

DEPARTMENT OF TAXATION

2002 Fiscal Impact Statement

1. **Patron** Ticer

3. **Committee** Passed House and Senate

4. **Title** Real Property Tax: Acreage Requirements for
Open Space Use Value Assessments in
Certain Localities

2. **Bill Number** SB 685

House of Origin:

 Introduced

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 X **Enrolled**

5. **Summary/Purpose:**

This bill would authorize certain localities to reduce the minimum acreage requirement for real estate to be eligible for use value assessment and taxation. The minimum acreage requirement would be reduced from two acres to one-quarter acre for real estate devoted solely to open space and adjacent to a scenic river, a scenic highway, a Virginia Byway or public property in the Virginia Outdoors Plan or for any real estate in any city, county or town having a density of population greater than 5,000 per square mile, for any real estate in any county operating under the urban county executive form of government, or the unincorporated Town of Yorktown.

The effective date of this bill is not specified.

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

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

8. **Fiscal implications:**

This bill would have no impact on state revenues. Localities meeting the above criteria may experience a slight decrease in revenue to the extent that more real estate qualifies for special use value assessment and reduced real property taxes.

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

Localities with real estate devoted solely to open space and adjacent to a scenic river, a scenic highway, a Virginia Byway or public property in the Virginia Outdoors Plan or for any real estate in any city, county or town having a density of population greater than 5,000 per square mile, for any real estate in any county operating under the urban county executive form of government, or the unincorporated Town of Yorktown.

10. Technical amendment necessary: None.

11. Other comments:

Code of Virginia §§ 58.1-3230 through 58.1-3244 allow localities that have adopted a comprehensive land use plan to enact a local ordinance providing for special use value assessments for agricultural, horticultural, forestal and open space real estate. Article X, § 2 of the Constitution of Virginia specifically states that the General Assembly may provide for such special classification when it is determined that it is in the public interest for the preservation or conservation of such properties. The Constitution stipulates that all other property shall be assessed at fair market value. The use value assessments are below the fair market value approach taken in assessing all other property.

Under current law, each category of land devoted to land preservation must consist of a minimum number of acres to receive a special use value assessment for local property tax purposes. The minimum acreage requirements are: agricultural and horticultural land must consist of at least 5 acres; forestal land, 20 acres; and open space land must consist of at least 5 acres.

An exception was carved out for open space land adjacent to a scenic river, a scenic highway, a Virginia Byway or public property in the Virginia Outdoors Plan or for any real estate in any city, county or town having a density of population greater than 5,000 per square mile, for any real estate in any county operating under the urban county executive form of government, or the unincorporated Town of Yorktown. In these instances, the minimum acreage needed to qualify for open space special use assessment is set at 2 acres. This bill would authorize the specified localities to reduce the amount of qualifying acreage to one quarter of an acre.

c: Secretary of Finance

Date: 3/20/02/JEM

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