

ALERT
Capitol Contact
2018 Virginia General Assembly



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Capitol Contact ALERT –
Call Now to Oppose
Mandating Use Value Taxation
for Certain Properties

[HB 1204 \(Hugo\)](#) is a problematic bill that would require certain property be assessed based on use value rather than fair market value in certain localities meeting specified population growth criteria (Arlington County and Loudoun County). The bill would require that real property of at least five acres that is devoted to open space be assessed based on the property's land use value.

VACo opposes this legislation. Although the legislation applies to a limited number of localities now, it sets a worrisome future precedent by requiring a locality to assess property as if it were part of a local program of use value taxation, regardless of whether the locality has adopted use value taxation. Adopting use value taxation is a local option under current Code. This bill would supersede that local authority and direct that certain property be afforded preferential tax treatment.

HB 1204 was prompted by a dispute between two golf courses and Arlington County over the assessments of their properties. The General Assembly has enacted a process for property owners to appeal assessments. This bill would interpose the General Assembly in this existing process for resolution of disputes about the valuation of property.

Action Required – HB 1204 has been referred to the [Senate Finance Committee](#). Please contact committee members and express opposition to this legislation. **The bill will likely be heard on Tuesday, February 27.**

KEY POINTS

- Adopting land use value taxation should be a local decision, not a mandate by the General Assembly. This bill sets a bad precedent by interjecting the state into decisions about local land use and tax policy.
- A process for appealing assessments is already in place. Taxpayers may appeal to the local assessor or Commissioner of the Revenue, the local Board of Equalization, and Circuit Court.
- The bill has some potential unintended consequences for school funding. True value of real estate is a major component in the Local Composite Index (LCI). By declaring that the lower value of the land being assessed as open space in accordance with the bill is the “fair market value,” the affected locality’s true value of real estate would be lower than it would have been had the property been assessed at traditional fair market value (the highest and best use of the property). Affected localities would then appear to have a lower ability to pay school funding costs, which would lower their LCIs, drawing down additional state dollars. Since the LCI measures local ability-to-pay on a relative basis, lower LCIs for some localities mean higher LCIs (and fewer state dollars) for others.

KEY CONTACTS

Senate Finance Committee: [Norment \(Co-Chair\)](#), [Hanger \(Co-Chair\)](#), [Howell](#), [Saslaw](#), [Lucas](#), [Newman](#), [Ruff](#), [Wagner](#), [McDougle](#), [Vogel](#), [Carrico](#), [Obenshain](#), [Barker](#), [Dunnavant](#), [Stuart](#), [Dance](#)

VACo Contacts: [Katie Boyle](#)