



Greenbelt

Agricultural, Forest and Open Space Act of 1976 **"Greenbelt"**

The Agricultural, Forest, and Open Space Act of 1976, as amended (commonly referred to as the "Greenbelt Law") **67-5-1001 et. seq.**, provides for the assessment of agriculture, forest, and open space lands for tax purposes based on present use value rather than on market value. In Marion County v. State Board of Equalization, 710 S.W.2d 521 (1986), the Tennessee Court of Appeals found that it is constitutionally permissible for the Legislature to create subclasses of real property, such as Greenbelt property, where valuation of property arrived at under legislation invited property owners to voluntarily restrict use.

Agricultural land, forest land, and open space land are defined as follows:

1. **"Agricultural land"** means a tract of land of at least fifteen (15) acres including woodlands and wastelands which form a contiguous part thereof, constituting a farm unit engaged in the production or growing of crops, plants, animals, nursery, or floral products. The statute also allows a ten (10) acre tract to qualify if the same owner has already qualified a fifteen (15) acre tract and both tracts constitute a farm unit being used for the production or growing of agricultural products.
2. **"Forest land"** means land constituting a forest unit engaged in the growing of trees under a sound program of sustained yield management" or any tract of fifteen (15) or more acres having tree growth in such quantity and quality and so managed as to constitute a forest. The State Board of Equalization has taken the position that land that is classified as "forestland" must be covered under a forest management plan.

3. **“Open space land”** means any area of land other than agricultural and forest land, of not less than three (3) acres, characterized principally by open or natural condition, and whose preservation would tend to provide the public with one or more of the benefits specified in the law, and which is not currently in agricultural land or forest land use covered under a forest management plan.

Preservation of open space in or near urban areas contributes to:

- I. The use, enjoyment and economic value of surrounding residential, commercial, industrial or public use lands;
- II. The conservation of natural resources, water, air, and wildlife;
- III. The planning and preservation of land in an open condition for the general welfare;
- IV. A relief from the monotony of continued urban sprawl; and
- V. An opportunity for the study and enjoyment of natural areas by urban and suburban residents who might not otherwise have access to such amenities.

Actual Use Requirements

The law requires that “agricultural” land be part of a farm unit “engaged in the production of growing crops, plants, animals, nursery, or floral products.” The law creates a presumption of farm use if the property produces a minimum average annual gross farm income of \$1,500 over any three consecutive years the property is in greenbelt, but the presumption is arguable if there is evidence that the property is or is not being farmed, regardless of the actual or claimed income.

Family Farms

The old requirements, allowing agricultural classification of property “held” for farm use, continue to apply to property which the applicant or the applicant’s parent or spouse farmed for at least 25 years prior to the date of the

application. In these cases, the land must be used as a residence of the applicant and must not be used for any purpose inconsistent with use for farming.

Other features of the law

Present Use Value

“Present use value” means the value of land based on its current use as either agricultural, forest, or open space land and assuming that there is no possibility of the land being used for another purpose. Present use value is determined by the state DPA using the statutory formula found in Tenn. Code Ann. **§67-5-1008 (c)**

Maximum Acreage

The law establishes a maximum limit of fifteen hundred (1500) acres per owner for greenbelt in any one county. Any individual who owns property with others is also “credited” with his or her percentage of the property. If the owner of land is a corporation or similar entity, the law attributes each owner of the corporation with a percentage of ownership in the land equivalent to their respective ownership in the corporation.

Attributing Greenbelt Ownership

Public Chapter 661 of 1992 established new rules for applying the maximum acreage limit when several individuals, a corporation or other jointly owned entity owns property. Previously an owner was credited with ownership for the purpose of applying the limit only if he or she owned more than half of the property. The law now credits an owner with a share of the total acreage proportionate to that owner’s interest.

Home sites

In *Bertha L. Estes, Williamson County Tax Year 1991*, the Assessment Appeals Commission found that the practice of consistently assigning an acre as a home site to value land which is used for homes is not arbitrary or without a logical basis. The Commission stated that use value under the greenbelt law was intended to favor land which is available for farming or other greenbelt uses, and to decide that a typical farmer would not farm within the acre of land on which his home sits, is not unreasonable.

The home site of a greenbelt tract is not valued from the use value schedule but is instead valued from home site values which have been assigned to other surrounding tracts that are indicative of home site values for that area. This value may be derived from surrounding farms that have comparable home sites, or from the surrounding urban areas.

Computing Use and Market Value and Taxes on Both

Use value is based on the latest use value schedule developed during the last revaluation. The assessor is required to calculate both use and market value, as well as the taxes based on both of these values for each year that the property is in greenbelt, presumably to facilitate any rollback assessment which may be due later.

Rollback

When a property that has been assessed as Greenbelt becomes disqualified for any of the following reasons:

- size of tract or use no longer meet qualifications
- the owner requests in writing to withdraw
- the property is covered by a recorded subdivision plat, unless the owner can still prove farm use
- property is sold and converted to other use

the owner may be liable to pay what are referred to as "rollback" taxes on the property. "Rollback" is simply the difference between the Greenbelt assessment and the market value assessment that would have been applied if the property had not been in the program. In effect, it is paying back the tax savings the owner enjoyed under greenbelt. For Agricultural and Forest properties the rollback period is 3 years (the current year and the 2 preceding years), for Open Space property the rollback is 5

years. If only a portion of the property is sold or converted to a non-qualifying use, rollback is only assessed on that portion, as long as the remainder of the property still qualifies. Rollback assessments are made on the next tax roll after the property no longer qualifies for greenbelt. An owner should fully understand “rollback” before applying for the Greenbelt program.

Application

Landowners must make application for property to be classified as “greenbelt” property. Application is made by filing a written application with the assessor of property in the county. There is no fee for application, but the application must be recorded in the county register’s office if it is approved, and the owner is responsible for any recording fee. Once approved, the owner need not apply each year. New owners of property under greenbelt classification must reapply if they wish to continue an agricultural classification. Current statutes require that the application be filed by March 1 of the year for which the classification is sought.

Landowners may appeal the decision of the assessor to deny an application for agricultural or open space to the county board of equalization. A denial of an application for the forest classification may be appealed to the state forester. The decision of the county board of equalization or the state forester can be appealed to the State Board of Equalization.

Property Assessor

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Hours:

Monday - Friday

8:00 am - 4:30 pm
