

March 1, 2007

Ag Pulse

Madison County...The Heart of New York

Dear Town Official:

This is the sixth issue in a series of newsletters being sent to you by Cornell Cooperative Extension of Madison County on behalf of the Madison County Farmland Protection Board. One of the goals of Madison County's Farmland Protection Plan is to inform decision makers about development in county agriculture, describe its impact on the local economy, and clarify provisions that help maintain agriculture's predominance here.

Agriculture has always been a vital component of Madison County's economy. Insuring its continuation, however, requires a comprehensive approach that supports agricultural economic

development through technical assistance to farmers and agricultural communities and facilitates their access to capital for agricultural business development and expansion.

We hope that you find the information in this newsletter helpful. We welcome your comments. Call us at either 684-3001 or 655-2075.

Sincerely,

Karen A. Baase
Karen Baase
Extension Issue Leader

April Winslow
April Winslow
Community Educator

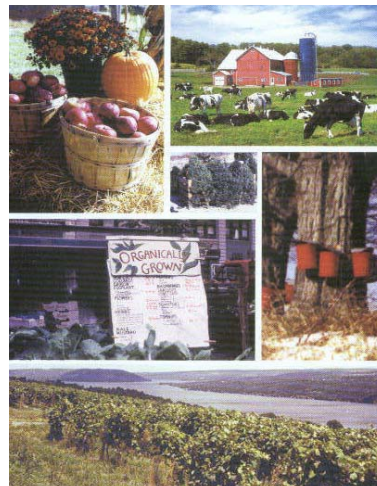


Defining Farm and Food - Farm Diversity

Information taken from, Nelson Bills, Department of Applied Economics and Management, Cornell University, Ithaca, NY 14853-7734
Telephone: 607-255-7734
Email: nlb4@cornell.edu

Defining Farm and Food

Policymakers, industry leaders, planners and economic development professionals have a set of fundamental questions about agriculture-based economic development and its potential to support and/or enhance the economic vitality of communities. These questions aren't new, but they have taken on a new sense of urgency. The volume of output of goods and services in many of New York's farm and food sectors stagnated in the 1990's. New



landscape, and environmental values for all New Yorkers.

Changes in the structure of farm and food production make definitions and concepts critically important. Ideally, a working definition of farm and food reflects the diversity of the industry to avoid centering on just one type of business or industry. On the other hand, changes in technology, prices, and consumer demand offer opportunities for new business models. Some of these models will continue to blur the lines between farm/non-farm business units and food/nonfood production.

York growers and producers are looking for ways to grow their businesses and remain competitive in the local, regional, national, and global marketplace. Better economic circumstances for the New York farm and food sectors are critical not only for jobs but also for the protection of community,

The best way to recognize new business transformations is to look at all the elements of the "food system", from farm

(Continued on page 2)

Farmland Protection Board Members:

- Karen Baase
- Rick Bargabos
- Rudy Braun
- Carol Brophy
- Steven Durfee
- Fay Lyon
- Jack Miller
- Terry Mosher
- Paul Orth
- Bee Tolman
- Calvin Wood

(Continued from page 1)

gate to final consumption. Modern farm and food business firms often blur the lines between commodity production, processing, distribution, and services. Part of the essence of agriculture-based economic development is growth and diversification strategies that combine production of farm commodities with downstream provision of services, processing, and/or distribution to consumers. One example is strategies some growers and producers are using to retail farm commodities and allied products and services directly to consumers.

A Working Definition of Farm and Food

A useful perspective on the food system in dollar terms can be gained by considering the individual building blocks of the New York farm and food economy. Farm commodity production generates gross output in the \$ 3 billion range. The broad category "agricultural services" (\$2.6 billion) includes output for farm clients but extends to non-farm animal services, including veterinary services, landscape, lawn, garden, and allied services.

An even more inclusive definition of food and agriculture extends to

manufacturing. The \$18.87 billion contributed by manufacturing encompasses food processing, beverages, feed/pet food, chemicals and farm equipment. The inclusion of farm commodities, agricultural services, and allied manufacturing extends the New York farm and food portfolio to gross output valued at nearly \$25 billion in 2000.

Glancing further down the food distribution chain to food retailing and the services provided by eating and drinking establishments brings the value of that portfolio up to slightly more than \$53 billion, based on year 2000 estimates.

Agricultural Assessments Are Up This Year

By: Nelson Bills, Applied Economics and Management - Cornell University

In early January, the New York State Office of Real Property Tax Services (ORPS) released their annual agricultural assessment values (available at: <http://www.orps.state.ny.us/assessor/valuation/agriculture/07agval.htm>). These per acre values will be used by local assessors when processing applications for agricultural assessment for computing agricultural assessments for city and town assessment rolls completed in 2007 and for village assessment rolls completed in 2008. The per acre assessment values are up a rather startling 34% this year, with the base agricultural assessment value moving from last year's \$513 to \$685 per acre. The \$685 figure tops any values calculated since 1990 (see a useful summary of agricultural assessment values at:

<http://www.orps.state.ny.us/assessor/valuation/agriculture/valcomp90.htm>)

Such an abrupt increase will undoubtedly generate new interest in the New York State agricultural district program and its provisions for property tax reductions. And, this interest could

quickly turn to concern, concerns sufficient to fuel a new debate about New York State's agricultural assessment and its administration. One worst-case scenario is that some landowners will see their tax reduction due to agricultural assessment, whether they are actively farming or leasing farmland to a neighboring farmer, go to zero as the agricultural value established by ORPS overtakes the equalized or full market value of their farm real estate. Others will still find it beneficial to apply for agricultural assessment this year but will also see increases in their property tax bill. These increases will occur because agricultural value, as computed this tax year, will account for a larger share of total equalized assessed value. The amount exempt from municipal, county, school, and special district tax levies will decrease accordingly. These decreases, especially when combined with higher tax rates in some localities, will not only cause hardship for some landowners under financial stress but will probably seem counterintuitive to many concerned with the continued economic viability of New York's farming industry and maintenance of a farmland base.

For a more thorough overview of Ag Assessments and why they changed so dramatically this year, call the Cornell Cooperative Extension of Madison County office at 684-3001 or 655-2075 and ask for the Agricultural Assessment article in its entirety.



Cornell University
Cooperative Extension
Madison County

P.O. Box 1209, 100 Eaton St.

Morrisville, NY 13408

315-684-3001 or 655-2075

fax: 315-684-9290

email: madison@cornell.edu
www.cce.cornell.edu/madison/