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# **Essex County Land Use Taxation Town Hall Meeting**



**Thomas M. Blackwell**  
**Commissioner of the Revenue**  
**Essex County, Commonwealth of Virginia**  
**October 25, 2016**

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## ***Topics***

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- State Land Evaluation & Advisory Council (SLEAC)
- History of Essex County land use values – 2008 to 2016
- Overview of agricultural values – 2008 to 2016
- Overview of horticultural values – 2008 to 2016
- Overview of forestal values – 2008 to 2016
- Overview of open space values – 2008 to 2016
- **Proposed changes to land use values for Tax Year 2017**
- Recommended land use program changes for Tax Year 2017
- Other related topics (including open space easements)



# ***State Land Evaluation Advisory Council***

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- The *Code of Virginia* ([Section 58.1-3239](#)) established the State Land Evaluation Advisory Council (SLEAC) with the mandate to determine and publish use-value estimates of eligible land for each jurisdiction participating in the use-value taxation program.
- The council is composed of:
  - ▶ Tax Commissioner
  - ▶ Dean of the College of Agriculture and Life Sciences of Virginia Polytechnic Institute and State University (VA Tech)
  - ▶ Commissioner of Agriculture and Consumer Services (agriculture/horticulture)
  - ▶ State Forester (forest lands)
  - ▶ Director of the Department of Conservation and Recreation (open space lands)
- Meetings (annually):
  - ▶ agricultural and horticultural, forestry, and open space use-value estimates are presented for review by SLEAC during the first two weeks of August
  - ▶ preliminary estimates are open for review for 30 days
  - ▶ estimates are presented for vote during a second meeting held during the first two weeks of September, and approved estimates are posted in October



# ***History of Land Use Values***

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## ■ Tax Year 2008

- ▶ no SLEAC values existed for Essex County
- ▶ COR looked to neighboring localities to determine land use values
- ▶ composite values were established for each land use category; values used were somewhat higher than neighboring localities
- ▶ land use values remained in effect through Tax Year 2012

## ■ Tax Year 2013

- ▶ COR now had SLEAC values for five tax years
- ▶ SLEAC values are based on an Olympic moving average, where the highest and lowest values over the most recent 7-year period are excluded
- ▶ since Essex County still did not have “true” SLEAC values, composite values were again established for each land use category
- ▶ for agricultural land, composite value was based on a combination of the capitalization of cash rents, the capitalization of net income, and “personal knowledge, judgment and experience”
- ▶ land use values remained in effect through Tax Year 2016



