

Results of Agricultural and Horticultural Use-Value Taxation Program Survey

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Agricultural Competitiveness

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INTRODUCTION

Approximately 90 counties and independent cities in Virginia have some form of land taxation based on value in use (use-value)¹. Constitutional officials in each jurisdiction are responsible for implementation of the use-value taxation program once elected officials adopt it. Furthermore, the Code of Virginia section 58.1 – 3229 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 help foster long term public benefits.

Virginia law allows for eligible land in any of these categories (agricultural, horticultural, forest, and open space) to be taxed based upon the land's value in *use* 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. The SLEAC contracts annually with the Department of Agricultural and Applied Economics at Virginia Tech to develop an objective methodology for estimating the use-value of land in agricultural and horticultural uses.²

All 50 states have land programs designed to protect agricultural land. These programs include the purchase of development rights, transfers of development rights, the donation of conservation easements, and use-value taxation. Though the specifics differ substantially, these programs all have in common the consequence of reducing assessment values for agricultural land to its value in agricultural use. One might conclude that there exists a broad, general level of support for reducing the burden of local taxes on farmland owners across the country. But it is unclear whether this support is directed toward the preservation of farmers, the preservation of farmland, or both (Lamie and Groover, 2000). A brief listing and links to use-value programs for all 50 states is on the Virginia's Use-value Assessment Program web site at <http://usevalue.agecon.vt.edu>.

To assist in determining the full range of procedures and implementation of the use-value taxation program, a survey of all Constitutional officials in all jurisdictions with use-value was conducted during October and November 2003. The purpose of the survey was to

- Seek ways to improve the accuracy and usefulness of agricultural and horticultural use-values,
- Understand how SLEAC estimates are being used by each jurisdiction, and
- Evaluate the best methods for providing educational and up-to-date information on the methods for calculating SLEAC values.

The survey, containing 30 questions to address these issues, was conducted using the Virginia Department of Taxation mailing list of all jurisdictions with enabling legislation for use-value or with agricultural and forestal districts (Appendix). The initial mailing list contained 71 counties and 19 cities for a total mailing of 90. Following the survey method prescribed by Dillman (1978), an initial mailing of a cover letter and the survey form was sent to all permit holders. A follow-up postcard was mailed one week later, and a second letter with a survey form was mailed two weeks after the postcard. Seven weeks after the initial mailing, a third and final letter with a survey form was mailed. A total of 70 completed and usable surveys yielded a response rate of 78 percent.

¹ Counties and cities can adopt "use-value" taxation at anytime, thus the number at anyone time is approximate.

² Agricultural land is land used to produce annual crops, for example, grain, silage, hay, and pasture and for use-value purposes horticultural land is land used for multiple year crops, for example apples, peaches, and grapes (Code of Virginia section 58.1 – 3229).

THE SURVEY

Who Completed the Survey

Commissioners and/or deputy Commissioners of Revenue completed 60 percent of the surveys, assessor or appraisers completed 23 percent, and a variety of officials within the county or city government, for example, the land-use clerk, the land-use coordinator, and the land-use technician completed the remaining 16 percent. Individuals completing the survey had anywhere from 3 months to 32 years of service. The median length of time on the job was 12 years.

Ninety percent of respondents indicated that the jurisdiction they represent participates in the use-value assessment program. Not all of the jurisdictions (90 percent) responded positively to the question. The reason for less than a 100 percent response is that the majority of the jurisdictions that did not participate are cities with less than 5 tracts and a few counties that had just recently adopted use-value but had not formally implemented the program for 2003.

Assessment

Of the jurisdictions responding, the median length of the assessment cycle is 4 years with ranges from every year to every 6 years. Of those jurisdictions reporting annual assessment cycles, 86 percent are on a calendar year assessment cycle using January as the assessment month. The remaining jurisdictions (14 percent) report a June-July assessment cycle. Some respondents reported that the last assessment was in January 1998, and others reported they will not do a new assessment until January 2009.

Eligibility and Verification

One of the main functions of all participating jurisdictions is to determine eligibility of new properties and monitor continued eligibility of participating properties. Eight criteria were suggested as ways to determine if agricultural or horticultural operations are eligible to participate in the use-value taxation program. Jurisdictions may use more than one criterion. The majority of jurisdictions use farm size, current use, history of length of time in farming, number of animals, and length of time animals are on the farm (Table 1). Gross revenue, comparison of crop yields, presence of nutrient management or conservation plan, and inclusion in a statutorily-endorsed restriction on the lands are used less frequently to determine a bona fide operation.

