

Illinois Farmland Assessment Law

Frequently Asked Questions

What is the Illinois Farmland Assessment Law?

Illinois Farmland Assessment Law (FAL) was adopted by the Illinois Legislature in 1977. The law allows farmland to be assessed and taxed based on the land's agricultural use rather than its market value.

Why is farmland taxed based on its use instead of fair market value?

The original goal of taxing farmland based on the land's use was to prevent urban sprawl and inflation from decimating the state's #1 industry... agriculture. In the late 1970's, farmland was being developed at a rate of 100,000 acres each year, driving up land values for development. Farmland values tripled from 1974 to 1980. FAL prevents farmland from being taxed as residential and commercial due to urban sprawl.

How are my taxes calculated under Farmland Assessment Law?

The Illinois Department of Revenue calculates that agricultural value for each soil productivity index (PI). Every soil type in Illinois is assigned a PI value (*see Bulletin 810*). Under the formula, the value per acre is calculated for various types of soils based on their capacity to produce crops. Gross income minus costs equals the return-to-land value. The return-to-land value is divided by a five-year average of Farm Credit Bank interest rates for farm mortgages. That value is "equalized" by dividing it by three as Illinois farmland is assessed at 33.3 percent of value. However, the law limits increases or decreases to a soil's assessed value to a maximum of 10 percent from one year to the next. This "calculated value" is multiplied to your tax rate to achieve your property tax per acre.

Will my property taxes go down due to the drought?

As farmland assessment law uses a rolling 5-year average to figure the return-to-land value, and is delayed by two years; the impact of the drought of 2012 won't immediately be realized. The first year 2012 farm income will be used in the calculation will be 2014 (taxes payable in 2015), and will be averaged with years 2008, 2009, 2010, & 2011.

How do I know what my soil's PI value is?

The Supervisor of Assessments for your county will be able to provide you with a copy of your property tax record for each parcel you own. This document will detail each soil type, the # of acres for each type, the PI value, debasements such as flooding or slope, and how the land is used.

You can also look up your parcel in your County's *Soil Survey*. Once you locate your parcel, write down the soil identification numbers on the map. Use these numbers to look up your soil type and corresponding PI in Bulletin 810.

What are debasements?

Your property's PI value may be debased for a number of reasons. The most common debasements are flooding and slope. As the severity of debasement increases, so does the level of adjustment to the PI value. This adjustment will be reflected on the property tax record for your parcel.

What is my tax rate?

Tax rates throughout the county vary based on the taxing districts. For example, your parcel will likely be taxed by county government, local school district, your local township, and a community college. Additional taxes may include a library district, park district, or city government. Contact the Supervisor of Assessment office or the County Treasurer's Office to learn which taxing districts cover your parcel. The tax rate will fluctuate each year based on the amount levied by each taxing district.