

## 1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

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

4 [H 1766]

5 Approved

6 **Be it enacted by the General Assembly of Virginia:**7 **1. That § 58.1-3203 of the Code of Virginia is amended and reenacted as follows:**8 **§ 58.1-3203. Taxation of certain leasehold interests; concessions.**

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

17 When any real property is exempt from taxation under Section 6 (a) (1) or (2) or by designation  
18 under Section 6 (a) (6) of Article X of the Constitution of Virginia, the leasehold interest in such  
19 property may also be exempt from taxation, provided that the property is leased to a lessee ~~who~~ that is  
20 exempt from taxation pursuant to § 501(c) of the Internal Revenue Code *or to a lessee that is entitled*  
21 *to or has received federal rehabilitation tax credits relating to the property pursuant to 26 U.S.C. § 47*  
22 *or any successor thereto*, and is used exclusively by such lessee primarily for charitable, literary,  
23 scientific, *cultural*, or educational purposes. No leasehold interest or concession, as defined in  
24 § 33.2-1800, of tax exempt property of a governmental agency shall be subject to assessment for local  
25 property tax purposes where the property is leased to a public service corporation or subsidiary thereof  
26 or a nonstock, nonprofit corporation whose occupation, use or operation of the tax exempt property is in  
27 aid of or promotes the governmental purposes set out in Chapter 10 (§ 62.1-128 et seq.) of Title 62.1 or  
28 to a private entity that is party to a concession agreement with a responsible public entity pursuant to  
29 the Public-Private Transportation Act of 1995 (§ 33.2-1800 et seq.) or to similar federal law. The  
30 provisions of this section shall not apply to any leasehold interests exempted or partially exempted by  
31 other provisions of law.

ENROLLED

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