

FARM CLASSIFICATION IN BRITISH COLUMBIA



BC Assessment

We Value BC

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Purpose

The purpose of this brochure is:

- to outline farm classification procedures pursuant to section 23 of the *Assessment Act*, and
- to present and interpret BC Reg. 411/95: **Standards for the Classification of Land as a Farm** (“the Standards”).

The Standards set out the requirements that must be met for land to be classified as a farm for property assessment and tax purposes. This pamphlet is designed so that the Standards are on the left side of the page with BC Assessment’s interpretive comments on the right side. Where the legislation differs from the interpretation, the legislation shall prevail.

Application Procedures and Key Requirements

In planning a new farm operation, owners are advised to prepare a business plan to help ensure a successful venture. Staff specialists in the Ministry of Agriculture can provide assistance.

The following principles apply to farm classification in British Columbia:

- Farm classification is a voluntary program. Owners of land who want all or part of it classified as farm must apply to the local assessor on the prescribed application form.
- All farms are classified according to the standards set out in this brochure.

- The Standards require farm applications to be filed with BC Assessment by October 31, for the following taxation year. Owners are strongly encouraged to apply by mid-year to give BC Assessment staff time to conduct a field inspection or request additional information, to assess entitlement for farm classification.
- Land being developed as a farm but not yet in production may qualify. A farm development plan is required and must be followed. The Standards also require that plan to be filed with BC Assessment by October 31st to be effective for the following year.
- Only certain land uses qualify for farm classification under the Standards. The types of production that meet the definition of primary agricultural production are listed in Schedule A, at the end of the Standards.
- The minimum annual gross income requirements vary with farm size:
 - (a) less than 8,000 m² (1.98 ac) = \$10,000,
 - (b) from 8,000² to 4ha (1.98 – 9.88 ac) = \$2,500, and
 - (c) greater than 4 ha (9.88 ac) = \$2,500 plus 5 percent of the regulated farm land value for the remaining area of land.

Farm land assessed values (used in the above calculations) vary from region to region and depending on such factors as cultivation, irrigation, and soil quality of the land being assessed. Here are several example calculations.

EXAMPLE 1: Calculation of income requirement for a 160 acre parcel located near Fort St. John, and assessed in farm class at \$29,600:

Income requirement is \$2,500 for the first 10 acres plus 5% of the value of the remaining acreage:

$$\$2,500 + 5\% (150/160 \times \$29,600) = \$3,887.50$$

EXAMPLE 2: Calculation of income requirement for a 50 acre parcel located in Richmond, and assessed in farm class at \$110,000:

$$\text{Income requirement} = \$2,500 + 5\% (40/50) \times \$110,000 = \$6,900.00$$

EXAMPLE 3: Calculation of income requirement for a 7 acre parcel located in Kelowna, and assessed in farm class at \$13,500:

$$\text{Income requirement} = \$2,500.00$$

- Sales of primary agricultural products are required each year.
- Farm classification is reviewed on a regular basis. Land that does not meet the requirements of the Standards will be reclassified to another property class.
- Owners must provide information in support of farm classification at the request of the local assessor. Owners must keep receipts and record all sales and purchases of crops and livestock.
- For land leased to a farmer, the owner must ensure that by October 31, the local assessor has a copy of the lease document for the relevant farm production years. The owner must also ensure that the lease contains all the information required under the Standards.
- **When the Standards are not met, the assessor must reclassify the property.**

The Standards require that applications for farm classification along with any applicable farm development plans or leases, must be submitted to BC Assessment on or before October 31 to qualify land for farm class for the next taxation year.

