



EXECUTIVE SUMMARY

One objective of the Farmland Assessment Program audit determined if farmland assessments met the statutory, administrative, and constitutional requirements. Another objective determined if there was proper oversight by the state, county and local tax assessors. We also estimated the impact on municipal property taxes when applications were erroneously approved or participants were not in compliance with program requirements.

AUDIT HIGHLIGHTS

We identified a need for programmatic improvements and a need to consider other changes. The overall control environment lacks oversight at the municipal, county, and state levels relating to eligibility and program compliance.

- Required on-site inspections are not being performed timely which creates the risk that ineligible participants will not be detected.
- We identified numerous errors and a control weakness in the application approval process that resulted in unqualified applicants participating in the program.
- Based on our sample of three municipalities, unqualified participants received an average tax savings of 36 times when compared to the property taxes that would have been levied on a vacant land designation. This results in a reduction of municipal property taxes.
- Existing regulations on what constitutes actively devoted farmland/woodland need to be more clearly defined by effort, productivity, or with current monetary values. One property owner who paid \$15.05 in property taxes on 7.26 acres of permanent pasture with only one sheep was approved by the tax assessor. The number of required livestock per acre is not defined. We also noted gross sales of products from the land must total at least \$500 per year for the first five acres. This amount has not changed since 1964.
- Existing tax rollback provisions of the current and prior two years are significantly less than states with a similar program. Other states use a longer rollback period as a deterrent for land speculation.

AUDITEE RESPONSE

The Department of Environmental Protection concurred with our recommendations; however, the Department of Treasury, Division of Taxation did not completely concur. (Page 9 & 11)

For the complete audit report [click here](#)