



A Tradition of Stewardship
A Commitment to Service

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VALUING VINEYARDS FOR ASSESSMENT PURPOSES

The assessed value of Napa County vineyards in tax year 2016-2017 accounted for approximately \$2 billion dollars of the total assessment roll of approximately \$32.7 billion. Like all other real property, vineyards are subject to Proposition 13, have base year values and are reappraised on changes of ownership and new construction (new vines or replanting). There are three main components of vineyards that contribute to the total value: the land, the non-living improvements (NLI) including stakes, trellises, irrigation and frost protection and the vines themselves.

On change of ownership of a parcel that either is already planted to vines or is capable of being planted, the land value is usually derived from comparing sales of lands either already in vineyard or to be planted to vineyard. The appraiser must make adjustments for location, size and special characteristics such as proximity to a stream or river, slope, soil, etc. If the property is already a producing vineyard and there is adequate information about production, expenses and prices received for the grapes, the appraiser can use an income approach to arrive at a value that then must be allocated to the three components. Where an income approach does not apply, the appraiser will allocate a portion of the purchase price to the vines unless the vineyard is very old or diseased. Sales of planted versus non-planted acreage give an indication of the contribution that the vines make to the sales price.

Non-living improvements are usually valued by the cost approach when first installed. Upon a change of ownership the appraiser often makes an allocation of the sale price to NLI based on their cost new less any depreciation for the age or condition of the vines. Costs are maintained on a countywide basis using information received from individual owners on vine reports which are sent out annually. All information received is kept confidential.

In the Napa Valley most vines have a life of between 25 and 30 years. Vineyards may be subject to more frequent changes as varieties move in and out of favor, spacing and trellises are modified to meet new technology and diseases like phylloxera or Pierce's impact the vines. The NLI are usually removed along with the vines themselves. When a block of vines is replanted, the prior base year value of the vines and NLI are removed from the roll.

For new or replanted vines, the first three years after planting are exempt from taxation under California law because they are not considered to be in full production. For the fourth year the vines are enrolled using a per acre value based on values derived from comparable sales in prior years. For the 2017 tax year (July 1 2017-June 30 2018) vines planted in 2014 will come out of exempt status at a value of \$33,000 per acre. By comparison, thirty-nine years ago (1978) the value per acre for vines was \$2,500.

The newly installed costs of NLI are enrolled as fixtures-real property and given new base year values. Supplemental assessments are issued when new NLI are installed or when NLI are removed. In the first five years of a newly replanted block of vines, NLI values often change as wires and cross arms are added. Water frost protection and drip irrigation often involve a water source, usually a reservoir, pumps and main pipelines, laterals and risers. When a block of vines is removed the reservoir, pumps and mains usually remain with only the laterals and risers being removed. When the frost protection/irrigation system of the new planting is reestablished, only the laterals and risers receive new base year values.

It is in the best interest of vineyard owners and purchasers to give the Assessor as much data as possible about their vineyards so that we can arrive at a fair assessment. Unfortunately, only 60%-65% of the vineyard owners who receive vine reports in any given year return them. Failure to report timely can mean vines and NLI that have been removed may be assessed for several years after removal. Non-reporting can also lead to escape assessments when we discover that new vines were planted several years before.

Should you have any questions please contact Napa County Assessor-Recorder-County Clerk John Tuteur at 707.253.4459 or by e-mail john.tuteur@countyofnapa.org More articles can be found at <http://www.countyofnapa.org/Assessor/>