Classification of land as a farm

- 23 (1) An owner of land who wants all or part of the land classified as a farm must apply to the assessor using the application form, and following the procedure, prescribed by the assessment authority.
- (2) Subject to this Act, the assessor must classify as a farm any land, or any part of a parcel of land, that meets the standards prescribed under subsection (3).
- (3) The Lieutenant Governor in Council must prescribe standards for classification of land as a farm.
- (4) Land classified as a farm must, while so classified, be valued at its actual value as a farm, without regard to its value for other purposes.
- (5) The actual value of improvements on a farm must be determined under section 19.
- (6) If land classified as a farm ceases to meet the standards for that classification merely because the farm is reduced in area as a result of a portion being expropriated for a public purpose, the land continues to be classified as a farm until it no longer meets the standards in some other respect.
- (7) For the purposes of valuing a farm under subsection (4), the assessment authority must prescribe land value schedules for use by assessors in determining the actual value of the land as a farm without regard to its value for other purposes.

Explanations and Comments

Farm classification is a voluntary programme. Application forms and procedures are regulated by the assessment authority.

Only land meeting the regulated requirements set out in the Standards will be assessed in farm class.

This section authorizes the Standards for Classification of Land as a Farm Regulation (the Standards), reproduced in this pamphlet.

Farm land is not assessed at market value, but at its value in farm use only.

Buildings on farm land are assessed at market value. They are classified as Class 1 – Residential because only land qualifies for Class 9 – Farm.

Land will not become ineligible for farm class solely due to the consequences of an expropriation.

This section authorizes the Land Values for Farm Land Regulation, which sets out assessed values per acre for all farm land in the province.

Explanations and Comments

Interpretation

1. In this regulation

“agricultural land reserve” has the same meaning as in the *Agricultural Land Commission Act*;

“December 31” means December 31 of the year preceding the year for which the assessment roll is completed;

“developing farm” means a farm classified in accordance with section 8;

“farm gate price” means the price received by the producer

- (a) from the sales of primary agricultural production as evidenced by
 - (i) receipts for those sales,
 - (ii) the appropriate local price or prices shown in the farm price guide issued by the assessment authority, or
 - (iii) statements from crop and livestock insurance payments,
- (b) in the case of livestock
 - (i) the live weight price received for livestock but not including the killed or dressed prices,
 - (ii) the live weight price applied to the weight gained by livestock while being raised on the farm, or
 - (iii) the difference between the purchase and sale prices of each animal raised on the farm, and

Farm gate price is the price received by the farmer for the sale of qualifying primary agricultural products. If receipts are not available, other proof of production and sales must be provided.

In addition to receipts and other supporting documents, the assessor may consider local prices or market prices as determined by the assessment authority.

Qualifying income for livestock is based on the live weight price. If killed or dressed prices are provided, these prices will be adjusted to reflect the live weight prices.

Only the value of weight gained by livestock while raised on the farm is considered in the calculation of annual gross income for the farm operation.

Livestock owners must provide sales receipts and other documentation as requested by the local assessor to support the reported purchase and sale prices for each animal raised on the farm.

- (c) in the case of horticultural crops that are purchased and transplanted or moved to the farm for further growth, the difference between the purchase and sale prices of the crops;

“farmer’s dwelling” means a dwelling which is

- (a) located on or adjacent to the farm, and
(b) occupied by a person who is actively involved in the day-to-day activities of that farm;

“fine seed” means forage seed or turf seed;

“gross annual value” means the monetary worth of primary agricultural production based on a 12 month period ending October 31;

“January 31” means January 31 of the year in which a complaint against the assessment could be made to a property assessment review panel under section 32 of the *Assessment Act*;

“land” includes land covered by water;

“lease” means a written agreement for the rental of all or part of one or more parcels of land;

“livestock raising” means

- (a) the rearing of domesticated animals for
- (i) the production of food for human or animal consumption,
 - (ii) wool, hide, feather or fur production, or
 - (iii) breeding stock for purposes listed in paragraph (i) or (ii), and

Explanations and Comments

Only the value added through the growth of plants while on the farm is considered as part of the annual gross income for the farm operation.

Unless a dwelling on the farm is occupied by persons who are actively involved in the ongoing farm operation, the land associated with that dwelling is not eligible for farm classification.

