

1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

2 *An Act to amend and reenact § 58.1-3203 of the Code of Virginia, relating to real property tax*
3 *exemption; certain leasehold interests.*

[S 1031]

Approved

7 **Be it enacted by the General Assembly of Virginia:**8 **1. That § 58.1-3203 of the Code of Virginia is amended and reenacted as follows:**9 **§ 58.1-3203. Taxation of certain leasehold interests; concessions.**

10 All leasehold interests in real property which is exempt from assessment for taxation from the owner
11 shall be assessed for local taxation to the lessee. If the remaining term of the lease is fifty years or
12 more, or the lease permits the lessee to acquire the real property for a nominal sum at the completion of
13 the term, such leasehold interest shall be assessed as if the lessee were the owner. Otherwise, such
14 assessment shall be reduced two percent for each year that the remainder of such term is less than fifty
15 years; however, no such assessment shall be reduced more than eighty-five percent. If the lessee has a
16 right to renew without the consent of the lessor, the term of such lease shall be the sum of the original
17 lease term plus all such renewal terms.

18 When any real property is exempt from taxation under Section 6 (a) (1) or (2) or by designation
19 under Section 6 (a) (6) of Article X of the Constitution of Virginia, the leasehold interest in such
20 property may also be exempt from taxation, provided that the property is leased to a lessee ~~who~~ that is
21 exempt from taxation pursuant to § 501(c) of the Internal Revenue Code *or to a lessee that is entitled to*
22 *or has received federal rehabilitation tax credits relating to the property pursuant to 26 U.S.C. § 47 or*
23 *any successor thereto*, and is used exclusively by such lessee primarily for charitable, literary, scientific,
24 *cultural*, or educational purposes. No leasehold interest or concession, as defined in § 33.2-1800, of tax
25 exempt property of a governmental agency shall be subject to assessment for local property tax purposes
26 where the property is leased to a public service corporation or subsidiary thereof or a nonstock,
27 nonprofit corporation whose occupation, use or operation of the tax exempt property is in aid of or
28 promotes the governmental purposes set out in Chapter 10 (§ 62.1-128 et seq.) of Title 62.1 or to a
29 private entity that is party to a concession agreement with a responsible public entity pursuant to the
30 Public-Private Transportation Act of 1995 (§ 33.2-1800 et seq.) or to similar federal law. The provisions
31 of this section shall not apply to any leasehold interests exempted or partially exempted by other
32 provisions of law.

ENROLLED

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