Table 1: Property eligibility criteria used

Questions	% of responses*
The number of acres the operation has devoted to the production of agricultural or horticultural products.	86
Current use of the land	86
The number of consecutive years the land has been devoted to the production of agricultural or horticultural products.	74
The per acre number of animal unit-months of commercial livestock or poultry on the land.	63
Annual gross revenue from the operation.	36
The crop yield per acre for each crop on the land relative to county average crop yields.	29
Whether or not the land has a planned program of soil management and soil conservation, e.g., a nutrient management or conservation plan.	29
Statutorily-endorsed restrictions on the lands use (e.g. agricultural districts).	16

*Respondents were asked to check all that apply, so percentages will not add to 100%.

Question 3 asked “are individuals required to supply proof that a land tract meets the criterion of a bona fide agricultural or horticultural operation prior to entering that land tract in the use-value taxation program?” Eighty-nine percent of the respondents said yes, 29 percent stated no, and 2 percent were not sure. If individuals that checked “yes,” we asked for a list of the documentation requested to determine eligibility. Of the 42 respondents to this question, more than three-quarters of the jurisdictions require written documentation of farming activities taking place on the property, with the majority requiring copies of Schedule F (federal tax returns filed by farmers) or Schedule E (federal tax return filed for rental income). In some cases (35 percent), crop or livestock records suffice as documentation of eligibility. Some jurisdictions require a signed and notarized affidavit that the property is a bona fide agricultural or horticultural operation. Less than a quarter of the jurisdictions responding to this question make on-site inspection to determine eligibility. A few of the jurisdictions require all the items discussed above while others accept just the applicant’s word as proof.

Table 2: Proof required for a bona fide agricultural or horticultural operation

Summary statements	% of responses*
Federal tax returns documenting farming and/or written copies of farm lease (approximately 19 percent of these respondents require 3 to 5 years of farming/leasing history)	76
Production records, Farm Service Agency map with acreage and farm numbers, farm plans from a government agency	35
Signed and/or notarized affidavit	35
On-site inspection of property	20

*Respondents were asked to check all that apply, so percentages will not add to 100%.

Jurisdictions undertake a number of procedures to monitor participating land to insure the eligibility requirements are being met and that these are indeed bona fide operations. Table 3 illustrates that the majority of jurisdictions answering this question respond directly to citizen complaints or randomly inspect tracts to insure compliance. Only 19 percent make physical inspection of every tract of participating land. An additional 27 percent answered “other” to this question. Their responses can be characterized as annual documentation and signing of a new affidavit of compliance, thus forcing participants to actively consider and provide annual documentation of their choice of use-value.

Table 3: Monitoring eligibility requirements and procedures for participating land

Summary statements	% of responses*
Monitoring in response to citizen complaints	49
Physical inspection of random tracts of participating land	49
Physical inspection of every tract of participating land	19
Other – the majority of these responses can be summarized as “require an annual validation with updated new documentation and affidavit”	27
None	4

*Respondents were asked to check all that apply, so percentages will not add to 100%.

Personnel Costs To Administer Use-Value

As new jurisdictions consider adopting a use-value ordinance, questions arise as to how much time it will take to complete tasks needed to keep the program operational. Obviously, time will vary from jurisdiction to jurisdiction based on its participation rate, size of county, and documentation and monitoring requirements. The typical jurisdiction will invest approximately a half-time employee to keep up with the administrative and follow-up responsibilities for the program (Table 4). In addition to the normal demands of administering the program, respondents wrote that during the revalidation period (2 to

3 months) time demands doubled. A few jurisdictions, experiencing rapid urban growth, devote considerably more time to these functions, which require 2.5 full-time equivalent personnel.

Table 4: Average weekly staff hours dedicate to monitoring participating land to insure the eligibility requirements

Hours per week	% of responses
0	11
1 to 20	72
21 to 40	15
41 to 100	2

Participation Rates

Jurisdictions considering adopting use-value are faced with the trade off of lower tax revenues (deferred taxes) verses support of agriculture and horticulture by lower tax levees. One of the determining factors in predicting the loss in tax revenue is accurately estimating what proportion of the eligible agricultural and horticultural land³ will participate in the use-value program. The level of estimated participation varies with 21 percent of the respondents indicating that 0 to 25 percent of the eligible parcels will be enrolled to 34 percent estimating that 75 to 100 percent will be enrolled (Table 5).

