



North Carolina Department of Revenue

James B. Hunt, Jr.
Governor

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Janice H. Faulkner
Secretary

TO: County Assessors and Appraisal Firms

FROM: William R. Underhill, Director *WRU*
Ad Valorem Tax Division

SUBJECT: The Appraisal of Poultry and Swine Houses

Over the past several years there has been a tremendous increase in the number of swine and poultry facilities in this State. As with most other expanding industries the technology has also changed significantly for this industry. The increased number of facilities and technological advances have resulted in some major appraisal problems for many of the counties. Due to these problems we have received a number of inquiries regarding the appraisal of these type properties. As a result, we surveyed many of the counties to see what appraisal methods were being used. We also contacted a number of producers, builders, and suppliers to determine the current cost of the facilities.

One of the biggest concerns is that some counties and appraisal firms reportedly are appraising swine and poultry facilities as real property only. This practice is in direct conflict with GS 105-285 which requires that personal property be appraised annually while real property must be reappraised at least every eight years. A number of counties schedules of values use only one price for swine or poultry facilities and that price often includes both real and personal property. This problem is compounded by the fact that in many cases the square foot price is not reflective of the actual market value of the real property being appraised and obviously does not reflect the value of the personal property located in each facility. Another problem is that the schedules of values do not reflect the fact that different type houses are constructed depending on the intended use of the facility. The inequity here becomes apparent when you consider that a swine nursery house currently may cost as much as three times more to build than does a finishing house. An example of price discrepancies is clearly reflected by swine houses ranging from \$2.00 - 7.00 per square foot in some counties schedules of values, while our office found a cost range in the market of \$9.25 - 38.35 with both examples including real and personal property.

The attached pages show a chart outlining the different types of houses and the ratio of real and personal property for each type facility. The chart indicates a cost split for real and personal property since the statutes require these properties to be appraised separately. The chart also shows that the various types of buildings should be appraised based on their intended use since there is such a disparity in the cost of each type.

Please keep in mind that the data reflected in the chart represents the cost, etc. of the large modern facilities that are being constructed today. This information may not be as relevant for the small facilities that have been constructed in the past and are being operated by independent producers.

Our office is willing to assist any county with the development of the swine and poultry portion of their schedules of values, but it will not be possible for us to serve as an annual source of cost information. The counties will need to research their local markets to obtain the information necessary to develop a schedule of values for the real property and should insure that the cost information for the personal property is properly reported on their business personal property listing form.

We have also attached a schedule showing an example of the type of personal property that is commonly associated with poultry and swine facilities. A schedule of this type can be referenced when you are researching the market to determine the proper cost attributable to the real property portion of these facilities. Identifying the items that are personal property should eliminate any confusion between the county and taxpayer as to what was included in determining the real property value.

We are providing this information now in order for the counties having a 1995 and subsequent reappraisal year to use it as a guide in developing the swine and poultry portion of their schedules of values.

If you have any questions concerning this information please contact a member of our staff at (919) 733-7711.

POULTRY / SWINE COST ANALYSIS



| Type | Description | Cost Ratio Real/Personal (Approximate) | Range | | Life Years | |
|---------|--------------------|--|-------------------|-----------------------|------------|----------|
| | | | \$/sq. ft Real | \$/sq. ft Personal | Real | Personal |
| Chicken | Broiler house | 60/40 | 2.50-3.15 | 1.60-1.90 | 20 | 10 |
| Chicken | Hen house | 45/55 | 3.85-4.00 | 4.35-4.85 | 20 | 10 |
| Chicken | Roaster house | 70/30 | 3.50-3.65 | 1.50-1.60 | 20 | 10 |
| Chicken | Layer house | 40/60 | 2.60-3.10 | 3.50-3.70 | 20 | 10 |
| Chicken | Pullet house | 40/60 | 2.40-2.45 | 3.00-3.20 | 20 | 10 |
| Chicken | Breeder house | 45/55 | 3.00-3.10 | 3.70-3.80 | 20 | 10 |
| Turkey | Hen house unit | 65/35 | 2.45-2.75 | 1.10-1.35 | 20 | 10 |
| Turkey | Brooder house | 60/40 | 2.60-2.75 | 1.45-1.90 | 20 | 10 |
| Turkey | Finishing house | 70/30 | 2.40-2.70 | 0.90-1.10 | 20 | 10 |
| Turkey | Tom house unit | 70/30 | 2.40-2.70 | 0.90-1.10 | 20 | 10 |
| Swine | Breeding/Gestation | 60/40 | 6.10-7.35 | 4.35-4.90 | 20 | 10 |
| Swine | Farrowing | 40/60 | 7.10-7.30 | 11.50-11.90 | 20 | 10 |
| Swine | Nursery | 60/40 | 21.90-22.15 | 15.90-16.20 | 20 | 10 |
| Swine | Finishing | 70/30 | 6.60-6.85 | 2.65-2.85 | 20 | 10 |

PERSONAL PROPERTY COMMONLY ASSOCIATED WITH
SWINE AND POULTRY

FEEDERS
DRINKERS
WATER LINES
GAS PLUMBING
MEDICATOR SYSTEM
AUGER FEED SYSTEM
NEST SYSTEM (CHICKEN AND TURKEY ONLY)
EGG COLLECTOR (CHICKEN ONLY)
PENNING AND STALLS (SWINE ONLY)
FARROWING CRATES (SWINE ONLY)
FLUSH FLOOR SYSTEM (SWINE ONLY)
RECYCLE SYSTEM (SWINE ONLY)
LOADING CHUTE (SWINE ONLY)
FEED BINS
CURTAIN MACHINES
ENVIRONMENTAL LIGHTING SYSTEM
VENTILATION CONTROL AND FANS
HEATING
FOGGING SYSTEM
ALARM SYSTEM
THERMOSTATS
TIMERS
WATER PUMP
GENERATORS
COOL CELLS (CRUDE AIR CONDITIONING)
WINCHING EQUIPMENT