

# VIRGINIA ACTS OF ASSEMBLY -- 2015 SESSION

## CHAPTER 87

*An Act to amend and reenact § 58.1-3203 of the Code of Virginia, relating to real property tax exemption; certain leasehold interests.*

[S 1031]

Approved March 10, 2015

**Be it enacted by the General Assembly of Virginia:**

**1. That § 58.1-3203 of the Code of Virginia is amended and reenacted as follows:**

**§ 58.1-3203. Taxation of certain leasehold interests; concessions.**

All leasehold interests in real property which is exempt from assessment for taxation from the owner shall be assessed for local taxation to the lessee. If the remaining term of the lease is fifty years or more, or the lease permits the lessee to acquire the real property for a nominal sum at the completion of the term, such leasehold interest shall be assessed as if the lessee were the owner. Otherwise, such assessment shall be reduced two percent for each year that the remainder of such term is less than fifty years; however, no such assessment shall be reduced more than eighty-five percent. If the lessee has a right to renew without the consent of the lessor, the term of such lease shall be the sum of the original lease term plus all such renewal terms.

When any real property is exempt from taxation under Section 6 (a) (1) or (2) or by designation under Section 6 (a) (6) of Article X of the Constitution of Virginia, the leasehold interest in such property may also be exempt from taxation, provided that the property is leased to a lessee ~~who~~ *that* is exempt from taxation pursuant to § 501(c) of the Internal Revenue Code *or to a lessee that is entitled to or has received federal rehabilitation tax credits relating to the property pursuant to 26 U.S.C. § 47 or any successor thereto*, and is used exclusively by such lessee primarily for charitable, literary, scientific, cultural, or educational purposes. No leasehold interest or concession, as defined in § 33.2-1800, of tax exempt property of a governmental agency shall be subject to assessment for local property tax purposes where the property is leased to a public service corporation or subsidiary thereof or a nonstock, nonprofit corporation whose occupation, use or operation of the tax exempt property is in aid of or promotes the governmental purposes set out in Chapter 10 (§ 62.1-128 et seq.) of Title 62.1 or to a private entity that is party to a concession agreement with a responsible public entity pursuant to the Public-Private Transportation Act of 1995 (§ 33.2-1800 et seq.) or to similar federal law. The provisions of this section shall not apply to any leasehold interests exempted or partially exempted by other provisions of law.