

DEPARTMENT OF TAXATION

2010 Fiscal Impact Statement

1. **Patron** Janet D. Howell

2. **Bill Number** SB 81

House of Origin:

 Introduced

 Substitute

 Engrossed

3. **Committee** Passed by House and Senate

4. **Title** Agricultural, Forestal, and Agricultural and
Forestal Districts; Noncontiguous Parcels

Second House:

 In Committee

 Substitute

 X **Enrolled**

5. **Summary/Purpose:**

This bill would allow certain noncontiguous parcels of land that currently are not part of an individual forestal, agricultural, or forestal and agricultural district of local significance to be deemed included in that district if the nearest boundary of the noncontiguous parcel is within one-quarter of a mile of the core contiguous properties that constitute the district and was previously included in an individual forestal, agricultural, or forestal and agricultural district of local significance.

Under current law, localities that participate in a local district program may authorize owners of land to submit an application to the locality in order to create an agricultural, forestal, or an agricultural and forestal district within the locality. This land is subject to the real property tax at a reduced rate. In order to qualify, the land must consist of a minimum of twenty acres. Currently, noncontiguous parcels of land are not deemed to be included within these districts of local significance.

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 impact on state revenues. To the extent that certain noncontiguous real property is included as part of the district and thereby subject to a reduced tax rate, this bill would result in a local revenue loss, the amount of which is unknown.

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

All localities that have created agricultural, forestal, or agricultural and forestal districts.

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

11. Other comments:

Land Use Taxation

Land use valuation and taxation is intended to encourage conservation by providing tax relief to the owner of real estate devoted solely to agricultural, horticultural, forest or open-space use. Under land use taxation programs, the land dedicated to the special use is taxed at a lower rate than the rate applicable to other real property. In valuing land at its use value, the assessing officer considers only the value of the real estate based on its current use. The assessing officer does not consider the fair market value of the land at its most profitable use.

Owners of real property situated in a locality that has adopted a land-use plan and ordinance providing for use value assessment may apply to their local assessing officer for taxation of their real property on the basis of use value. Such owners must devote a minimum number of acres of real property to agricultural, horticultural, forest, or open-space use.

Proposal

This bill would allow certain noncontiguous parcels of land that currently are not part of an individual forestal, agricultural, or forestal and agricultural district of local significance to be deemed included in that district if the nearest boundary of the noncontiguous parcel is within one-quarter of a mile of the core contiguous properties that constitute the district and was previously included in an individual forestal, agricultural, or forestal and agricultural district of local significance.

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cc : Secretary of Finance

Date: 2/26/2010 KP
DLAS File Name: SB81FER161.doc