

**DEPARTMENT OF TAXATION  
2022 Fiscal Impact Statement**

1. **Patron** Robert D. Orrock, Sr.

2. **Bill Number** HB 238

3. **Committee** House Finance

**House of Origin:**  
  X   **Introduced**  
      **Substitute**  
      **Engrossed**

4. **Title** Land use assessment; Forms

**Second House:**  
      **In Committee**  
      **Substitute**  
      **Enrolled**

**5. Summary/Purpose:**

This bill would provide that the forms used for revalidation of applications for land use assessment where the acreage or use of the land has changed shall be prepared by the Department of Taxation (“the Department”).

Under current law, forms for revalidation of land where the use or acreage has changed are prepared by the locality.

If enacted during the regular session of the 2022 General Assembly, this bill would become effective July 1, 2022.

6. **Budget amendment necessary:** No.

7. **Fiscal Impact Estimates are:** Preliminary. (See Line 8.)

**8. Fiscal implications:**

Administrative Costs

This bill could result in an unknown impact to local administrative costs. The Department considers implementation of this bill to be routine and does not require additional funding.

Revenue Impact

This bill would have no impact on state or local revenues.

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

Department of Taxation  
Localities that encompass parcels that are specially assessed for land use.

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.

Owners of qualifying property must submit an initial application for taxation on the basis of a use assessment at least 60 days preceding the tax year in which such taxation is sought. For localities which have adopted a fiscal tax year but that continues to assess as of January 1, such application must be submitted at least 60 days preceding the effective date of the assessment for the year in which use assessment is sought. Once granted, continuation of land use assessment and taxation will depend on continuance of real estate in a qualifying use, continued payment of taxes, and compliance with all other requirements passed by ordinance by the locality, including revalidation. Owners of such property may be required by the local governing body to revalidate the land use of their property annually.

The governing body of any locality may require the owner of any property the acreage or use of which changes to revalidate at least every six years with such locality, on forms prepared by the locality, any applications previously approved. Each locality that has adopted a land use assessment ordinance may provide for the imposition of a revalidation fee every sixth year. Current law requires that revalidation forms be prepared by the State Tax Commissioner and supplied to the locality for use of the applicants.

### Proposal

This bill would provide that the forms used for revalidation of applications for land use assessment where the acreage or use of the land has changed shall be prepared by the Department of Taxation.

If enacted during the regular session of the 2022 General Assembly, this bill would become effective July 1, 2022.

### Similar Legislation

**House Bill 199** would allow a locality, by ordinance, to provide that a parcel of real property that is specially assessed for land use shall not be removed from the land use taxation program for delinquent taxes owed on the property if such taxes are paid by December 31 of the year in which the taxes became delinquent. The bill also provides that no parcel of real property shall be removed from the land use taxation program for delinquent taxes if (i) such taxes become delinquent during a state of emergency declared by the Governor, (ii) the treasurer determines that the emergency has caused hardship for

the taxpayer, and (iii) the taxes are paid no later than 90 days after the original deadline for removal from the land use program for delinquent taxes.

**Senate Bill 184** would create the Forest Sustainability Fund, to be administered by the State Forester. Localities that have adopted a use value assessment and taxation program for real estate devoted to forest use are eligible to apply for an allocation from the Fund.

cc : Secretary of Finance

Date: 1/19/2022 VB  
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