

Section 2032A.—Valuation of Certain Farm, etc., Real Property

26 CFR 20.2032A-4: Method of valuing farm real property.

Special use value; farms; interest rates. The 2002 interest rates to be used in computing the special use value of farm real property for which an election is made under section 2032A of the Code are listed for estates of decedents.

Rev. Rul. 2002-26

This revenue ruling contains a list of the average annual effective interest rates on new loans under the Farm Credit Bank system. This revenue ruling also contains a list of the states within each Farm Credit Bank District.

Under § 2032A(e)(7)(A)(ii) of the Internal Revenue Code, rates on new Farm Credit Bank loans are used in computing the special use value of real property used as a farm for which an election is made under § 2032A. The rates in this revenue ruling may be used by estates that value farmland under § 2032A as of a date in 2002.

Average annual effective interest rates, calculated in accordance with § 2032A(e)(7)(A) and § 20.2032A-4(e) of the Estate Tax Regulations, to be used under § 2032A(e)(7)(A)(ii), are set forth in the accompanying Table of Interest Rates

(Table 1). The states within each Farm Credit Bank District are set forth in the accompanying Table of Farm Credit Bank Districts (Table 2).

Rev. Rul. 81-170 (1981-1 C.B. 454) contains an illustrative computation of an average annual effective interest rate. The rates applicable for valuation in 2001 are in Rev. Rul. 2001-21 (2001-1 C.B. 1144). For rate information for years prior to 2001, see Rev. Rul. 2000-26 (2000-1 C.B. 1124), and other revenue rulings that are referenced therein.

DRAFTING INFORMATION

The principal author of this revenue ruling is Lane Damazo of the Office of the Associate Chief Counsel (Passthroughs and Special Industries). For further information regarding this revenue ruling, contact Lane Damazo at (202) 622-3090 (not a toll-free call).

REV. RUL. 2002-26 TABLE 1
TABLE OF INTEREST RATES
(Year of Valuation 2002)

Farm Credit Bank District in Which Property Is Located	Interest Rate
Columbia	9.68
Omaha/Spokane	7.77
Sacramento	7.66
St. Paul	7.88
Springfield	8.16
Texas	7.80
Wichita	7.96

REV. RUL. 2002-26 TABLE 2

TABLE OF FARM CREDIT BANK DISTRICTS

District	States
Columbia	Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, Pennsylvania, South Carolina, Virginia, West Virginia.
Omaha/Spokane	Alaska, Idaho, Iowa, Montana, Nebraska, Oregon, South Dakota, Washington, Wyoming.
Sacramento	Arizona, California, Hawaii, Nevada, Utah.
St. Paul	Arkansas, Illinois, Indiana, Kentucky, Michigan, Minnesota, Missouri, North Dakota, Ohio, Tennessee, Wisconsin.
Springfield	Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, Vermont.
Texas	Alabama, Louisiana, Mississippi, Texas.
Wichita	Colorado, Kansas, New Mexico, Oklahoma.