

# DEPARTMENT OF TAXATION

## 2007 Fiscal Impact Statement

1. **Patron** Charles J. Colgan

2. **Bill Number** SB 765

3. **Committee** House Finance

**House of Origin:**

☐ Introduced

☐ Substitute

☐ Engrossed

4. **Title** Real Property Tax; Valuation of Land  
Located in a Resource Protection Area

**Second House:**

☒ In Committee

☐ Substitute

☐ Enrolled

### 5. **Summary/Purpose:**

This bill would require that when determining the fair market value of real property located in a designated resource protection area, the locality must consider any restrictions as a result of such designation on the use or development of such land.

This bill would be applicable to any "resource protection area" as defined in 9 VAC 10-20-40 of the Chesapeake Bay Preservation Area Designation and Management Regulations.

The effective date of this bill is not specified.

6. **Fiscal Impact Estimates are:** Not available. (See Line 8.)

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

### 8. **Fiscal implications:**

This bill would have no effect on state revenues. To the extent that localities are not considering these factors in making assessments, local revenues would decrease. When assigning value to real estate, however, appraisers are expected to consider the impact of all zoning and other legal restrictions on land use of which they are aware. Thus, this bill may have little impact on appraisal practices.

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

- Localities located within Tidewater Virginia, which are required to designate Chesapeake Bay Preservation Areas
- All other localities, which may designate such areas on a voluntary basis

10. **Technical amendment necessary:** No.

## 11. Other comments:

### Land Use Valuation and Taxation

Currently, tax relief may be provided to owners of real estate devoted solely to agricultural, horticultural, forest or open-space use through land use valuation and taxation. In valuing land at its use value, the assessing officer considers both the value of the real estate in its current use and the fair market value of the land at its most profitable use under current zoning and other legal restrictions. The tax rate, however, is applied only to the current use value in calculating the tax to be paid.

### Resource Protection Areas

Under 9 VAC 10-20-40 of the Chesapeake Bay Preservation Area Designation and Management Regulations, a “resource protection area” is defined as that component of the Chesapeake Bay Preservation Area comprised of lands adjacent to water bodies with perennial flow that have an intrinsic water quality value due to the ecological and biological processes they perform or are sensitive to impacts which may result in significant degradation to the quality of state waters. A “Chesapeake Bay Preservation Area” is made up, in part, of a resource protection area.

Under the Chesapeake Bay Preservation Act (§ 10.1-2100 et seq.), the counties, cities and towns in Tidewater Virginia are required to determine the extent of the Chesapeake Bay Preservation Area within their jurisdictions and to have zoning ordinances that incorporate measures to protect the quality of state waters in those areas. Localities that are located outside of Tidewater Virginia are also authorized to incorporate protection of the quality of state waters into their comprehensive plans, zoning ordinances and subdivision ordinances.

### Proposal

This bill would require that when determining the fair market value of real property located in a designated resource protection area, the duly authorized real estate assessor must consider any restrictions that result from such a designation on the use or development of such land.

This bill would be applicable to any “resource protection area” as defined in the Chesapeake Bay Preservation Area Designation and Management Regulations.

cc : Secretary of Finance

Date: 2/5/2007 AMS  
SB765F161E