The production year used to calculate gross income for farm classification purposes is the 12 month period from November 1 to October 31.

Farm land can include water lots used for aquaculture purposes.

Written leases are required. The lease must comply with Section 7 of the Standards, and must be submitted to the assessor on or by October 31 prior to the tax year for which farm class is being sought.

The sale of breeding stock qualifies as primary agricultural production if livestock is bred for the improvement of stock for food, wool, hide, feather or fur production.

(b) horse rearing;

“**medicinal plant culture**” means to grow and cultivate plants used to cure disease or to relieve pain;

“**October 31**” means October 31 in the year preceding the year for which the assessment roll is prepared;

“**packing house**” means a structure used for the cleaning, sorting, grading, packing or storage of primary agricultural products;

“**primary agricultural production**” means a use of land for agricultural purposes as approved by the assessment authority, following consultation with the Minister of Agriculture, Fisheries and Food and listed on Schedule A of this regulation;

“**rearing**” means the breeding or raising of animals for sale;

“**unrealized value**” means

- (a) in relation to primary agricultural production other than livestock raising, the value of the primary agricultural production that has been produced on the farm in the 12 month period ending October 31 that has not been sold but is available and offered for sale or held for sale the following year, or
- (b) in relation to livestock raising, where livestock has been raised for food for human or animal consumption on the farm in the 12 month period ending October 31 and has not been sold but is available and offered for sale or held for sale as food the following year,

Explanations and Comments

Livestock raising includes the rearing of horses for sale.

Medicinal crops are limited to those plants which can be legally grown. Crops must be cultivated, not gathered from the wild.

October 31 is a key date. Farm applications, related development plans, and leases must be submitted to BC Assessment by this date.

Packing houses do not include structures used to alter primary agricultural products using further processing methods.

The approved list of primary agricultural products that can qualify land for farm classification is provided at the end of this brochure in Schedule A.

In addition to the sale of farm products, the value of farm crops such as grain held for sale in the 12 month period after October 31 is also recognized. Crops produced but not sold until the following year are valued according to their market value as of October 31. The value of the crop produced but not sold is added to farm sales to determine the “gross annual value” for the farm in that year.

In the case of livestock raised for food, animals not yet sold must be available and offered for sale in the in the upcoming year to qualify as unrealized value.

Unrealized value will only be considered if the livestock is being raised for food for human or animal consumption in the upcoming year.

- (i) the increase in value attributable to weight gain of livestock raised for sale, or
- (ii) the estimated value of livestock born and raised for sale based on the current farm gate price.

Application of this regulation

- 2. This regulation will be used to determine farm classification for assessment purposes for the 1998 and subsequent taxation years.

Application for classification of land as a farm

- 3. (1) The application for classification of land as a farm must be delivered to the assessor on or before October 31 in the form prescribed by the assessment authority.
- (2) When ownership changes, the assessor may require the new owner to submit an application.

Classification of land as a farm

- 4. (1) Unless this regulation provides otherwise, the assessor must classify as farm all or part of a parcel of land used for
 - (a) primary agricultural production,
 - (b) a farmer's dwelling, or
 - (c) the training and boarding of horses when operated in conjunction with horse rearing.

Explanations and Comments

Production value can only be claimed once. If unrealized value is claimed for livestock or crops, the income from a sale in the next year must not be included in the income calculation for that year.

The current farm gate price refers to the value of livestock as of October 31.

Earlier versions of the Standards are no longer in effect.

Farm classification is a voluntary process. Applications for farm classification must be submitted on a prescribed form which is available at your local BC Assessment office or at www.bcassessment.ca. A farm application signed by the owner(s) is required for any land, including additions to existing farms, in order for that land to be eligible for farm classification. Although the deadline is October 31, owners are urged to apply by mid-year to allow time for inspections.

New owners of land already in farm class must submit a farm application form if they wish the property to retain farm class. It is BC Assessment's practice to send a farm application to new owners.