# ***History of Land Use Values (continued)***

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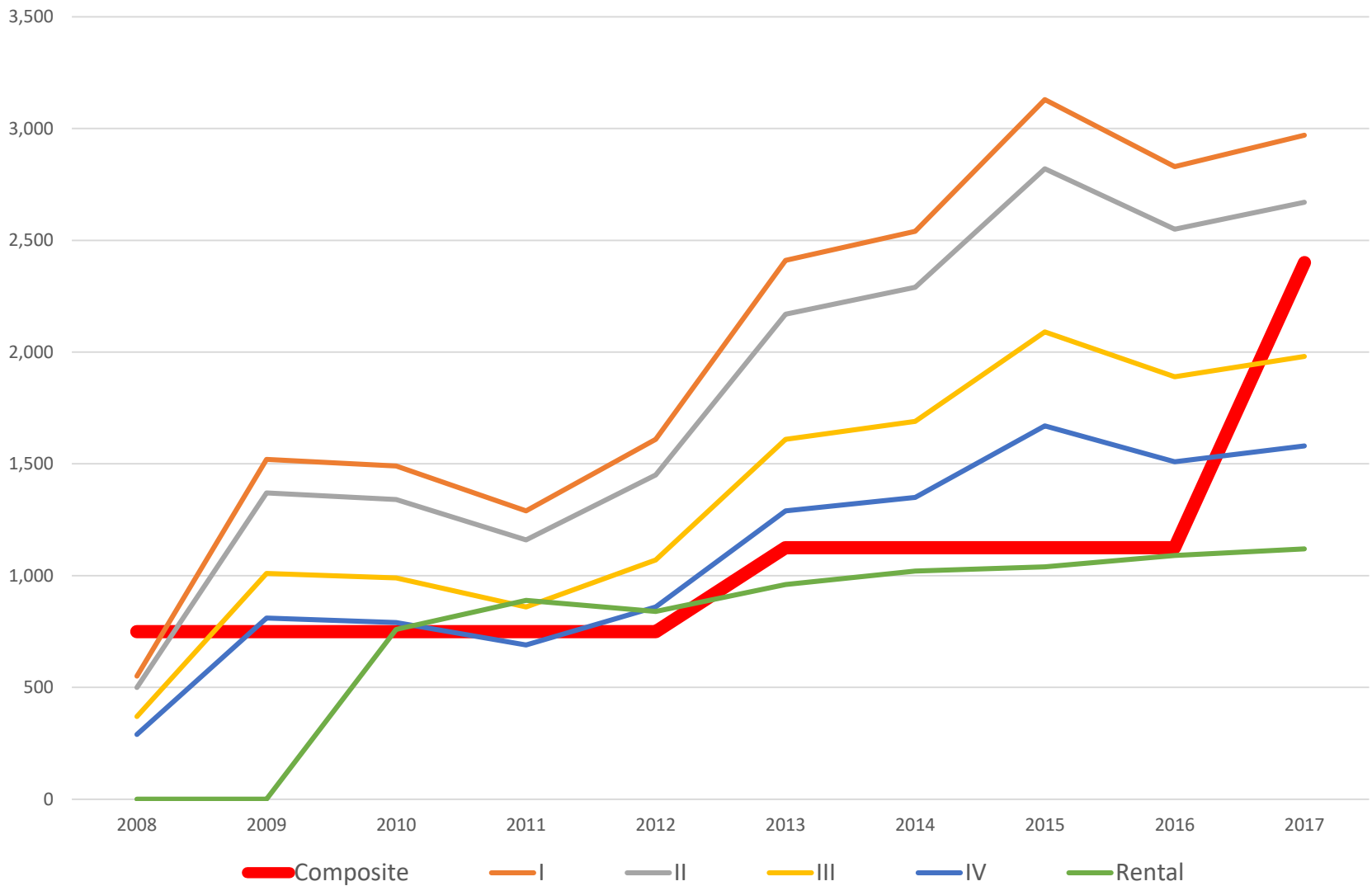


## ■ Tax Year 2017

- ▶ COR has now had SLEAC values for nine tax years (Olympic average)
- ▶ COR is now able to integrate Geographic Information System (GIS) overlays with SLEAC values in order to establish use value estimates for each of the eight Soil Conservation Service land capability classifications
- ▶ SLEAC provides these values through the use of an approved index to adjust use values for the various land capability classifications
- ▶ When the mix of land capability classes of an individual land parcel is known, using the adjusted use-value estimates allows the assessment to be based more on the actual productive capability of the land
- ▶ Tax Year 2017 SLEAC values will be published later this year
- ▶ Essex County land use values will be set and distributed to property owners in mid-to-late fall 2016
- ▶ Based on the estimated values to be discussed, COR anticipates that approximately \$300,000 less revenue will be deferred in Tax Year 2017
- ▶ Reduced deferral has been included in the current FY17 budget



