

DEPARTMENT OF TAXATION

2026 Fiscal Impact Statement

1. **Patron** Mark D. Obenshain
3. **Committee** Senate Finance and Appropriations
4. **Title** Real property tax; special assessment for land use; notice requirements; civil penalty

2. **Bill Number** SB 649

House of Origin:

Introduced
 Substitute
 Engrossed

Second House:

In Committee
 Substitute
 Enrolled

5. **Summary/Purpose:**

This bill would establish notice requirements for the sale of real estate that is valued and assessed on the basis of use. The bill would also direct the Department of Taxation (“the Department”) to create a written notice that may be provided to the purchaser of real estate in a land use program. The notice must include disclosures regarding the special classification of the real estate and liability for roll-back taxes if a change in use occurs.

The bill would also require settlement agents to provide this written notice to purchasers of real estate in a land use program and to obtain the purchaser's written acknowledgement of receipt of the notice.

If enacted during the regular session of the 2026 General Assembly, this bill would be effective July 1, 2026.

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

7. **No Fiscal Impact.** (See Line 8.)

8. **Fiscal implications:**

Administrative Costs

This bill would have no impact on local administrative costs.

The Department of Taxation (“the Department”) considers this bill as routine and does not require additional funding.

This legislation does not require significant changes to the Department's systems and is not impacted by the first phase of the Integrated Revenue Management System (“IRMS”) replacement project. No resource constraints or implementation considerations are anticipated.

Revenue Impact

This bill would have no impact on state or local revenues.

9. Specific agency or political subdivisions affected:

Department of Taxation
Virginia State Bar
State Corporation Commission

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 notice requirements for the sale of real estate that value and assessed on the basis of use. The bill would require the governing body of a locality to require applicants to provide a statement certifying that if the applicant sells the subject property, then the applicant shall provide notice to the buyer of the special assessment and taxation of the subject property prior to completing any sale.

The bill would also direct the Department to create a written notice that may be provided to the purchaser of real estate in a land use program. The notice must include the following:

- (i) A locality that has adopted a land-use plan may provide use value assessment and taxation for real estate classified in § 58.1-3230;
- (ii) When real estate, or a parcel of such real estate, qualifies for special assessment and taxation on the basis of use, and the use or zoning of the real estate changes to a nonqualifying use or zoning, the real estate may be subject to roll-back taxes and interest pursuant to § 58.1-3237; and
- (iii) A purchaser of any real estate may contact the commissioner of the revenue or duly appointed assessor in the locality regarding qualification for taxation on the basis of a use assessment and the liability for additional taxes and penalties that may attach if a change in use occurs.

The bill would also require settlement agents to provide this written notice to purchasers of real estate in a land use program and to obtain the purchaser's written acknowledgement of receipt of the notice. The bill would provide for a civil penalty of up to \$5,000 for willful failure of a settlement agent to provide the notice and obtain the written acknowledgement.

The bill would also direct the Virginia State Bar, in consultation with the State Corporation Commission and the Department, to develop guidelines for settlement agents designed to assist them in determining whether real estate is subject to land use valuation.

If enacted during the regular session of the 2026 General Assembly, this bill would be effective July 1, 2026.

Similar Legislation

House Bill 1358 is identical to this bill.

cc : Secretary of Finance

Date: 01/26/2026 VB
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