



Comparison of Land Use Assessment Taxation and Agricultural/Forestal Districts

Land Use Assessment Taxation

What is land use assessment taxation?

- The land use assessment program was created in 1972 by the General Assembly to allow for eligible land in agricultural, horticultural, forest or open space to be taxed on its use value as opposed to the fair market value. Local governments vote to adopt the program.
- Applying to have your land enrolled in the land use assessment taxation system is voluntary. An individual landowner may apply once the program is approved by the Board of Supervisors.
- Property owners receive a tax deferral by agreeing not to convert their farm, forestland and other open space lands to more intense commercial, industrial or residential uses.
- Virginia Code requires that landowners who convert their land to an ineligible use or take it out of the program must pay back to the locality the current year plus five years of rollback taxes plus interest. A roll back tax is the difference between the use value assessment and the fair market value assessment, the deferred tax amount. An example of ineligible use would be breaking the land into lots for houses

What is the statewide status of land use assessment taxation?

There are currently 92 localities (counties/cities) in the state have land use assessment taxation.

- Agriculture and Horticulture: 92 counties/cities
- Forest: 75 counties/cities
- Open Space: 56 counties/cities

Agricultural/Forestal Districts

What is an Agricultural/Forestal District?

- **Created by the General Assembly in 1977.**
- Agricultural/Forestal Districts are rural conservation zones reserved for the production of agricultural products, timber, and the maintenance of open space land as an important economic and environmental resource.
- Districts are voluntary. They are initiated by a landowner or group of landowners.

What is the statewide status of districts?

- 31 localities have agricultural and forestal districts
- 328 total districts statewide
- 731,414 total acres

Land Use Assessment

What are the benefits to the landowner and to the community?

Benefits to landowners:

- The program provides tax equity for landowners. Each land use participant pays taxes on all their land and property. However, land that is being used for agriculture, horticulture, forestry, or open space will be assessed at the use rate. All excess land and the home site are assessed at the same rate as all other homeowners in the county.
- Everyone in the county still pays the same tax rate; however, the assessed value of the land is less for those that have land enrolled in the land use assessment program.

Benefits to the community:

- Provides an incentive to landowners to hold onto their land instead of having to sell it for development. This in return would preserve the open spaces in our county that would allow the continued support of agriculture and forestry. According to studies from American Farmland Trust, houses require an average of \$1.16 in services for every \$1.00 taxes paid, as opposed to farm and forestland which only requires an average of \$0.37 for every \$1.00 tax paid. While there is less revenue from land enrolled in land-use assessment, it is a net gain for the locality over time.

What are the requirements to enroll in land-use assessment?

- Anyone who farms or leases their land for farming can qualify if you meet the requirements of the program. The landowner must have a minimum of five (5) acres in production for Agriculture or Horticulture. Forestry requires a minimum of twenty (20) acres.
- The land must be devoted currently and for the five previous consecutive years to the production for sale of plant or animal products useful to the public.
- Crop or livestock production must be primarily for commercial use. Verification for sale of crop or livestock must be shown for the three previous years.
- The landowner must produce the average crop yield per acre for land that is used for crop production and/or have a minimum of twelve (12) animal unit months of commercial livestock or poultry per five (5) acres in the previous year. Example: one Cow per 5 acres for 12 months.

Agricultural/Forestral Districts

What are the benefits to the landowner and to the community?

Benefits to landowners:

- Districts ensure land use taxation, whether or not the county has land-use taxation.
- Districts offer some limited protection from eminent domain.
- Districts offer protection from nuisance ordinances that might limit customary farming and forestry practices.
- Districts offer assurance that the district will be taken into account in local planning decisions, such as rezoning. Land use planning decisions or ordinances that would adversely affect land adjacent to the district must take into account the existence of the district.

Benefits to the community:

- Districts help protect productive farm, forest, and other open space lands which contribute significantly to a community's rural appeal and character.
- Districts help protect surface and ground water supplies as well as other natural resources such as wildlife.
- Districts help ensure equitable tax policies. By committing land to farm, forest and other open space uses for an extended period of time, Ag/Forestral districts discourage the abuse of use-value taxation programs by investors seeking to acquire and hold land strictly for speculative development.

What are the requirements for forming a district?

- Landowners agree not to subdivide their land to a more intensive non-agricultural or forestal use during the term of the district. Applying landowners and the County government choose a term of between 4 and 10 years.
- A district must have a minimum core of 200 acres, in contiguous parcels. Non-contiguous properties may be incorporated into the District provided that their boundary is within one mile of the boundary of the minimum 200-acre core or adjacent to land within one mile of the core. Once the 200-acre core is established, there is no minimum parcel size and no minimum number of landowners. There is also no maximum size for a given district.

Land Use Assessment

Does a landowner have to put all of their land into land use assessment?

- No, this is a voluntary program and you can enroll only the land that you want to use for agriculture, horticulture, forestry, or open space purposes.

Can land within the program be sold?

- Yes, you have the right to sell it at any time. If you sell your land you should make it clear the land is enrolled in Use-Value Assessment. If the land is removed from the program, the taxpayer enrolled (benefited) will have to pay the roll-back taxes. If you sell property enrolled you should include in your sales agreement who is responsible for paying rollback taxes should the land not continue to be enrolled.

How long does the landowner have to keep their land in the program?

There is no set period of time required for enrollment in the land use assessment program. However, if land is taken out of land use assessment, you have to pay the roll-back taxes as explained above.

Who decides what the assessed use values are for land enrolled in land use assessment?

The Commissioner of the Revenue or an assigned Assessing Officer would be in charge of the program and would have the authority to set the values. Under the Code of Virginia, the State Land Evaluation Advisory Council (SLEAC) helps the Commissioner of the Revenue in the process of determining the use values and makes recommendations for assessed values for those counties and cities that have land use assessment programs. The Commissioner is not required to use these recommendations, but encouraged to do so. SLEAC is composed of the Tax Commissioner, the Dean of the College of Agriculture of Virginia Polytechnic Institute and State University, the State Forester, the Commissioner of Agriculture and Consumer Services and the Director of the Department of Conservation and Recreation. *Editor's Note: around half of the counties in Virginia that have land use assessment do not use the SLEAC values.*

Land Use Assessment

Agricultural/Forestral Districts

Does a landowner have to put all of his land into a district?

- A landowner may leave some of his property out of the district. The portion left out should have a separate tax parcel number and be a legally separate parcel of record.

Can land within a district be sold?

- Yes, the landholder may sell the land or any portion of it at any time. But the ag/forestral district runs with the land and a sale does not remove the land from an established district.

When and how is a district renewed?

After the term of the district expires, the Board of Supervisors works with participating landowners to review the district and then determines whether or not to continue, modify or terminate the district