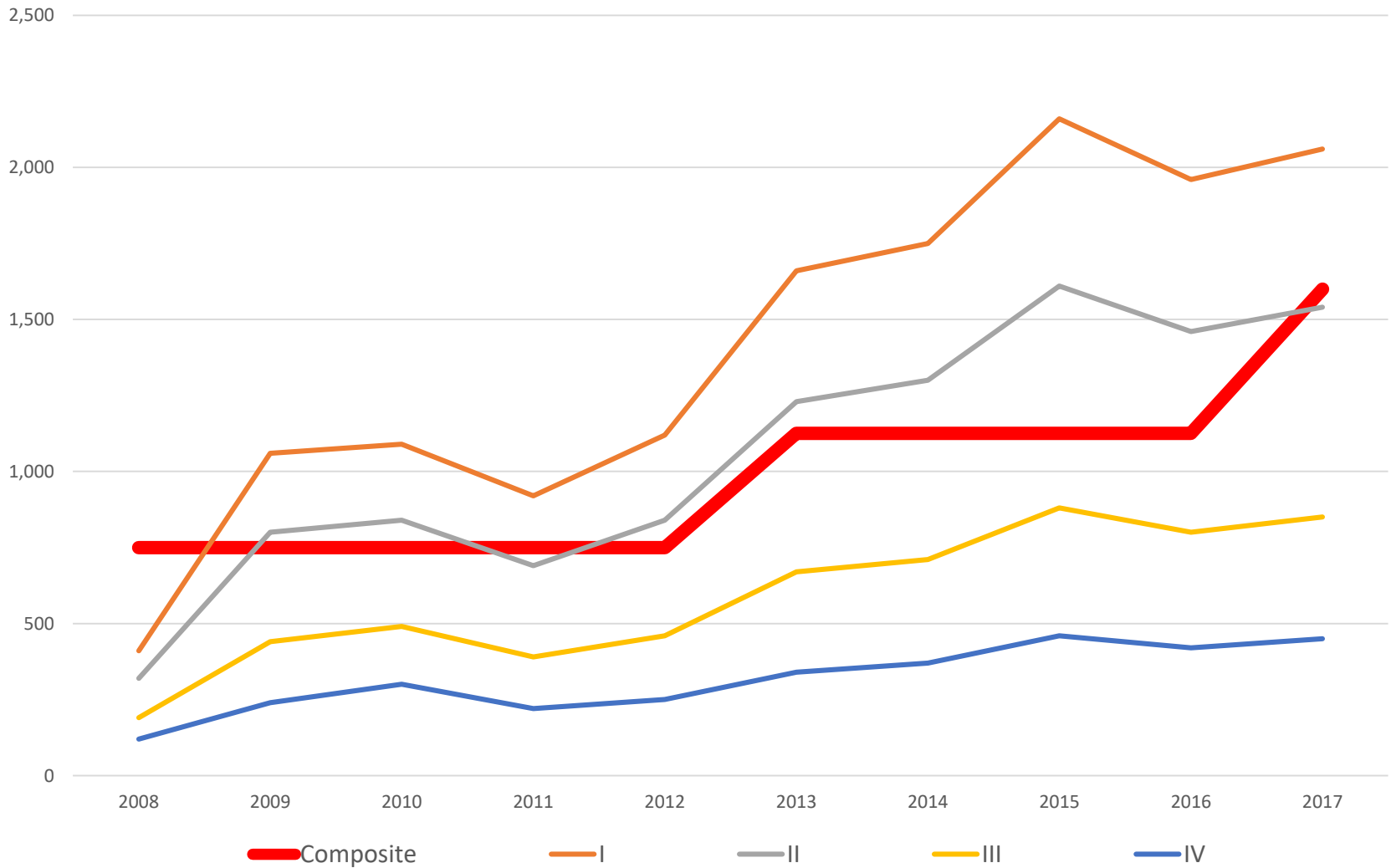
# Agricultural Values - 2008 to 2017



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