Depending on the use of the land, all or part of a parcel of land may qualify for farm classification.

The land under horse boarding stables will only be classified as farm if the stables are operated in conjunction with a horse rearing operation that qualifies for farm classification. Income from horse boarding and training is not eligible; only income from the sale of horses qualifies as farm income for the purpose of farm classification.

- (2) Land will only be classed as farm where part of a parcel or parcels of land are
 - (a) necessary to the farm, and
 - (b) predominantly used for primary agricultural production.
- (2.1) Despite subsections (1) and (2), the assessor must classify land as a farm if the land is used for purposes that contribute to primary agricultural production, including, without limitation, the following purposes:
 - (a) drainage;
 - (b) irrigation;
 - (c) a riparian area;
 - (d) a buffer;
 - (e) a headland;
 - (f) a windbreak;
 - (g) seasonal feeding or calving grounds;
 - (h) shelter for livestock;
 - (i) farm outbuildings;
 - (j) access to farm outbuildings or other land that is part of the farm operation.
- (3) Despite subsections (1) and (2), the assessor must classify land as a farm if
 - (a) the land is in an agricultural land reserve,
 - (b) the land is part of a parcel, a portion of which is used for primary agricultural production,
 - (c) the portion of the parcel being used for primary agricultural production makes a reasonable contribution to a farm operation and meets the other requirements of this regulation, and

Explanations and Comments

There must be a reasonable level of ongoing farming activity on each parcel to qualify an unused portion of the parcel as farm.

Land that is not used for primary agricultural production can qualify for farm class if it contributes to production.

Within the ALR, land used for purposes ancillary to a farmer's dwelling or land with no present use can qualify for farm assessment if part of the parcel is farmed and meets the other requirements of the regulation.

However, if the unused land is zoned or held for business, commercial or industrial use it will not qualify for farm assessment.

Explanations and Comments

- (d) the land
 - (i) is used only for purposes ancillary to a farmer's dwelling, or
 - (ii) has no present use and is neither specifically zoned nor held for business, commercial or industrial purposes.

(3.1) Despite subsections (1) and (2), the assessor must classify land as a farm if the land is not in an agricultural land reserve and

- (a) the land
 - (i) is used only for purposes ancillary to a farmer's dwelling, and
 - (ii) is part of a parcel, a portion of which is used for primary agricultural production, and the portion used for primary agricultural production makes a reasonable contribution to a farm operation and meets the other requirements of this regulation, or
- (b) the land has no present use, is neither specifically zoned nor held for business, commercial or industrial purposes and meets one of the following standards:
 - (i) the land
 - (A) has a highest and best use that is a use not better than that of a farm, and
 - (B) is part of a parcel, a portion of which is used for primary agricultural production, and the portion used for primary agricultural production makes a reasonable contribution to a farm operation and meets the other requirements of this regulation;

Outside the ALR, land used for purposes ancillary to a farmer's dwelling can qualify for farm assessment if part of the parcel is farmed and meets the other requirements of the regulation.

Also, land with no present use outside the ALR can qualify for farm assessment if part of the parcel is farmed and meets the other requirements of the regulation, AND:

- *the unused portion is unsuitable for other uses, such as residential or commercial use; or*

- (ii) the land is part of a parcel, a portion of which, comprising 50% or more of the total area of the parcel that is outside the agricultural land reserve, is used for primary agricultural production or is used for purposes that contribute to primary agricultural production within the meaning of subsection (2.1), and that portion is farmed by the owner and meets the other requirements of this regulation;
 - (iii) the land is part of a parcel, a portion of which, comprising 25% or more of the total area of the parcel that is outside the agricultural land reserve, is used for primary agricultural production, and that portion is farmed by the owner and meets the other requirements of this regulation.
- (4) A farm operation is comprised of all or part of a parcel or group of parcels of land
- (a) contiguous or not,
 - (b) owned, or leased in accordance with section 7, and
 - (c) operated as an integrated unit.
- (5) A farm operation comprised of parcels of land within different assessment areas will only be classed as farm where the assessor is satisfied that each parcel is
- (a) necessary to the farm, and
 - (b) predominantly used for primary agricultural production.

