

**DEPARTMENT OF TAXATION  
2025 Fiscal Impact Statement**

1. **Patron** Michael J. Webert

3. **Committee** House Finance

4. **Title** Real property tax; Special assessment for land preservation

2. **Bill Number** HB 2449

**House of Origin:**

  X   **Introduced**

       **Substitute**

       **Engrossed**

**Second House:**

       **In Committee**

       **Substitute**

       **Enrolled**

**5. Summary/Purpose:**

This bill would establish qualified leased real estate as a separate class of property. The bill would allow any locality that (i) provides for use value assessment of real estate and (ii) assesses real estate devoted to open-space use at a higher value than real estate devoted to agricultural use, to provide for use value assessment of qualified leased real estate. The bill would require a taxpayer seeking to qualify for the different assessment of any such qualifying leased real estate to apply to the commissioner of the revenue and provide any documentation necessary to determine eligibility.

The bill would allow qualifying leased real estate to be assessed by a locality at a different rate than real estate subject solely to the open-space use tax rate or real estate subject solely to the agricultural use tax rate.

Under current law, any locality that has adopted a land-use plan may, by ordinance, provide for the use value assessment and taxation of real estate devoted to agricultural, horticultural, forest or open space use.

If enacted during the regular session of the 2025 General Assembly this bill would become effective July 1, 2025.

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

7. **Fiscal Impact Estimates are:** Not available. (See Line 8.)

**8. Fiscal implications:**

Administrative Costs

This bill may have an unknown impact to local costs but no impact to state costs.

Revenue Impact

This bill may have an unknown impact to local revenues but no impact to state revenue.

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

All localities

**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.

Under current law, real estate devoted to "agricultural use" means real estate devoted to the bona fide production for sale of plants and animals, or products made from such plants and animals on the real estate, that are useful to man or devoted to and meeting the requirements and qualifications for payments or other compensation pursuant to soil and water conservation programs under an agreement with an agency of the state or federal government.

"Real estate devoted to open-space use" means real estate used as, or preserved for, (i) park or recreational purposes, including public or private golf courses, (ii) conservation of land or other natural resources, (iii) floodways, (iv) wetlands, (v) riparian buffers, (vi) historic or scenic purposes, or (vii) assisting in the shaping of the character, direction, and timing of community development or for the public interest and consistent with the local land-use plan under uniform standards prescribed by the Director of the Department of Conservation and Recreation.

Proposal

This bill would establish qualified leased real estate as a separate class of property. The bill would allow any locality that (i) provides for use value assessment of real estate and (ii) assesses real estate devoted to open-space use at a higher value than real estate devoted to agricultural use, to provide for use value assessment of qualified leased real estate. The bill would require a taxpayer seeking to qualify for the different assessment of any such qualifying leased real estate to apply to the commissioner of the revenue and provide any documentation necessary to determine eligibility.

The bill would define "qualifying leased real estate" as real estate devoted to open-space use that is subject to an active lease with a lessor who is using the property for agricultural purposes.

The bill would define "agricultural use valuation" as the assessed value of real estate devoted to agricultural use.

The bill would define "open-space use valuation" as the assessed value of real estate devoted to open-space use.

The bill would define "qualifying leased real estate" as real estate devoted to open-space use that is subject to an active lease with a lessor who is using the property for agricultural purposes.

The bill would define "valuation difference" as the difference between a property's open-space use valuation and its agricultural use valuation.

The bill would allow qualifying leased real estate to be assessed by a locality at a different rate than real estate subject solely to the open-space use tax rate or real estate subject solely to the agricultural use tax rate. The bill would provide that such assessment may not be lower than the following amounts:

- For a lease of eight years or more, the agricultural use valuation of such property.
- For a lease of seven years, the agricultural use valuation plus 30 percent of the valuation difference.
- For a lease of six years, the agricultural use valuation of such property, plus 40 percent of the valuation difference.
- For a lease of five years, the agricultural use valuation of such property plus 50 percent of the valuation difference.
- For a lease of four years, the agricultural use valuation of such property plus 60 percent of the valuation difference.
- For a lease of three years, the agricultural use valuation of such property plus 70 percent of the valuation difference.
- For a lease of less than three years, the open-space use valuation.

If enacted during the regular session of the 2025 General Assembly this bill would become effective July 1, 2025.

cc : Secretary of Finance

Date: 01/23/2025 VB  
HB2449F161