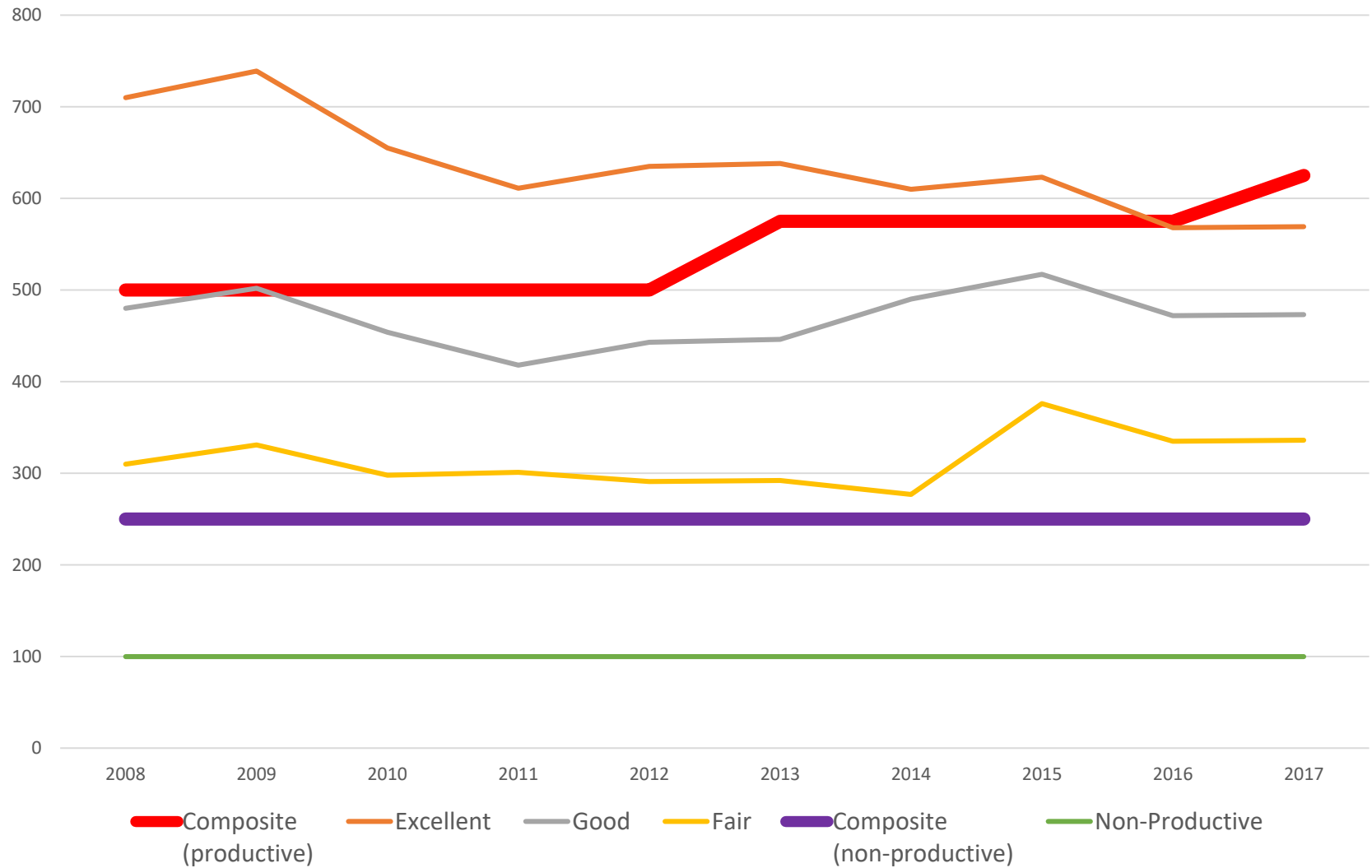
# Horticultural Values - 2008 to 2017



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# Forestral Values - 2008 to 2017

