been sold during the census year, including any government payments.

Property Taxes

Table 1 shows agricultural census data for property tax payments by states. Table 2 reports data for property tax payments as a percentage of total

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production costs, ranked by state. Florida agricultural property taxes are levied based on the land's use (also known as the state *greenbelt law*) in agriculture rather than at the market value of the land as specified in Florida Statute 193.46.

The census estimates that Florida producers paid approximately \$139.3 million in property taxes in 2002; in 2007, this number had jumped to \$180.2 million (Table 1). Property taxes represented 2.9 percent of total production costs in 2002 and 3.1 percent of total production costs in 2007. This increase implies that property tax payments were rising faster than other production costs.

Property taxes in Florida and eight other states represented a larger percentage of production costs in 2007 than in 2002. Some simple calculations reveal that if the property tax as a percentage of total production costs had remained at the 2002 level, Florida producers would have paid about \$12 million less in property taxes in 2007. The \$12 million increase in property tax payments seems like a significant increase but, calculated per farm operation, it amounts to about a \$250 per farm increase, or \$50 per year over the five-year period.

In 2002, the median property tax payment was 3.2 percent of total production expense and Florida was below this level at 2.9 percent. In 2007, the median property tax payment was 2.7 percent of total production expense and Florida was above the median level at 3.1 percent. Thirteen southern states are identified by italics in Table 2 and among these states Florida has the third highest property tax payment as a percent of total production expenses (Tennessee and Virginia exceed the Florida rate). Maybe more important is the fact that states such as California and Texas, which produce crops in competition with Florida, have tax payments as a percent of total production expenses close to 2.5 percent.

Summary

Property tax payments by farm producers will most likely remain an annoyance. However, the annoyance is not limited to agricultural producers. Property tax payments have been identified as one of

the top two most unfair sources of state and local taxes by all taxpayers in the United States.

The payment of property taxes must be kept in perspective. In Florida, it is that source of local government revenue that provides police, fire, emergency medical services, and public works projects such as roads, etc. that agricultural producers consume along with the rest of the local population. And even though property tax payments as a percentage of total production expenses increased in Florida between 2002 and 2007, there is some positive news. Compared to other production expenses, such as fertilizer (\$439.1 million), farm chemicals (\$376.7 million), seeds and plants (\$379.7 million), purchased feeds (\$547.9 million), and hired farm labor (\$1.2 billion), tax payments as a percentage of total production expenses in Florida remain much smaller.

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Table 1. Property taxes by state and as a percentage of farm production costs, 2002 and 2007.

State	2007 Property Tax Payments	2007 Property Tax Payments as % of Farm Production Costs	2002 Property Tax Payments	2002 Property Tax Payments as % of Farm Production Costs	% Difference, 2002 to 2007, Property Tax Payments as % of Farm Production Costs
	(Value)	(%)	(Value)	(%)	(%)
Alabama	43,059,000	1.1	34,590,000	1.3	-0.2
Alaska	1,312,000	2.6	968,000	2.5	0.1
Arizona	32,745,000	1.2	26,286,000	1.4	-0.2
Arkansas	76,778,000	1.3	56,674,000	1.5	-0.2
California	638,682,000	2.4	525,721,000	2.6	-0.2
Colorado	89,405,000	1.6	72,884,000	1.7	-0.1
Connecticut	23,053,000	4.9	16,975,000	4.3	0.6
Delaware	4,524,000	0.5	4,556,000	1.0	-0.5
Florida	180,155,000	3.1	139,310,000	2.9	0.2
Georgia	139,812,000	2.3	113,694,000	3.0	-0.7
Hawaii	10,873,000	2.2	6,463,000	1.4	0.8
Idaho	62,915,000	1.4	67,753,000	2.0	-0.6
Illinois	245,586,000	2.7	261,469,000	4.2	-1.5
Indiana	207,559,000	3.3	175,948,000	4.1	-0.8
Iowa	353,029,000	2.3	346,765,000	3.4	-1.1
Kansas	191,132,000	1.5	192,522,000	2.3	-0.8
Kentucky	102,439,000	2.6	87,610,000	3.4	-0.8
Louisiana	26,956,000	1.3	20,432,000	1.3	0.0
Maine	24,156,000	4.9	21,081,000	5.3	-0.4
Maryland	41,361,000	2.7	34,982,000	3.1	-0.4
Massachusetts	32,509,000	7.0	23,431,000	6.4	0.6
Michigan	188,916,000	3.9	157,933,000	4.7	-0.8
Minnesota	241,383,000	2.3	194,722,000	2.7	-0.4
Mississippi	78,158,000	1.8	55,954,000	2.0	-0.2
Missouri	172,858,000	2.8	144,577,000	3.2	-0.4

