

# DEPARTMENT OF TAXATION

## 2002 Fiscal Impact Statement

1. **Patron** Stosch

3. **Committee** House Counties, Cities and Towns

4. **Title** Service District Tax: Property Taxed at Full  
Assessed Value When Within a Special  
Use Value Jurisdiction

2. **Bill Number** SB 275

**House of Origin:**

           **Introduced**

           **Substitute**

           **Engrossed**

**Second House:**

  X   **In Committee**

           **Substitute**

           **Enrolled**

**5. Summary/Purpose:**

This bill would authorize localities that have established service districts to base the tax assessment within these districts on the full assessed value of the taxable property, notwithstanding any special use value assessment on those properties within the service district for land preservation.

Current law provides localities that have adopted a land use plan with the option to adopt special use value assessments for agricultural, horticultural, forestal and open space real estate. This bill would permit counties with service districts that have generally adopted special use value assessments to impose the service district tax on the full assessed value of special use property for land preservation. Such full value assessments may be made only if the owner of such property has given written consent.

The effective date of this bill is not specified.

**6. Fiscal Impact Estimates are:** Unknown (Line 8.)

**7. Budget amendment necessary:** No.

**8. Fiscal implications:**

This bill would have no impact on state revenues. The revenue impact on localities will vary, depending on the amount of property subject to special use value assessment for land preservation and the difference between special use value and full assessed value.

In 2000, 114 of the Commonwealth's counties, cities and towns had adopted ordinances authorizing the imposition of special use value assessments. This is a local option bill that will have a limited positive revenue impact on the service districts in those localities that choose to adopt the special assessing provision authorized by this bill.

**9. Specific agency or political subdivisions affected:**

Localities with service districts.

**10. Technical amendment necessary:** None.

**11. Other comments:**

Localities that have adopted a land-use plan may adopt an ordinance providing for the special assessment (use value assessment) of real estate devoted solely to agricultural, horticultural, forest or open-space use (land preservation).

In valuing land at its use value, the assessing officer considers only the value of the real estate in its current use. The assessing officer does not consider the fair market value of the land in its most profitable use.

This bill would provide that the service district tax would be levied on the full assessed value of the properties included within the district, even if they are subject to special use valuation for land preservation.

Service districts were created to empower the local governing authority to:

[L]evy and collect an annual tax upon any property in such service district subject to local taxation to pay, either in whole or in part, the expenses and charges for providing the governmental services . . . and for constructing, maintaining and operating such equipment and facilities as may be necessary and desirable in connection therewith . . . . Code of Virginia § 15.2-2403.

The special use valuation of property for purposes of other local tax purposes would still apply. This bill only affects the service district tax and only in those instances where the owner of the affected property has given written consent.

This bill is identical to HB 227.

HB 228 would provide assessment options for sanitary districts similar to those contained in this bill.

cc: Secretary of Finance

**Date:** 2/7/02/SLR

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