Table 5: Proportion eligible agricultural and horticultural land enrolled in the use-value program

% of eligible land	% of responses
0 to 25	21
25 to 49	19
50 to 74	26
75 to 100	34

Roll-Back Tax⁴

When land becomes ineligible for use-value, the individual making the conversion from eligible to ineligible or owner of land identified as not a bona fide operation must pay a roll-back tax and interest. The number of non-bona fide operations subject to a roll-back tax in a jurisdiction during the past five years is very small (Table 6). Fifty-six percent of the jurisdictions answering this question indicated that no roll-back taxes were collected, and 30 percent reported collecting roll-back taxes from 1 to 5 operations. On the upper end, 5 percent of the responding jurisdictions indicated that roll-back taxes were collected on more than 10 operations, and 7 percent of the jurisdictions reported no knowledge of roll-back taxes being levied.

³ Statutory requirement of 5 acres or more.

⁴ Section 58.1 – 3238 of the Code of Virginia allows for the penalization of non-bona fide operations participating in the use-value taxation program. This penalty is applicable to any individual making an intentional misstatement of fact on his/her revalidation or application form. The code specifies that in such instances the individual at fault shall be held responsible for all unpaid taxes based upon the fair market value of the land plus interest on this amount and an additional penalty equal to 100 percent of the unpaid taxes.

Table 6: Number of non-bona fide operations subject to the roll-back tax in your jurisdiction during the past five years

Number of non-bona fide operations	% of responses
0	56
1 to 5	30
6 to 10	3
greater than 10	5
no knowledge	7

Only 16 of the jurisdiction penalized 1 to 5 non-bona fide operations over the last 5 years, and 4 percent penalized 6-10 operations (Table 7). A substantial majority (80 percent) did not penalize any non-bona fide operations. A few respondents commented that their county attorneys advised against penalties because of difficulty in proving intentional misstatements.

Table 7: Number of non-bona fide operations have been penalized in your jurisdiction during the past five years

Number of non-bona fide operations	% of responses
0	80
1 to 5	16
6 to 10	4
no knowledge	0

Effectiveness of Use-Value Taxation Program

Respondents were asked to indicate their opinion of how effective the use-value taxation program has been at ameliorating the “pressures which force the conversion of [agricultural and horticultural land] to more intensive uses.” Overall, more than half of the respondents indicated positive benefits to use-value taxation; 11 percent indicated that they were uncertain of its impacts on growth. Of those responding positively to the effectiveness of use-value, 15 percent thought it very effective, and 43 percent somewhat effective (Table 8). In contrast, 13 percent reported that use-value was somewhat ineffective, and 11 percent indicated that it was very ineffective.

Table 8: Respondents opinion on the effectiveness of use-value taxation program on reducing development pressure

Opinion	% of responses
Very effective	15
Somewhat effective	43
Uncertain	11
Somewhat ineffective	13
Very ineffective	11
No opinion	7

State Land Evaluation and Advisory Council (SLEAC) Estimates

SLEAC provides estimates of the value in use of agricultural and horticultural land for each participating city or county. Knowledge of how these estimates are used will assist in better serving all participating jurisdictions. SLEAC values are an important factor in the values used by jurisdictions (Table 9). Use of the SLEAC values verbatim for agricultural land was reported 43 percent of the jurisdictions answering the survey; 36 percent reported that SLEAC values were a major factor. In contrast, 5 percent of the

jurisdictions do not use the SLEAC values and 16 percent reported that the SLEAC values were a minor factor in their determination of agricultural use-values. SLEAC values for horticultural land were used slightly less with 37 percent of the respondents reporting verbatim use and 37 percent reported that the SLEAC are a major factor. Jurisdiction reporting minor (19 percent) or not considering (7 percent) SLEAC values for horticultural land increased slightly over agricultural lands.

Table 9: Use of SLEAC values

Use of estimates	Agricultural	Horticultural
	% of responses	
use verbatim	43	37
major factor	36	37
minor factor	16	19
not considered	5	7

Actual Assessed Value and SLEAC-Recommended Values

Respondents were asked to describe the relationship between the actual assessed value of Class III⁵ agricultural and horticultural land and SLEAC-recommended values for Class III agricultural land during the last reassessment in the jurisdiction. An average of 30 percent of respondents reported that the SLEAC agricultural and horticultural values were identical to the values they used (Table 10). A few the jurisdictions reported lower assessed values than the SLEAC recommendation: 7 percent for the agricultural and 4 percent for horticultural lands. The average reported below SLEAC was 31 percent for agricultural and 40 percent horticultural lands. More than half the respondents reported assessed values greater than SLEAC values for both agricultural (64 percent) and horticultural (65 percent) land. The amount over SLEAC values was more than two fold for both classes of land: 273 percent for agricultural and 467 percent for horticultural land.

