



June 2003

Assessing Agricultural Greenhouses: Guidelines for Connecticut Municipal Tax Assessors

Background

The greenhouse/nursery/floral industries make up the largest segment of Connecticut agriculture, producing well over \$900 million in annual sales of Connecticut-grown plants and flowers. [Total agricultural production in Connecticut is estimated at nearly \$2 billion.]

In the greenhouse industry alone, there are nearly 300 businesses where being a greenhouse grower is a full-time occupation. These operations are found in almost all of the state's 169 towns.

History of Assessing Greenhouses in Connecticut

Except for Sec. 12-81(73) of the Connecticut General Statutes (explained below under "exempting"), there are no uniform state laws, regulations or codes governing how towns shall assess commercial greenhouses, except those governing agriculture generally.

This has created a problem when one business has opened greenhouses in multiple towns -- the same greenhouse structure has been assessed differently by different towns.

Unfortunately, many assessors rely on national guides such as Marshall & Swift, which publish values for greenhouses that sometimes far exceed the cost of new construction within Connecticut.

Some farming groups have pushed for standardizing greenhouse taxation by statute. In a 1996 survey by CGGA of local tax assessors, an overwhelming majority of assessors supported uniformity.

These suggested, voluntary guidelines are provided to assist the local assessor as he/she evaluates this important part of Connecticut agriculture.

Is It Agriculture?

As the greenhouse industry rose in stature within American agriculture over the past 20 years, both the federal and state government moved to include it within their definitions of agriculture so that greenhouse growers could take advantage of the favorable exemptions and treatments afforded other farming occupations.

An agricultural greenhouse range and the land it sits on should be considered an agricultural area by every Connecticut municipality. Greenhouse crops are plants or flowers grown in soil or other media for both eating purposes (vegetables) and for aesthetic purposes (flowering plants, green plants). Some operations also grow "plugs" or propagate cuttings from plants which are sold wholesale to other greenhouse growers to produce the final plant, commonly called "finished material".

Exempting Greenhouse Structures

Several Connecticut towns have elected to exempt altogether agricultural greenhouse structures from their local tax rolls because of their strict agricultural purpose and because of recent language added to the state statutes. Some towns exempt the greenhouse but tax the equipment.

In 1991, the Connecticut General Assembly passed a law totally exempting greenhouses defined as follows (actual language from current statutes):

“ Sec. 12-81 Exemptions. The following described property shall be exempt from taxation: (73) Temporary devices or structures used in the seasonal production, storage or protection of plants or plant material including, but not limited to, hoop houses, poly houses, high tunnels, overwintering structures, and shade houses.”

The statute quoted above leaves open to interpretation by the local tax assessor what he/she considers “temporary”, “seasonal”, and “including, but not limited to.” Some Connecticut towns have chosen to construe Sec. 12-81 as applying to all agricultural greenhouses, and until the legislature further defines the terms in this section, local assessors are free to apply their own interpretation.

The driving force behind Section 12-81’s passage into law was the Connecticut Nurserymen’s Association intent on exempting overwintering greenhouses that protect nursery stock primarily from winter weather.

Are Agricultural Greenhouses Real Estate or Equipment?

Agricultural greenhouses are not real estate in the truest sense of the term. Local assessors must distinguish between agricultural greenhouses which support agriculture as a trade, and residential greenhouses which are attached to private homes to enhance the home and plant hobbyist. The agricultural greenhouse grower should have a farmer’s tax exemption permit issued by the Connecticut Department of Revenue Services.

Most agricultural greenhouse structures are temporary, single-use (lasting less than 20 years). Agricultural greenhouses never appreciate in value—in fact, they depreciate in value from the first day they are constructed. Used agricultural greenhouses are occasionally torn down, moved, and sold to another grower, in which case the buyer always pays substantially less than new construction value.

The hoop house covered with plastic is the most common greenhouse structure in Connecticut, preferred by growers for its low cost. The plastic coverings that make up the greenhouse walls normally do not last beyond four years.

Greenhouses basically are to plants what the tractor is to an open corn field. They provide the means for growth of the agricultural product.

Valuating the Agricultural Greenhouse

The most unbiased way of assessing greenhouse values is to find out what the grower actually paid to construct or modify the greenhouse and equip it, less depreciation according to established schedules.

The following chart, “Connecticut Agricultural Greenhouse Costs - 2003”, should be used as a rough guide to assessors when documented construction costs are not available.



**CONNECTICUT
GREENHOUSE
GROWERS
ASSOCIATION**

CONNECTICUT AGRICULTURAL GREENHOUSE CONSTRUCTION COSTS - 2003

P.O. Box 415, Botsford CT. 06404
203-261-9067

A Guide of Estimated Figures for Tax Assessors

ERECTION

	<u>Materials</u> \$/sq.ft.	<u>Labor Cost*</u> \$/sq.ft.	<u>Total</u> \$/sq.ft.
Conventional Glass Greenhouse	6.00-10.00.....	2.00-2.50.....	8.00-12.50
Concrete foundation-galvanized frame-truss roof			
Ridge & Furrow Greenhouse	2.50-3.00.....	1.50-2.25.....	4.00-5.25
Concrete piers-galvanized steel frame double poly covering			
Steel Pipe Arch Greenhouse	4.50-5.50.....	1.00-1.25.....	5.50-6.75
Pipe foundation-1-1 /4" galvanized pipe-polycarbonate structured sheet glazing			
Steel Pipe Arch Greenhouse	1.50-2.50.....	0.75-1.00.....	2.25-3.50
Poly cover-pipe foundation- 1-1/4" galvanized pipe			
Rigid Frame Wood Greenhouse	1.00-1.50.....	0.75-1.00.....	1.75-2.50
Poly cover-wood post foundation- clear span			

