

VIRGINIA ACTS OF ASSEMBLY -- 2018 SESSION

CHAPTER 437

An Act to amend and reenact § 58.1-3203 of the Code of Virginia, relating to real property tax; exemption for certain leasehold interests held by land bank entities.

[H 591]

Approved March 23, 2018

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.

A. All leasehold interests in real property ~~which~~ *that* 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~~ 50 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~~ 50 years; however, no such assessment shall be reduced more than ~~eighty-five~~ 85 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.

B. 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 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.

C. *When any real property is exempt from taxation under § 15.2-7510, the leasehold interest in the property shall also be exempt from taxation.*

D. The provisions of this section shall not apply to any leasehold interests exempted or partially exempted by other provisions of law.