Explanations and Comments

- *the land is farmed by the owner and at least 50% of the parcel is either used for primary agricultural production or contributes to production, or*

- *the land is farmed by the owner, and between 25 and 50% of the parcel is used for primary agricultural production, if the farm meets a production threshold of \$10,000. (See section 5(2.1) of these Standards.)*

A farm can take many forms, ranging from many parcels of land to a small portion of a leased or owned lot.

This section applies where the farm is comprised of parcels of land in different assessment areas.

Gross annual value requirements

5. (1) Despite section 4, the classification of land as a farm requires the production of primary agricultural products on the farm by the owner or lessee in either the 12 month period ending October 31, or in the preceding 12 month period, having a gross annual value at farm gate prices of at least
- (a) \$2 500 if the area of land is between 8 000 m² and 4 ha.
 - (b) \$2 500 plus 5% of the actual value of the land for farm purposes in excess of 4 ha, if the area of land is more than 4 ha,
 - (c) \$10 000 if the total area of land is less than 8 000 m², and
 - (d) despite paragraph (c), \$2 500 if the area of land has been reduced to less than 8 000 m² as a result of expropriation but only if the land remains in the same ownership.

Explanations and Comments

The sale of primary agricultural products must occur in every production year. The minimum gross annual income requirements must be met at least every other year.

\$2,500 is the minimum gross annual income for farms between 8,000 m² and 4 ha (approximately 2-10 acres).

Where the area of land is greater than 4 ha (10 acres), the qualifying income is \$2,500 plus 5% of the farm land value for the area in excess of 4 ha (10 acres). For assessment purposes, the value of farm land is set by the assessment authority by regulation.

For example:

On a 160 acre property with a regulated farm land value of \$800 per acre, the minimum gross annual value at farm gate prices is:

- on the first 10 acres: \$2,500

- on the next 150 acres: \$6,000 ($\$800 \times 150 \times 0.05$)

Minimum annual income: \$8,500

\$10,000 is the minimum annual gross income to qualify land for farm class where the land size is less than 8,000 m² (1.98 acres).

If the land size has been reduced to less than 8,000 m² (1.98 acres) as a result of expropriation, the minimum annual gross income remains at \$2,500 until ownership of the land changes.

- (2) Despite subsection (1) (c), if land is classified as a farm in 1995 and if the gross value of production is less than \$10 000, the land will continue to be classified as a farm so long as
 - (a) the total area of the owned parcel or parcels is less than 8 000 m²,
 - (b) the land remains in the same ownership,
 - (c) the assessor is satisfied that the owner earns the greater part of his livelihood from the sale of primary agricultural products produced on the land, and
 - (d) the land meets the other requirements of this regulation.
- (2.1) Despite subsections (1) and (2), the classification of land as a farm under section 4 (3.1) (b) (iii) requires the production of primary agricultural products on the farm by the owner in either the 12 month period ending October 31, or in the preceding 12 month period, having a gross annual value at farm gate prices of at least \$10 000.
- (3) Despite subsections (1), (2) and (2.1), the sale of primary agricultural products from the farm must occur during each 12 month period ending October 31.
- (4) In determining the gross annual value, the assessor must
 - (a) consider only the value of primary agricultural production which takes place on the farm, and
 - (b) include any unrealized value of primary agricultural production grown or raised on the farm in the 12 month period ending October 31.

Explanations and Comments

This 'grandfather' provision ensures that small farms classified before 1995 will continue to be eligible for farm class under the previous requirements until ownership of the land changes.

For land outside the ALR, where the area in production is between 25 and 50% of the total parcel size, land with no present use will only qualify for farm assessment if the farm meets a production threshold of \$10,000.

