

DEPARTMENT OF TAXATION

2015 Fiscal Impact Statement

1. **Patron** Nick Rush

3. **Committee** Senate Finance

4. **Title** Real Property Tax; Land Use Valuation

2. **Bill Number** HB 1483

House of Origin:

 Introduced

 Substitute

 Engrossed

Second House:

 X **In Committee**

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would permit localities to establish minimum acreage requirements that fall below five acres in order for real estate devoted to and used for agricultural purposes to qualify for land use assessment.

Under current law, real estate devoted solely to agricultural or horticultural use must consist of a minimum of five acres in order to be deemed eligible for a local land use program. Local governing bodies may, by ordinance, prescribe minimum acreage requirements below five acres for real estate used in aquaculture or for raising specialty crops, as defined by the locality's ordinance.

The effective date of this bill is not specified.

6. Budget amendment necessary: No.

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

8. Fiscal implications:

To the extent that a local governing body elects to assign lower minimum acreage requirements to real property that is devoted solely to agricultural purposes other than aquaculture, or that falls outside of the locality's definition of "specialty crops," this bill would cause a decrease in real property tax revenue for that locality.

This bill would have no impact on state revenues.

9. Specific agency or political subdivisions affected:

Localities with land use valuation programs

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 assessments 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. Currently, real estate devoted solely to agricultural or horticultural use must consist of a minimum of five acres in order to be deemed eligible for a local land use program. Local governing bodies may, by ordinance, prescribe minimum acreage requirements below five acres for real estate used in aquaculture or for raising specialty crops, as defined by the locality's ordinance.

Proposal

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cc : Secretary of Finance

Date: 2/9/2015 KP
DLAS File Name: HB1483F161