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SENATE BILL NO. 649

Offered January 14, 2026

Prefiled January 14, 2026

A BILL to amend and reenact § 58.1-3234 of the Code of Virginia and to amend the Code of Virginia by adding sections numbered 55.1-1008.1 and 58.1-3234.1, relating to real property tax; special assessment for land use; notice requirements; civil penalty.

Patron—Obenshain

Referred to Committee on Finance and Appropriations

Be it enacted by the General Assembly of Virginia:

1. That § 58.1-3234 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding sections numbered 55.1-1008.1 and 58.1-3234.1 as follows:

§ 55.1-1008.1. Requirements when providing escrow, closing, or settlement services for real estate in land-use program; civil penalty.

A. For any real estate transaction wherein a settlement agent (i) provides escrow, closing, or settlement services and (ii) knows or has reason to know that the real estate subject to the real estate transaction is valued, assessed, and taxed by the locality under a special assessment on the basis of use pursuant to Article 4 (§ 58.1-3230 et seq.) of Chapter 32 of Title 58.1, the settlement agent shall:

- 1. Provide the written notice required under § 58.1-3234.1 to the purchaser prior to settlement; and
2. Obtain written acknowledgement that the purchaser received such notice at or before settlement.

B. The settlement agent shall retain the purchaser's written acknowledgement for a minimum of five years after the settlement is completed.

C. Failure of the settlement agent to provide the notice required by subsection A shall not (i) affect the validity of any assessment; (ii) relieve the purchaser of liability for any tax, penalty, or interest that may become due under Article 4 (§ 58.1-3230 et seq.) of Chapter 32 of Title 58.1; or (iii) create a private cause of action against the Commonwealth, any locality, any settlement agent, or any officer or employee thereof.

D. The willful failure of any settlement agent to comply with this section shall be considered a violation of this chapter, and such agent shall be subject to a civil penalty in accordance with § 55.1-1015.

E. The Virginia State Bar, in consultation with the Commission and the Department of Taxation, shall develop guidelines for settlement agents designed to assist them in determining whether real estate subject to a real estate transaction is valued, assessed, and taxed by the locality under a special assessment on the basis of use.

§ 58.1-3234. Application by property owners for assessment, etc., under ordinance; continuation of assessment, etc.

A. Property owners shall submit an application for taxation on the basis of a use assessment to the local assessing officer as follows:

- 1. The property owner shall submit an initial application, unless it is a revalidation form, at least 60 days preceding the tax year for which such taxation is sought;
2. In any year in which a general reassessment is being made, the property owner may submit such application until 30 days have elapsed after his notice of increase in assessment is mailed in accordance with § 58.1-3330, or 60 days preceding the tax year, whichever is later; or
3. In any locality which has adopted a fiscal tax year under Chapter 30 (§ 58.1-3000 et seq.), but continues to assess as of January 1, such application shall be submitted for any year at least 60 days preceding the effective date of the assessment for such year.

The governing body, by ordinance, may permit applications to be filed within no more than 60 days after the filing deadline specified herein, upon the payment of a late filing fee to be established by the governing body. In addition, a locality may, by ordinance, permit a further extension of the filing deadline specified herein, upon payment of an extension fee to be established by the governing body in an amount not to exceed the late filing fee, to a date not later than 30 days after notices of assessments are mailed. 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, cannot be located, or represent a minority interest in such parcel. An application shall be submitted whenever the use or acreage of such land previously approved changes; however, no application fee may be required when a change in acreage occurs solely as a result of a conveyance necessitated by governmental action or condemnation of a portion of any land previously approved for taxation on the basis of use assessment. The governing body of any locality may, however, require any such property owner to revalidate at least every six years with such locality, on or before the date on which the last installment of property tax prior to the effective date of the assessment is

59 due, on forms prepared by the Department, any applications previously approved. Each locality that has  
 60 adopted an ordinance hereunder may provide for the imposition of a revalidation fee every sixth year. Such  
 61 revalidation fee shall not, however, exceed the application fee currently charged by the locality. The  
 62 governing body may also provide for late filing of revalidation forms on or before the effective date of the  
 63 assessment, on payment of a late filing fee. Forms shall be prepared by the Department and supplied to the  
 64 locality for use of the applicants and applications shall be submitted on such forms. An application fee may  
 65 be required to accompany all such applications. The application form shall allow a landowner who received  
 66 payments or compensation as a result of the former participation of his property in a state or federal soil and  
 67 water conservation program, and whose property continues to meet the qualifications of such program but is  
 68 no longer receiving such payments or compensation, to certify that the land continues to meet the  
 69 requirements of such program for the purposes of classification pursuant to § 58.1-3230.

70 In the event of a material misstatement of facts in the application or a material change in such facts prior  
 71 to the date of assessment, such application for taxation based on use assessment granted thereunder shall be  
 72 void and the tax for such year extended on the basis of value determined under § 58.1-3236 D. Except as  
 73 provided by local ordinance, no application for assessment based on use shall be accepted or approved if, at  
 74 the time the application is filed, the tax on the land affected is delinquent. Upon the payment of all delinquent  
 75 taxes, including penalties and interest, the application shall be treated in accordance with the provisions of  
 76 this section.

77 Continuation of valuation, assessment and taxation under an ordinance adopted pursuant to this article  
 78 shall depend on continuance of the real estate in a qualifying use, continued payment of taxes as referred to in  
 79 § 58.1-3235, and compliance with the other requirements of this article and the ordinance and not upon  
 80 continuance in the same owner of title to the land.

81 In the event that the locality provides for a sliding scale under an ordinance, the property owner and the  
 82 locality shall execute a written agreement which sets forth the period of time that the property shall remain  
 83 within the classes of real estate set forth in § 58.1-3230. The term of the written agreement shall be for a  
 84 period not exceeding 20 years, and the instrument shall be recorded in the office of the clerk of the circuit  
 85 court for the locality in which the subject property is located.

86 No locality shall require any applicant who is a lessor of the property or a portion of the property that is  
 87 the subject of an application submitted pursuant to this section to provide the lease agreement governing the  
 88 property for the purpose of determining whether the property is eligible for special assessment and taxation  
 89 pursuant to this article.

90 *B. The governing body of a locality shall require an applicant under this section to provide a statement,  
 91 signed by such applicant under the penalty of perjury, certifying that if the applicant sells the subject  
 92 property, then the applicant shall provide notice to the buyer of the special assessment and taxation of the  
 93 subject property prior to completing any sale pursuant to this article.*

94 **§ 58.1-3234.1. Form of notice for real estate in program.**

95 *A. The Department shall develop and provide to the governing body of any locality a written notice form  
 96 with the following mandatory disclosures:*

97 *1. A locality that has adopted a land-use plan may provide use value assessment and taxation for real  
 98 estate classified in § 58.1-3230.*

99 *2. When real estate, or a parcel of such real estate, qualifies for special assessment and taxation on the  
 100 basis of use, and the use or zoning of the real estate changes to a nonqualifying use or zoning, the real estate  
 101 may be subject to roll-back taxes and interest pursuant to § 58.1-3237.*

102 *3. A purchaser of any real estate may contact the commissioner of the revenue or duly appointed assessor  
 103 in the locality regarding qualification for taxation on the basis of a use assessment and the liability for  
 104 additional taxes and penalties that may attach if a change in use occurs.*