Table 10: Assessed values versus SLEAC-recommended values

Actual assessed value of Class III land	Agricultural	Horticultural
	percent	
Lower than the SLEAC recommended values	7	4
Percent lower than SLEAC value	31	40
Identical to the SLEAC recommended values	29	31
Higher than the SLEAC recommended values	64	65
Percent higher than SLEAC value	273	467

As a follow-up to these responses in tables 9 and 10, respondents were asked to comment on why actual values used for agricultural or horticultural land in their jurisdictions differed from the SLEAC estimates. The majority of the comments centered on the declining and very low SLEAC values verse the rapidly increasing market value for all land in a jurisdiction. A number of respondents voiced the opinion that they walked a fine line between giving a tax break to farmers who experienced historically low returns and the fiscal needs of the local government. The following is typical of comments made: “If [we] used SLEAC values, the Board of Supervisors would repeal the Ordinance.” This comment illustrates a misunderstanding of the methods used to calculate use-value, but reinforces the reality of low agricultural and horticultural profitability. Use-value for agricultural and horticultural land are designed to track the overall profitability of the typical land-based farm enterprises in a jurisdiction.

⁵ Class III land is the base land productivity class for calculating all land values.

Assessing Use-Value of Land

Respondents were asked to consider specific factors that they consider when they assessed the use-value of a tract of agricultural or horticultural land. The SLEAC values (41 percent), total acreage by class (15 percent), and personal judgment (10 percent) make up the majority of factors determining the final use-value of a tract of land (Table 11). Minor factors that are important in assessing fair market value are also used by some jurisdictions, such as comparable properties and fair market value (8 percent), a comparison of use-values to other counties or cities (4 percent) and soil drainage properties (4 percent).

Table 11: Factors considered in determining use-value of agricultural or horticultural land

Opinion	% of responses
Annual use-value estimates provided by SLEAC	41
Total acreage in each of the eight Soil Conservation Services land capability classifications	15
Personal judgment	10
Use-value of comparable properties in your jurisdiction	8
Fair market value of the land	8
Use-value of comparable property in other jurisdictions	4
Drainage properties of the land	4
Summary of “other” response	10
- Input and/or recommendation by Board of Supervisors, farming community, or other government agencies	
- Apply a flat rate or historical rate to all operations	
- Assume highest land class for all tracts	
- Size of farm/total acreage	

Land Capability Classifications

When asked to indicate if data were available on the number of acres in each of the eight Soil Conservation Services land capability classifications for each and every individual land tract in their jurisdictions, 47 percent responded “yes,” 31 percent said “no,” and 23 percent did not know. Of the jurisdictions having access or knowledge of land capability classifications, 86 percent used that information in assessment determinations and 14 percent did not. One respondent stated, “[Land capability classifications are] too expensive to administer and experience proves that an average value works fine with no complaints (used classification for over 10 years).” Only 26 percent of respondents without access to land capability classification data stated that if this data were available, they would use it in determining values, 32 percent would not use the data, and 42 percent were unsure.

Land at Risk

Data on drainage characteristics of individual land tracts in a jurisdiction is not widely used. Only 11 percent of the respondents have knowledge of this type of data; 58 percent did not know of drainage data in their jurisdictions; 31 percent responded that they were unsure of the availability of this type of data. When asked if their jurisdictions used the separate SLEAC use-value estimates for land at risk of flooding due to poor drainage in assessing the use-value of agricultural land, 34 percent of the respondents said yes, and 66 percent said no. Of the individuals who did not have access to drainage data or were unsure if it is available, 34 percent said that they would use tract drainage characteristic data in making use-value assessments, 21 percent would not use this information, and 45 percent not sure.

Tobacco

Only 22 percent of the jurisdictions have land tracts on which tobacco is grown. In those jurisdictions with tobacco quota, (47 percent) considered the add-on quota value when assessing the use-value of agricultural land; the rest (53 percent) did not.

Helpfulness of SLEAC Values

How helpful are the annual SLEAC estimates of use-value of agricultural and horticultural land when assessing use-value of a participating land tract? Thirty-seven percent of the respondents strongly agreed with this statement, 40 percent agreed, 7 percent disagreed, and 3 percent strongly disagreed. The remaining 13 percent offered no opinion.

Understanding of SLEAC Values

Do you understand the SLEAC methodology for estimating the use-value of agricultural and horticultural land well enough to make proper use of these estimates? Twenty-two percent of the respondents strongly agreed, 52 percent agreed, while 12 percent disagreed, and 5 percent strongly disagreed. Ten percent offered no opinion.