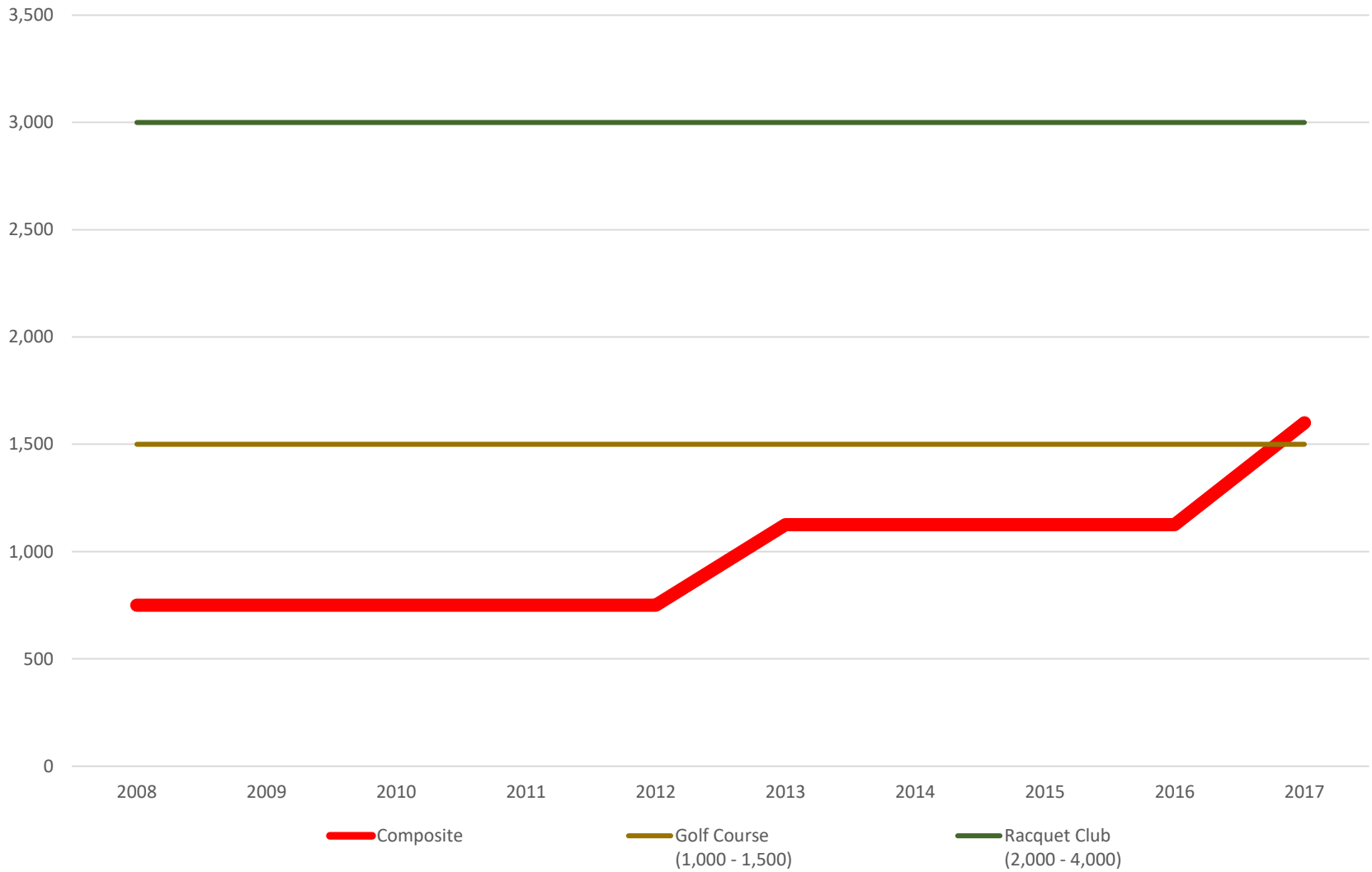


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# Open Space Values - 2008 to 2017



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# **Land Use Taxation - Recommendations**

- **Land Use Taxation Values to become effective for Tax Year 2017 (proposed):**
  - ▶ **Agricultural - \$2,800 (I) / \$2,400 (II) / \$2,000 (III) / \$1,600 (IV)**
  - ▶ **Horticultural – \$2,000 (I) / \$1,600 (II) / \$1,200 (III) / \$900 (IV)**
  - ▶ **Forestral - \$625 (Excellent) / \$500 (Good) / \$375 (Fair) / \$250 (Non-Productive)**
  - ▶ **Open Space – Same as horticultural land (may be used for open space easements)**
  - ▶ **Open Space (golf courses) – \$1,500 / Open Space (racquet clubs) - \$3,000**
  
- **Increase Open Space minimum acreage from five (5) acres to twenty (20) acres**
  - ▶ **State real property classification uses 20 acre minimum for rural land classification**
  - ▶ **Open Space Easements would still be eligible for open space use valuation**
  - ▶ **Open Space Use Agreement still req'd for land not meeting ag/hort/forestral definition**
  - ▶ **Open Space Use Agreement would remain in effect for maximum allowed (10 years)**
  - ▶ **Open Space Use Agreement would require approval of local governing body**
  
- **Require revalidation in conjunction with general reassessment**
  - ▶ **Revalidation could be in conjunction with general reassessment (every 4th year)**
  - ▶ **Revalidation fee could be assessed every other general reassessment (every 8th year)**
  - ▶ **Revalidation fee could be no greater than application fee (\$25/parcel + \$0.25/acre)**
  - ▶ **Late revalidation could result in filing penalty / removal from land use**

*The land use taxation values will become effective on January 1, 2017 and will remain in effect until the next general reassessment (likely four years).*