

## **Land Use**

Title 58.1-3230 - 3244 of the Code of Virginia provides for the assessment of land based on use value rather than market value. Use value is the assessment of the land for a specific purpose and is generally lower than market value. This is a local option statute adopted by Prince George County in 1975. The requirements for qualification and use values are established by the State Land Evaluation Advisory Council (SLEAC).

The purposes of the program are stated as:

- To encourage the preservation and proper use of such real estate in order to assure a readily available source of agricultural, horticultural and forest products and of open spaces with the reach of concentrations of population;
- To conserve natural resources in forms, which will prevent erosion, and to protect adequate and safe water supplies;
- To promote proper land-use planning and the orderly development of real estate for the accommodation of an expanding population, and;
- To promote a balanced economy and ameliorate pressures which force conversion of such real estate to more intensive uses and which are attributable in part to the assessment of such real estate at values incompatible with its use and preservation for agricultural, horticultural, forest or open space purposes;

While the Code of Virginia sets out the basic prerequisites for a landowner wishing to qualify for use-value assessments, it has assigned the responsibility for prescribing uniform standards for qualification to the Commissioner of Agriculture and Consumer Services (agricultural and horticultural lands), The State Forester (forest lands) and the Director of the Department of Conservation and Recreation. Further, to aid localities in arriving at use-value assessments, the law has established the State Land Evaluation Advisory Council (SLEAC). SLEAC is composed of these four departments plus the Virginia Tax Commissioner and the Dean of the College of Agriculture and Life Sciences of Virginia Tech.

## **Standards for Classification**

SLEAC publishes the Standards for Classification as required by the Code of Virginia Title 58.1-3236. These standards set forth the general and specific requirements to qualify a property for Land Use Assessments. A summary of the Standards for Classification is below.

## **Qualifying Requirements**

- Land must be in production for 5 years prior to entering the program as agriculture or horticulture.
- Land must be zoned as Agricultural.
- Land must meet minimum acreages for each land use category.
- All real estate taxes have been paid on parcel

## **Land Use Categories**

### **Agriculture Use**

- 5-acre minimum, excluding 1 acre house site
- Land must be used for hay, grain, crops or pasture. Pasture must have the following minimums of livestock:
  - 1 head of cattle per 5 acres
  - 5 swine or 5 sheep per 5 acres
  - 66 turkeys or 100 chickens per 5 acres

**\*Pleasure horses do not qualify for Land Use.** Horses must be used for breeding, training, boarding, sale of manure, etc.

### **Horticulture Use**

- 5 acre minimum, excluding 1 acre house site
- Land must be used for the sale of fruits, nuts, berries, vegetables, Christmas trees, nursery or floral items

### **Forest Use**

- 20 acre minimum, excluding 1 acre house site
- Land must be in trees and an agreement must be signed to certify forest use

## **Application Process**

All owners must sign the Land Use Application which are accepted in the Assessor's Office until January 1<sup>st</sup>. Upon field inspection and approval, the property will be taxed based on use value effective for the next Tax Year. There is a \$10.00 filing fee per application. Fees are non-refundable. Applications will not be accepted if there are delinquent taxes on the property. The application is available on this website and in the Assessor's Office.

## **Revalidation Process**

Land Use Assessments must be revalidated annually to verify that all property in the program is being used in accordance with qualifying standards as determined by the State Land Evaluation Advisory Council (SLEAC) and verified by the Assessor's Office. Most years, the revalidation process only includes the submission of a signed Revalidation Application. However, section 58.1-3234 of the Code of Virginia and Section 13-162 (e) 1 of the Prince George County Code requires that a Revalidation Fee equal to the original Application Fee be paid every sixth year.

During this Revalidation Application Fee year, the Assessor's Office audits all land use parcels to verify adherence to the qualifying standards. The submitted information on the Revalidation Application will be thoroughly reviewed by the Assessor's Office over the next few months and additional supporting information may be required to remain in the Land Use Program.

- A Revalidation Application **MUST** be completed for **EACH QUALIFYING PARCEL**.
- Answer the included Six (6) questions with regards to the specific parcel that coincides with the form.
- The REVALIDATION APPLICATION(S) and REVALIDATION FEE **MUST BE RECEIVED OR POSTMARKED BY NOVEMBER 1st EACH YEAR.**
- **LATE APPLICATIONS WILL BE RECEIVED UNTIL ON OR ABOUT JANUARY 1<sup>st</sup> EACH YEAR WITH THE PAYMENT OF AN ADDITIONAL \$10.00 LATE FEE PER APPLICATION.**
- Failure to file a Revalidation Application as provided will invalidate the initial Land Use Application and will cause the property described in such application to be assessed at its fair market value for the following tax year and subsequent tax years.
- Owners of such real property may submit a new Land Use Application for the following year in accordance with the program requirements.
- If audited and asked for proof, you should be able to show 5 years or more of the following:
  - Schedule F for farm income or 1120S for an S Corporation
  - Schedule C for agricultural service provided.
  - Current year receipts from stock yard sales (make copy while check is attached), valid bill of sale from hay and/or crop sales.
  - For horses: Schedule F, Schedule C, boarding agreements and list of renters, copy of Business License.
  - Note: If you farm property other than your own, total income must be enough to qualify all properties you farm. Example, if you farm 3 parcels plus your own, you must submit at least \$4,000 in GROSS REVENUES each year.
  - **All income data is kept confidential in the Assessor's office.**

***To insure the integrity of the Land Use Program, the Assessor will periodically audit for proof of a bona-fide agricultural production business.***

#### **Penalties**

Any person failing to report properly any change in use of property for which an application for use value taxation had been filed shall be liable for all such taxes, in such amounts and at such times as if he had complied herewith and assessments had been properly made, and he shall be liable for such penalties and interest thereon as may be provided by ordinance. Any person making a material misstatement of fact in any such application shall be liable for such taxes, in such amounts and at such times as if such property had been assessed on the basis of fair market value as applied to other real estate in the taxing jurisdiction, together with interest and penalties thereon. If such material misstatement was made with the intent to defraud the locality, he shall be further assessed with an additional penalty of 100% of such unpaid taxes. (Code of Virginia §58.1-3238)

## **Changes to the Property**

Any change in use must be reported to Prince George County Assessor's Office within 60 days of the date of change to avoid having a penalty applied to the roll-back tax.

Examples of change in use include:

- Rezoning
- Selling land leaving an insufficient amount of acreage to qualify
- Ceases to be in production
- New dwelling
- Name change on contiguous parcel

## **Roll-back Taxes**

When real estate no longer qualifies for the Land Use Assessment Program, it becomes subject to roll-back tax.

- The roll-back tax is calculated on the difference between the tax levied, based on a use-value assessment and the tax that would have been levied, based on a market value assessment.
- The roll-back tax shall be equal to the sum of the deferred tax for the current year and for each of the five most recent tax years, plus interest.

Roll-Back taxes can be triggered by:

- Change to a non-qualifying use.
- Rezoned to a more intensive, non-agricultural use.
- Voluntary withdrawal from the Land Use Program and an owner request to pay the roll-back to clear incumbrances.

**ALL REQUESTS FOR ROLL-BACK MUST BE SUBMITTED IN WRITING WITH THE APPROPRIATE FORM.**

**FURTHER INFORMATION MAY BE OBTAINED ON THE FOLLOWING WEB SITES:**

**VIRGINIA LAND USE:** <http://aaec.vt.edu/extension/use-value.html>

**FARMS SERVICES AGENCY:** <http://va.usda.gov> 434-246-8541

**DEPARTMENT OF FORESTRY:** <http://dof.virginia.gov> 804-834-2300