

DEPARTMENT OF TAXATION

2018 Fiscal Impact Statement

1. **Patron** Tony O. Wilt

3. **Committee** House Finance

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

2. **Bill Number** HB 1146

House of Origin:

 x **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would reduce the minimum acreage requirement from 20 acres to 15 acres for a parcel of real estate to qualify for land-use taxation if it is devoted solely to forest use.

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:

Administrative Costs

Localities may experience unknown administrative costs as a result of this bill.

Revenue Impact

To the extent that additional properties qualify for land use taxation, localities may experience an unknown negative impact on revenues as a result of this bill.

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 valued based on its current use rather than its full fair market value.

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 forest use must consist of a minimum of 20 acres in order to be deemed eligible for a local land-use program.

Proposal

This bill would reduce the minimum acreage requirement from 20 acres to 15 acres for a parcel of real estate to qualify for land-use taxation when it is devoted solely to forest use.

The effective date of this bill is not specified.

Similar Legislation

House Bill 871 would modify the definitions for agricultural and horticultural use for purposes of use-based assessments.

cc : Secretary of Finance

Date: 1/19/2018 SK
DLAS File Name: HB1146F161