The sale of primary agricultural products must occur each year from all farms except for developing farms which require more than one year before harvesting occurs (See section 8) or farms excepted by section 6.

For assessment purposes, farm income is based on only the production of primary agricultural products grown or raised on that farm.

Explanations and Comments

Exception to requirement for sale of primary agricultural products

6. Despite section 5 (3), the assessor may classify land as farm if the primary agricultural production from the land is
 - (a) not sold but is produced in sufficient quantities to have met the gross annual value requirements if it had been offered for sale, and
 - (b) either
 - (i) grains, oilseeds, fine seeds or pulse seeds, and the assessor is satisfied that the grains or seeds will be available for sale within 12 months after October 31, or
 - (ii) any other primary agricultural product that is grown and harvested for processing for sale or to be used in the preparation of manufactured derivatives to be made available for sale within 12 months after October 31.

This provision recognizes that in certain circumstances it is sound farm practice to hold crops of this type and market them when prices are higher. These crops are marketed in large quantities, are capable of being stored for long periods, and prices can fluctuate widely over time.

This section provides flexibility for a growing number of farms where value-added products are produced and sold. Examples: cottage wineries where grapes are grown on the farm and used to produce wine, or vegetable farms where field crops are processed on the farm for sale.

To qualify, farm products must be made available for sale within 12 months after October 31.

In the calculation of gross annual value, the value of the primary products is used, not the retail or wholesale prices of any value added products such as wine, sausages, jams, etc.

Explanations and Comments

Exceptional circumstances

- 6.1 (1) In exceptional circumstances, the Lieutenant Governor in Council may waive, by order, any of the sales or production requirements of this regulation for the period and on any terms and conditions specified in the order.
- (2) In this section, “**exceptional circumstances**” includes natural disasters and any other circumstances the Lieutenant Governor in Council is satisfied are of such a severity as to prevent or make impracticable compliance with certain sales or production requirements of this regulation.

The Provincial Cabinet is empowered to waive sales or production requirements of this regulation under extraordinary circumstances external to the farm operation, such as a natural disaster or market collapse.

Classification of leased land

- 7 (1) In the case of leased land, a copy of the lease document must be submitted to the assessor on or before October 31 in order for the land to be classified as a farm.
- (2) The lease document must contain the names and signatures of the lessee and lessor, the legal or other well defined description of the land being leased, the commencement date, the signing date, the duration of the lease, the lease area, the intended use of the leased land and the consideration for the lease.
- (3) To be classed as a farm the leased land must
- (a) make a reasonable contribution to the farm operation, and

To qualify or to continue to qualify land as farm, owners must ensure that the assessor always has a copy of the current lease document.

*The deadline for submitting the lease document is **October 31** prior to the tax year for which farm class is being sought.*

Farm classification will be denied unless a reasonable level of farm activity occurs on a leased parcel. The leased land must be operated in conjunction with the rest of the farm operation.

- (b) be 8000 m² or greater except if
 - (i) the land is in an agricultural land reserve, and
 - (ii) despite section 4 (3), the land is used for primary agricultural production.
- (4) Despite section 5 and section 7 (1), in the case of leases of Crown land issued after October 31, the assessor must classify all or part of the land as a farm if
 - (a) the application form referred to in section 3 is delivered to the assessor on or before December 31, and
 - (b) the assessor is satisfied that the farm meets the other requirements of this regulation.

Classification as a developing farm

- 8. (1) Despite section 5, the assessor must classify land not yet in production as a developing farm if the assessor is satisfied the land is being developed as a farm and the application form referred to in section 3 shows that on or before October 31 the following conditions will be met:
 - (a) in the case of products produced from primary agricultural production that
 - (i) require less than one year after planting before harvesting occurs, there is a sufficient area prepared and planted to meet the requirements of this regulation on or before October 31 of the following year,

Explanations and Comments

Leased land that is less than 8,000 m² is not eligible for farm classification. There is an exception for leases of small areas of land within the ALR. Only land that is actively farmed qualifies under this section. Several parcels may be combined as a farm under one lease.

