

DEPARTMENT OF TAXATION

2022 Fiscal Impact Statement

1. **Patron** Michael J. Weibert

3. **Committee** House Finance

4. **Title** Land use assessment; Parcels with multiple owners

2. **Bill Number** HB 996

House of Origin:

X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would allow the owner of a majority interest in an undivided parcel of real estate that is eligible for land use assessment to file an application on behalf of himself and for owners of any minority interest. The bill would also provide that such majority owner shall be responsible for paying any roll-back taxes imposed due to a reclassification of such property.

Under current law, an individual who is owner of an undivided interest in a parcel may apply for land use assessment on behalf of himself and the other owners of such parcel upon submitting an affidavit that such other owners are minors or cannot be located.

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:** Not available. (See Line 8.)

8. **Fiscal implications:**

Administrative Costs

This bill could have an unknown impact on local administrative costs. This bill would have no impact on state administrative costs.

Revenue Impact

This bill could have an unknown impact on local revenues. This bill would have no impact on state revenues.

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

Localities that encompass parcels that are specially assessed based on 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 such property may be required by the local governing to revalidate the land use of their property annually.

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.

An individual who is owner of an undivided interest in a parcel may apply on behalf of himself and the other owners of such parcel upon submitting an affidavit that such other owners are minors or cannot be located. This bill would allow such an individual to apply on behalf of other owners also upon submitting an affidavit that the other owners represent a minority interest in the parcel.

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. Additionally, an application must be submitted whenever the use or acreage of such land previously approved changes. Each locality that has adopted a land use assessment ordinance may provide for the imposition of a revalidation fee every sixth year.

Roll-back Taxes

When real estate qualifies for land use assessment and taxation and the use by which it qualified changes to a non-qualifying use, or the zoning of the real estate is changed to a more intensive use at the request of the owner or his agent, the property will be subject to additional taxes, also referred to as roll-back taxes. Such additional taxes are only assessed against that portion of such real estate which no longer qualifies for assessment

and taxation on the basis of use or zoning. Liability for roll-back taxes shall attach and be paid to the treasurer only if the amount of tax due exceeds ten dollars.

Proposal

This bill would allow the owner of a majority interest in an undivided parcel of real estate that is eligible for land use assessment to file an application on behalf of himself and for owners of any minority interest. The bill would also provide that such majority owner shall be responsible for paying any roll-back taxes imposed due to a reclassification of such property.

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.

House Bill 238 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.

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: 1/20/2022 VB
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