

# DEPARTMENT OF TAXATION

## 2023 Fiscal Impact Statement

1. **Patron** Emmett W. Hanger, Jr.

3. **Committee** Passed House and Senate

4. **Title** Land Use Classifications; Property  
Qualifications for Soil and Water  
Conservation

2. **Bill Number** SB 1511

**House of Origin:**

           **Introduced**

           **Substitute**

           **Engrossed**

**Second House:**

           **In Committee**

           **Substitute**

  X   **Enrolled**

### 5. **Summary/Purpose:**

This bill would provide that real estate devoted to agricultural use includes a property that formerly participated in a state or federal soil and water conservation program and continues to meet the qualifications of such program but is no longer receiving payments or compensation.

The bill would also clarify that the presence of noxious weeds or woody growth may not be the sole basis for the denial of such designation or for the exclusion of such land for the purposes of determining minimum acreage if the landowner provides documentation, in the form of receipts or invoices, of a regular or annual control method of such weeds or growth.

The bill would further clarify that real estate devoted to "horticultural use" includes a property that formerly participated in a state or federal soil and water conservation program and continues to meet the qualifications of such program but is no longer receiving payments or compensation.

Finally, the bill would provide that the application form for land use taxation must allow a landowner to certify that a property that formerly participated in a state or federal soil and water conservation program and continues to meet the qualifications of such program but is no longer receiving such payments or compensation continues to meet the requirements of such program for the purposes of land use classification.

If enacted during the regular session of the 2023 General Assembly, this bill would become effective July 1, 2023.

6. **Budget amendment necessary:** No

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

8. **Fiscal implications:**

### Administrative Costs

This bill could result in unknown administrative costs to localities.

This bill would have no impact on state administrative costs.

### Revenue Impact

This bill could have an unknown impact on local revenue.

This bill would have no impact on state revenue.

## **9. Specific agency or political subdivisions affected:**

All localities

## **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, or products made from such plants and animals on the real estate, that are useful to man or devoted to and meeting the requirements and qualifications for payments or other compensation pursuant to soil and water conservation programs under an agreement with an agency of the state or federal government.

Real estate devoted to “horticultural use” means real estate devoted to the bona fide production for sale of the following: fruits of all kinds, including grapes, nuts, and berries; vegetables; nursery and floral products; and plants or products directly produced from fruits, vegetables, nursery and floral products, or plants on such real estate or devoted to and meeting the requirements and qualifications for payments or other compensation pursuant to a soil and water conservation program under an agreement with an agency of the state or federal government.

Owners of such property may be required by the local governing to revalidate the land use of their property annually.

### Proposal

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cc : Secretary of Finance

Date: 2/24/2023 SK  
SB1511FER161