The holder of a Crown lease is considered an "owner" for assessment purposes. The lease holder is authorized to sign an Application for Farm Classification, and will receive assessment notices and tax notices for the leased land.

To assist farmers, the application deadline is extended to December 31 for leases of Crown land issued after October 31.

This section sets out special provisions to classify developing farms that are not yet in production.

For new farms growing annual crops, the income and other requirements must be met within one year. Preparation for planting includes any irrigation, drainage, or other enhancements necessary for growing the crop.

- (ii) require 1 to 6 years to establish after planting before harvesting occurs, there is a sufficient area prepared and planted to meet the requirements of this regulation when harvesting occurs, and
 - (iii) require 7 to 12 years to establish after planting, there is a sufficient area prepared and planted to meet the requirements of this regulation when harvesting occurs and the assessor determines that there is a reasonable expectation of profit from farming.
- (b) in the case of livestock, poultry, greenhouse or mushroom operations that require 1 year to establish before sales occur,
- (i) the necessary buildings, structures and fencing are completed,
 - (ii) the required livestock and poultry are purchased and present, and
 - (iii) the assessor is satisfied that the farm will meet the requirements of this regulation on or before October 31 of the following year, and
- (c) in the case of aquaculture operations that require 2 years to establish before harvesting occurs,
- (i) the buildings and structures are completed as required to meet the minimum gross annual value level for the farm,
 - (ii) the land is seeded, planted or stocked as required to meet the requirements of section 5 when production and sales occur, and

Explanations and Comments

Developing farms such as fruit orchards and Christmas tree farms can qualify for farm class for several years before harvesting occurs as long as the trees are planted and tended as set out in the development plan.

This section refers to crops such as hybrid poplar plantations that require up to 12 years before harvesting. Given the lengthy time frame before any production will occur, the assessor must be satisfied that the operation has a reasonable expectation of profit from farming. This criterion is similar to that used by Revenue Canada to allow certain deductions for farm expenses.

To qualify as a developing farm, sufficient poultry or livestock (including bees) must be present on the property, and necessary structures must be completed, by October 31 to qualify the land for farm class in the following tax year.

For developing greenhouse or mushroom operations, the necessary buildings and structures must be in place by October 31 to qualify the land for farm class in the following tax year.

Aquaculture operations (finfish and shellfish) have up to 2 years to meet the income and other requirements for farm classification. These operations must be seeded or stocked by October 31 to qualify as farm for the following tax year. Only operations licensed by the Ministry of Fisheries on or before October 31 can qualify.

- (iii) the assessor is satisfied that the farm will meet the requirements of this regulation on or before October 31 of the year that production and sales occur.
- (2) The owner or lessee must submit with the application form for approval by the assessor a development plan and site diagram which includes location and details of the crop to be planted, area, date of planting, expected yield, selling price and date of harvest.
- (3) Despite subsection (1) (a), the assessor must classify land as a developing farm if the following conditions are met:
 - (a) the required area of land is prepared for planting on or before October 31,
 - (b) the development plan shows that the crop will be planted by the spring of the year following application,
 - (c) the assessor is satisfied that a viable farm will be established in accordance with the requirements for that crop based on sound agricultural practices, and
 - (d) the developing farm will meet the requirements of this regulation when harvesting occurs.
- (4) When the farm meets the gross annual value requirements of section 5 of this regulation, the farm will no longer be classified as a developing farm under this section.

Explanations and Comments

Owners must submit details of their farm development plans and site diagrams as part of the application process.

Farm classification will be removed during the life of the plan if development plans are not followed.

This section provides flexibility to farm operations where late or spring planting is required. To qualify for the next tax year, the land must be prepared for planting by October 31. The owner must commit to planting by spring of the next year.

The farm development plan must show that a viable farm operation will be established based on sound agricultural practices.