ENVIRONMENTAL CONTROL

(\$/sq.ft. of Greenhouse Floor Area, including labor*)

Ventilation

Fans with shutter, thermostat, and housing..... 0.50-1.00

Heating

Oil- or gas-fired hot air.....0.50-0.75

Oil- or gas-fired steam or hot water.....1.00-3.00

Electric

Supply; materials and labor..... 0.40-1.00

Water

Materials and labor..... 0.15-0.75

Heat Retention System

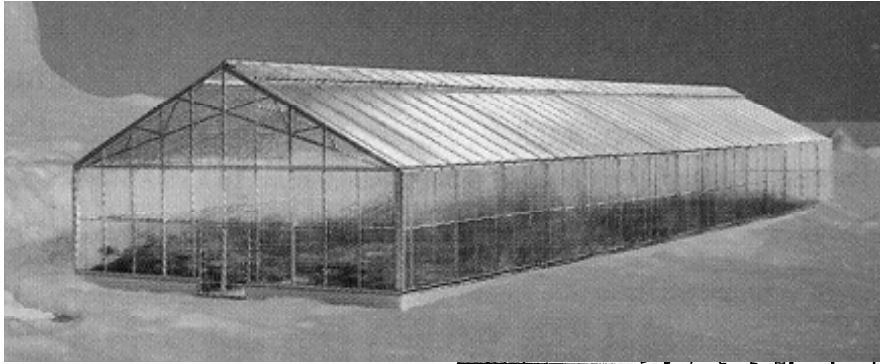
Manual/Motorized..... 0.80-1.00

Environment Control Computer.....0.50-1.25

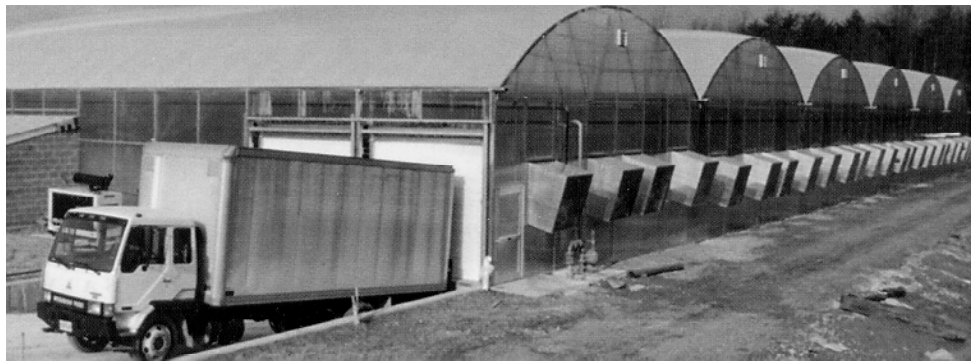
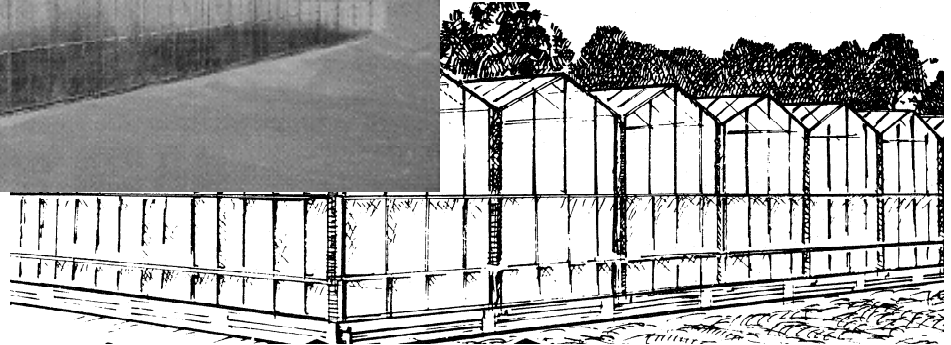
Benches..... 0.50-3.00

*For amateur workmanship or work done by grower staff, deduct 25%-35%.

Types of Agricultural Greenhouses



Conventional glass
("Dutch" range below)

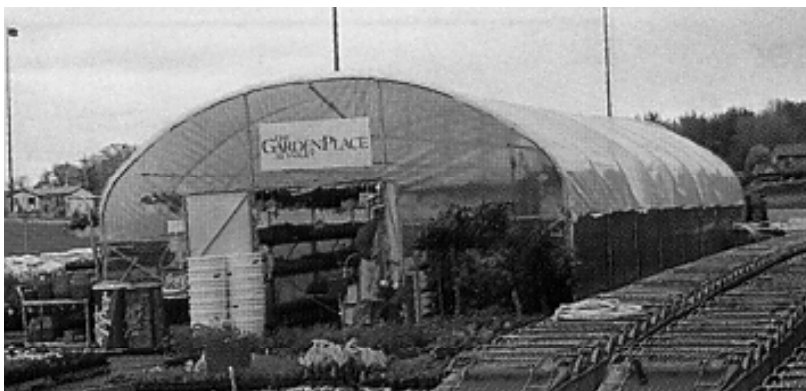


Ridge & Furrow
(gutter-connect)

The Greenhouse Engineers



Steel Pipe Arch
polycarbonate glazing



Steel Pipe Arch
poly (plastic) cover