Introduction

Virginia law allows localities to adopt a program of assessing agricultural, horticultural, forestry, and/or open-space lands based on the value of what the lands produce (use value) instead of their market value. This document addresses methods and procedures for determining the use value of agriculture and horticulture land only. The use value of agricultural land is defined as the amount one could expect to receive from crops (e.g., corn, alfalfa, and wheat) grown on the land, with the use value of horticultural land defined as the amount one could expect to receive from tree fruit (e.g., apple, peach, and pear). These special assessments only apply to what is produced on the land and not such things as livestock, buildings, and/or other improvements.

All 50 states have some form of use-value taxation, suggesting support for preserving this land and reducing the taxes on land used to produce food, fiber, and timber. In 1974, Virginia passed legislation enabling localities to provide tax relief to landowners in order to preserve agricultural, horticultural, forestry, and/or open-space lands for the explicit purpose of the public benefit from its preservation.

The purpose of this document is to explain the reasoning behind Virginia’s use-value program and the processes used in calculating use-value estimates for agricultural and horticultural land in the cities and counties participating in the program. Provided are step-by-step explanations of the methods used in developing the final use-value estimates. A hypothetical farm in Prince Edward County is used to illustrate how the use-value program is applied to agricultural land (Appendix A). All use-value reports (See Tables 1a, 1b, and the Brochure in Appendix B) generated in calculating estimates for Prince Edward County are provided in the appendices. Use-value estimates and reports for all counties and cities participating in the program are available at the use-value website.2

The rationale for the use-value program includes Section 58.1–3229 of the Code of Virginia, which declares that “the preservation of real estate for agricultural, horticultural, forest, and open-space use is in the public interest and … the classification, special assessment, and taxation of such property in a manner that promotes its preservation helps foster long-term public benefits.” Virginia law allows for eligible land in any of these categories to be taxed based upon the land’s value in use (use value) as opposed to the land’s market value. Section 58.1–3239 of the Code establishes the State Land Evaluation Advisory Council (SLEAC) and directs it to estimate the use value of eligible land for each jurisdiction participating in the land-use program. SLEAC contracts annually with the Department of Agricultural and Applied Economics at Virginia Tech to develop an objective methodology and to estimate the use value of land in agricultural and horticultural use for counties and cities participating in the use-value program. A Technical Advisory Committee (TAC), comprised of professionals familiar with Virginia agriculture, was established in 1998 to provide guidance on the technical aspects of developing an appropriate methodology.

The following organizations have representatives on the TAC:

1. Virginia Department of Agriculture and Consumer Services
2. Virginia Agricultural Statistics Service
3. Virginia Department of Forestry
4. Virginia Department of Conservation and Recreation
5. Virginia Cooperative Extension
6. Virginia Department of Taxation
7. Department of Crop and Soil Environmental Sciences, Virginia Tech
8. Department of Horticulture, Virginia Tech
9. Department of Agricultural and Applied Economics, Virginia Tech

The methodology for determining the use value of agricultural and horticultural land described in this publication represents the combined judgment of these individuals and has been officially sanctioned by SLEAC.

2http://usevalue.agecon.vt.edu/