Once sales occur and the annual income requirements are met, the operation will be considered a regular farm. The farm must then meet the normal production requirements in future years to retain farm class.

Ancillary operations

9. (1) This section applies despite other provisions of this regulation.
- (2) Land, but not improvements, used for a packing house as part of a farm operation will be classed as a farm if
 - (a) any authority having jurisdiction over the use of that land has regulated the use of that land to permit the growing and raising of crops, and
 - (b) more than 50% of the primary agricultural products which are cleaned, sorted, graded, packed or stored in the packing house are grown or raised on that farm operation.
- (3) [*Repealed* B.C. Reg. 411/95, s. 9 (4).]
- (4) *Spent.*

Reporting Requirements

- 10 (1) Before or after the completion of any assessment roll the assessor may require the following information:
 - (a) reporting from the owner or lessee to ensure that the farm continues to meet the requirements of this regulation;
 - (b) additional information from the owner or lessee, including receipts or copies of lease documentation, in support of farm classification.
- (2) Notice to provide information must be sent by mail or served personally by the assessor.

Explanations and Comments

Land associated with a packing house may be assessed as farm land as long as the land is zoned to allow farming, and more than 50% of the farm products packed in the facility are grown or raised on the farm where it's located.

Packing houses on farm land will be classed as Residential.

Packing houses on land that does not meet these criteria will be classed as Business and Other.

Section 9(3) has now been repealed, and section 9(4) has expired.

Owners and lessees are required to submit information in support of farm classification as requested in writing by the local assessor.

Failure to provide information such as sales receipts or other supporting documents to the assessor will result in reclassification of the land to other property classes.

- (3) The owner or lessee must provide the information to the assessor within 21 days from the receipt of the notice or a longer period as specified in the notice.

Declassification

11. [Repealed, effective October 18, 2007 (B.C. Reg. 310/2007, s. 2)].

Schedule A:

Primary Agricultural Production

For the purposes of farm classification under the Assessment Act, primary agricultural production is:

- apiculture
- aquaculture
- Christmas tree culture (plantation and cultured native stand)
- dairying
- floriculture
- forage production
- forest seedling and seed production
- fruit and vegetable production
- grain and oilseed production
- herb production
- horse rearing
- horticulture
- insects raised for biological pest control
- livestock raising
- medicinal plant culture
- Populus species and Salix species intensely cultivated in plantations
- poultry and egg production
- seed production
- the raising of crops or animals for food for human or animal consumption
- turf production
- wool, hide, feather or fur production

Explanations and Comments

Section 11 has now been repealed.

This list defines all of the farm activities that are recognized for farm classification purposes.

Cultured native stand Christmas trees must be managed similar to Christmas tree plantations. Production must be planned so that trees are harvested on an ongoing basis once production occurs. Cultural practices include spacing, stump culture, weed control, fertilization, overstory removal and shearing.

Only certified dairy operations qualify. The sale of raw milk is illegal and does not qualify.

Only fast growing cottonwood/poplar/aspen and willow cultivated in plantations will qualify as long as they mature within 12 years. Native stands do not qualify for farm class.

Questions about the addition of new crops or products will be referred to the Minister of Agriculture for recommendations with respect to their inclusion on this list.

but does not include:

- (i) the production of manufactured derivatives from agricultural raw materials,
- (ii) primary agricultural production for domestic consumption on the farm,
- (iii) the production of agricultural by-products,
- (iv) agricultural services, or
- (v) the breeding and raising of pets, except horses.

Explanations and Comments

Sales of manufactured products such as wine, sausages, fruit leathers, jams, etc. do not qualify.

The value of products consumed on the farm does not qualify.

Sales of manure and other by-products do not qualify.

Income from services such as stud fees and horse training fees does not qualify.

The sale of animals as pets does not qualify, with the exception of horses.

BC Assessment

For more information on BC Assessment visit
our website at www.bcassessment.ca

For additional information on farm
classification, please contact your local
BC Assessment office.

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