

# Local Use-Value Assessment

**Presentation:**

**Joint Subcommittee to Study Long-Term  
Funding Sources for the Purchase of  
Development Rights to Preserve Open-  
Space Land and Farmlands**



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# Overview

- What is Local Use-Value Assessment?
- How Does Local Use-Value Assessment Work?
- Who Uses Local Use-Value Assessment?

# Key Features

- Operated at local level;
- Provides tax preference for eligible agricultural, horticultural, forested, and open space lands.

# Land is Eligible for Special Assessment if...

- The locality, in which the land is situated, has adopted a comprehensive land use plan and enacted an ordinance providing for special assessment; OR
- The land is used in agricultural and forestal production within an agricultural district, a forestal district, or an agricultural and forestal district.

# How Does Use-Value Assessment Work?

- Eligible agricultural, horticultural, forested, and open space lands are taxed based on their **VALUE IN USE** as opposed to their **FAIR MARKET VALUE**.
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- **Constitution of Virginia**
- **ARTICLE X - Taxation and Finance; Section 2. Assessments.**

“All assessments of real estate and tangible personal property shall be at their fair market value, to be ascertained as prescribed by law.”

# Fiscal Impact on Localities

(The taxes localities could collect on preserved lands assessed at fair market value)

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(The taxes localities actually collect on preserved lands assessed at use value)

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Fiscal Impact on Localities

# Local Authority in Land Use Assessments

- Assessments to be made by local assessing officer(s).
  - Special assessments to be based on value for uses as agricultural, horticultural, forest and open space lands.
  - Recommendations on values provided by State Land Evaluation Advisory Council must be considered before assessment decisions are made.

# Land Use Assessment, cont'd.

- All lands included in special use classification will receive special assessment except lands used in connection with, or under, the farmhouse, home or any other structure not related to the special use.
- Special assessment applies to land only (not buildings or other improvements).



# Deterrent/Penalty Tax

- A participating landowner must pay a deterrent/penalty tax on his specially assessed land if:
  - The land reverts to a non-qualifying use;
  - The landowner fails to report a change in the use of his land;
  - The landowner makes a misstatement in his application for special assessment.

# Penalty/Deterrent Tax = Roll-back Tax

- Roll-back tax is equal to the difference between special assessment tax and tax on fair market value, for each of the five most recent complete tax years.

# Statewide Use of Use-Value Assessment Program

- 123 Land Use Assessment Ordinances in Effect
  - 72 Counties
  - 19 Cities
  - 32 Towns

# Statewide Use of Use-Value Assessment Program

- Land Classification:
  - Agricultural Assessment Ordinances – 109
  - Horticultural Assessment Ordinances – 99
  - Forestal Assessment Ordinances – 95
  - Open Space Assessment Ordinances - 67

# Statewide Use of Use-Value Assessment Program

- Localities Excluding One or More Types of Property:
  - 27 counties
  - 13 cities
  - 22 towns



Division of Legislative Services