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	(Value)	(%)	(Value)	(%)	(%)
Montana	115,971,000	4.8	109,744,000	5.9	-1.1
Nebraska	316,430,000	2.6	272,832,000	3.0	-0.4
Nevada	13,189,000	3.3	11,470,000	3.4	-0.1
New Hampshire	19,974,000	10.2	13,606,000	9.4	0.8
New Jersey	54,754,000	6.6	41,999,000	6.5	0.1
New Mexico	29,117,000	1.5	24,348,000	1.6	-0.1
New York	188,015,000	5.4	170,947,000	6.1	-0.7
North Carolina	127,148,000	1.5	109,636,000	1.9	-0.4
North Dakota	110,963,000	2.6	85,650,000	3.2	-0.6
Ohio	164,687,000	3.0	165,640,000	4.2	-1.2
Oklahoma	106,592,000	2.0	98,889,000	2.4	-0.4
Oregon	101,411,000	2.7	87,884,000	3.2	-0.5
Pennsylvania	211,603,000	4.3	167,248,000	4.6	-0.3
Rhode Island	6,421,000	9.9	3,640,000	7.6	2.3
South Carolina	37,423,000	1.9	38,128,000	2.9	-1.0
South Dakota	148,940,000	3.0	135,833,000	4.1	-1.1
Tennessee	97,014,000	3.7	94,350,000	4.7	-1.0
Texas	489,194,000	2.5	370,215,000	2.7	-0.2
Utah	28,431,000	2.3	21,679,000	2.3	0.0
Vermont	30,579,000	5.6	28,464,000	6.7	-1.1
Virginia	96,068,000	3.5	74,908,000	3.7	-0.2
Washington	161,799,000	3.0	146,685,000	3.3	-0.3
West Virginia	19,612,000	3.6	15,227,000	3.7	-0.1
Wisconsin	307,453,000	4.6	254,629,000	5.5	-0.9
Wyoming	30,904,000	3.2	23,867,000	2.9	0.3

Table 2. State ranking of property taxes as a percentage of farm production costs, by state, 2002 and 2007.

Rank	2007		2002	
	State	% of Farm Production Costs	State	% of Farm Production Costs
1	New Hampshire	10.2	New Hampshire	9.4
2	Rhode Island	9.9	Rhode Island	7.6
3	Massachusetts	7.0	Vermont	6.7
4	New Jersey	6.6	New Jersey	6.5
5	Vermont	5.6	Massachusetts	6.4
6	New York	5.4	New York	6.1
7	Connecticut	4.9	Montana	5.9
8	Maine	4.9	Wisconsin	5.5
9	Montana	4.8	Maine	5.3
10	Wisconsin	4.6	Michigan	4.7
11	Pennsylvania	4.3	<i>Tennessee</i>	4.7
12	Michigan	3.9	Pennsylvania	4.6
13	<i>Tennessee</i>	3.7	Connecticut	4.3
14	West Virginia	3.6	Illinois	4.2
15	<i>Virginia</i>	3.5	Ohio	4.2
16	Indiana	3.3	Indiana	4.1
17	Nevada	3.3	South Dakota	4.1
18	Wyoming	3.2	<i>Virginia</i>	3.7
19	<i>Florida</i>	3.1	West Virginia	3.7
20	Ohio	3.0	Iowa	3.4
21	South Dakota	3.0	<i>Kentucky</i>	3.4
22	Washington	3.0	Nevada	3.4
23	Missouri	2.8	Washington	3.3
24	Illinois	2.7	Missouri	3.2
25	Maryland	2.7	North Dakota	3.2
26	Oregon	2.7	Oregon	3.2

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Rank	2007		2002	
	State	% of Farm Production Costs	State	% of Farm Production Costs
27	Alaska	2.6	Maryland	3.1
28	<i>Kentucky</i>	2.6	<i>Georgia</i>	3.0
29	Nebraska	2.6	Nebraska	3.0
30	North Dakota	2.6	<i>Florida</i>	2.9
31	<i>Texas</i>	2.5	<i>South Carolina</i>	2.9
32	California	2.4	Wyoming	2.9
33	<i>Georgia</i>	2.3	Minnesota	2.7
34	Iowa	2.3	<i>Texas</i>	2.7
35	Minnesota	2.3	California	2.6
36	Utah	2.3	Alaska	2.5
37	Hawaii	2.2	<i>Oklahoma</i>	2.4
38	<i>Oklahoma</i>	2.0	Kansas	2.3
39	<i>South Carolina</i>	1.9	Utah	2.3
40	<i>Mississippi</i>	1.8	Idaho	2.0
41	Colorado	1.6	<i>Mississippi</i>	2.0
42	Kansas	1.5	<i>North Carolina</i>	1.9
43	New Mexico	1.5	Colorado	1.7
44	<i>North Carolina</i>	1.5	New Mexico	1.6
45	Idaho	1.4	<i>Arkansas</i>	1.5
46	<i>Arkansas</i>	1.3	Arizona	1.4
47	<i>Louisiana</i>	1.3	Hawaii	1.4
48	Arizona	1.2	<i>Alabama</i>	1.3
49	<i>Alabama</i>	1.1	<i>Louisiana</i>	1.3
50	Delaware	0.5	Delaware	1.0