

**DEPARTMENT OF TAXATION
2018 Fiscal Impact Statement**

1. **Patron** Elizabeth R. Guzman

3. **Committee** House Finance

4. **Title** Real Property; Special Assessment for Land
Devoted to Agricultural Use

2. **Bill Number** HB 1448

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would clarify the requirements for a parcel of real property to qualify as “real estate devoted to agricultural use.” It would prohibit the standards prescribed by the Commissioner of Agriculture and Consumer Services from requiring that the real estate have been devoted to the bona fide production for sale of plants or animals for any amount of time prior to its designation as real estate devoted to agricultural use.

Current law mandates that prior, discontinued use of the property not be considered in determining its current use. However, there is no provision regarding the length of time the property must be devoted to agricultural use before qualifying for use value assessment.

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 could have unknown administrative costs associated with this bill.

Revenue Impact

To the extent that additional would properties qualify for land use taxation, localities could 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:

Counties, cities and towns 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.

Under current law, "real estate devoted to agricultural use" means real estate devoted to the bona fide production for sale of plants and animals useful to man under uniform standards prescribed by the Commissioner of Agriculture and Consumer Services. Prior, discontinued use of the property is not to be considered in determining its current use. There is no requirement regarding the length of time the property must be devoted to agricultural use before qualifying for use value assessment.

Proposal

This bill would clarify the requirements for a parcel of real property to qualify as "real estate devoted to agricultural use." It would prohibit the standards prescribed by the Commissioner of Agriculture and Consumer Services from requiring that the real estate have been devoted to the bona fide production for sale of plants or animals for any amount of time prior to its designation as real estate devoted to agricultural use.

The effective date of this bill is not specified.

Similar Legislation

House Bill 871 would expand the definitions of "real estate devoted to agricultural use" and "real estate devoted to horticultural use" to be used in the special classification of real estate that is eligible for a use value assessment.

House Bill 1204 would require that an assessing official, at the request of a property owner, determine fair market value by specially and separately assessing any real estate devoted to open-space use that contains at least five acres. Such provision would apply regardless of whether or not the locality has adopted an ordinance to provide for use value assessment of real estate dedicated to open-space.

House Bill 1146 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.

House Bill 1442 would require that the commissioner of the revenue or other assessing official specially and separately assess at fair market value all wetlands on real property, if requested by the owner.

cc : Secretary of Finance

Date: 1/27/2018 SK
DLAS File Name: HB1448F161