



# Cheshire County Conservation District

Working with the Landowners and Communities of Cheshire County

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## UPDATING CURRENT USE INFORMATION FOR YOUR FARMLAND

### SPI (Soil Potential Index)

SPI is a calculation made at the County Conservation District office which rates soil on a scale of 0-100 based on its capability to produce crops. For example, a rating of 10 would indicate a soil poorly suited to growing crops; a rating of 95 would mean top quality soil with virtually no impediment to crop production. The Conservation District uses USDA Natural Conservation Resources Service soil mapping data to compute SPI for each field, parcel or tract of land.

The acreage of each type of soil within the parcel is carefully weighted using a scientifically developed method with proven reliability. To get SPI information for your farmland, make an appointment with the County Conservation District office. The fee for technical work associated with calculating SPI is \$35.

You will need to know the following information when you meet with the Cheshire County District Manager:

- be able to locate the farmland on an aerial or soils map
- the acreage of each field
- the map and lot numbers for each parcel of land needing an SPI assessment

### **Equalization Ratio**

In addition to requiring selectmen or assessors to use SPI data *when provided by the landowner*, the law also requires them to apply the Equalization Ratio to all Current Use values. Each town is assigned an Equalization Ratio by the NH Department of Revenue Administration. Application of the ratio helps to “equalize” a town’s assessments to other towns in the state. Ask your town office about the Equalization Ratio they have chosen. You may find that further tax benefits are available.

### **An example of the SPI and Equalization Ratio formula applied to a typical parcel:**

*Acres: 10                      Category: Farmland                      SPI: (.50)                      Equalization Ratio: 37% or .37*

	Formula	Based on the above example
Step 1	range of assessed value: \$25-\$425 Subtract low end from the high end	<b>\$425 minus \$25= \$400 per acre</b>
Step 2	x SPI (.50)	<b>\$400 X .50 = \$200</b>
Step 3	+ Back low end of range	<b>\$200 +\$25 = \$225 (per acre value)</b>
Step 4	x Equalization Ratio (.37)	<b>X \$83.50 (tax rate per acre)</b>
Equals Tax Rate per Acre	=	<b>\$83.50 x 10 acres = \$832.50</b>

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Without SPI and Equalization Ratio, farmland placed at the top of the productivity range would be taxed \$425 per acre or \$4,250 for the 10 acre parcel.

### **Other important information to think about**

- Each town may assess Current Use farmland anywhere in the range of \$25 to \$425 per acre depending upon the value they feel town farmland holds and what the taxpayer can bear per acre valuation.
- Before deciding to apply SPI to your farmland in Current Use, first find out from your town office what they have assessed Farmland in Current per acre and what the state has assigned the town for an Equalization Ratio.
- SPI does not need to be submitted to the town unless you, the taxpayer, want it to be. An SPI is for YOUR benefit and should be submitted at your discretion.
- If your town has set the rate per acre lower than \$425 then the SPI may not save you money since SPI can only be applied to the \$425 range.
- Using the formula above, calculate whether the SPI will work with or against you in tax assessment. If you decide that the SPI will not work toward your benefit at this time, you may submit it at any time in the future so long as there are not changes in the field boundaries or acreage.
- If you have further question regarding the implementation of your SPI application after speaking with the Conservation District and your town office, you may also contact the NH Department of Agriculture at 271-3551 or the NH Department of Revenue Administration at 271-2687.

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