

VIRGINIA ACTS OF ASSEMBLY -- 1996 SESSION

CHAPTER 534

An Act to amend and reenact § 58.1-3603 of the Code of Virginia, relating to tax exempt property.

[S 124]

Approved April 3, 1996

Be it enacted by the General Assembly of Virginia:

1. That § 58.1-3603 of the Code of Virginia is amended and reenacted as follows:

§ 58.1-3603. Exemptions not applicable when building is source of revenue.

A. Whenever any building or land, or part thereof, exempt from taxation pursuant to this chapter and not belonging to the Commonwealth is ~~leased or is otherwise~~ a source of revenue or profit, *whether by lease or otherwise*, all of such buildings and land shall be liable to taxation as other land and buildings in the same county, city or town. When a part but not all of any such building or land, however, is ~~leased or otherwise~~ is a source of revenue or profit, and the remainder of such building or land is used by any organization exempted from taxation pursuant to this chapter for its purposes, only such portion as is ~~so leased or is otherwise~~ a source of profit or revenue shall be liable for taxation.

B. In assessing any building and the land it occupies pursuant to subsection A, the assessing officer shall only assess for taxation that portion of the property ~~subject to any such lease or otherwise as is~~ a source of profit or revenue and the tax shall be computed on the basis of the ratio of the space ~~subject to any such lease or otherwise as is~~ a source of profit or revenue to the entire property. When any such property is leased for portions of a year the tax shall be computed on the basis of the average use of such property for the preceding year.

C. In determining whether any building or land, or part thereof, is a source of revenue or profit, rent from the lease of the property applied to reduce indebtedness against the property by payment of the principal of an outstanding bond or note held by a political subdivision of the Commonwealth shall not constitute revenue or profit, provided that the property is leased to a lessee who is exempt from taxation pursuant to § 501 (c) (3) of the Internal Revenue Code and is used by such lessee exclusively for charitable purposes.