Training Seminar

Forty-two percent of the respondents positively endorsed attending an educational seminar to learn more about the SLEAC methodology and how to properly employ its estimates,, 31 percent did not want to attend, and 27 percent were unsure. Respondents suggested the following topics or specific areas for training:

- Review of all land use regulations, policies, regulations, and methods;
- Soil class, capability class, drainage class, and how land use-values are determined;
- How are market values of crops, livestock, and inputs determined and sources of data;
- Development and use of computerized soil maps;
- Interaction with localities to see how program is implemented in each county;
- Open space agreements;
- How to assess land use without soil classification maps and more on how to assess classifications if maps are available or how to assess and set the value per acres for land use; and
- Training on rollback and penalties to insure uniformity and understanding by constitutional officers and attorneys across the state.

The last questions on the survey asked respondents to suggest changes they would like to see made to the SLEAC methods to improve its usefulness. A wide array of responses was received. The responses include the following:

- Methods for valuation of livestock farms;
- When values change only in a reassessment year, the true value is not reflected for the full reassessment period;
- Implementations of minimum use-values to establish a floor for a jurisdiction to use in fiscal planning;
- Need to improve how the program is administered—it is hard to administer;
- Difficult to get farmers/owners to provide documentation of eligibility;
- Lack of adequate personnel to administer the program; and
- Low SLEAC values for agricultural and horticultural lands may lead to localities repealing the ordinance

SUMMARY

The SLEAC values for agricultural and horticultural lands are used by a majority of localities as calculated or as a reference point for determining local use-values. The values are helpful in supporting the program. In half the cases, respondents felt that the use-value program achieved its statutory objective of protecting agricultural land. Many of the concerns expressed by respondents were focused on administrative implementation and conflicts brought about by declining real revenues to localities. The following general concerns were expressed by many respondents.

- Local conflicts arise and become increasingly intense as market values of farm land increase and use-value for agricultural and horticultural lands declines as farmers face a cost-price squeeze reducing profit margins. Thus, localities face the problem of implementing the use-value program to support the agricultural community, yet must address declining real revenues available to fund government services. In some cases, reducing local use-values for agricultural and horticultural lands to SLEAC values could result in repeal of the program.
- Concern or conflict develops in jurisdictions when an increasing amount of the intensively cropped farmland (for example, corn, soybeans, small grains, corn and alfalfa silages) is converted to less intensive pasture and hay production, further reducing the use-value of the composite farm and tax revenues. This change could increase the possibility of repeal of the use-value program.
- Declining revenues to jurisdictions force many localities to increase the scrutiny on the use-value program to insure only bona fide operations can participate. This increased scrutiny can lead to increased frustration for both owners of bona fide operations and government personnel who work to insure compliance. Localities in this situation also face increased administrative costs for enforcement and compliance.
- Administration of the use-value program is not uniform across jurisdictions. In a number of comments, concern was expressed that county officials and advisors were uninformed about the use-value program rules and State Code and were reluctant to support the efforts of Constitutional Officers to enforce the use-value ordinance.
- The minimum tract size needs to be increased. Five acres is too small and allows abuse.

The SLEAC could take the initiative in the following areas to help address some of these concerns and misunderstandings:

- Update the SLEAC manual and include a series of frequently asked questions and questions that are routinely asked by new Constitutional Officers;
- Use the updated SLEAC manual to develop training programs for new constitutional officers and possibly follow up with a series of on-line or computer-based training programs;
- Develop or support current activities to assist local government personnel in interacting and sharing methods and strategies across jurisdictional lines for the purpose of increased understanding during times of conflict;
- Develop, in conjunction with the office of the Sate Attorney General, a training program for attorneys who advise local governments on the laws and rulings surrounding use-value; and
- Coordinate with the Virginia Association of Assessing Officers, Commissioners of the Revenue Association of Virginia, Virginia Association of Counties, and others to support educational efforts to inform localities about benefits, costs, and implementation of use-value taxations.

Land-use taxation is a small part of the overall effort to keep land in agriculture, horticulture, forestry, and open space. State, regional, and local policy makers need to develop comprehensive strategies to address the multitude of issues surrounding the support and protection of these lands.

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APPENDIX

Survey of Local Assessing Officers and Commissioners of Revenue

Part I – Jurisdiction Information

Date: _____

Jurisdiction Name: _____

Name of Assessing Officer/Commissioner of Revenue: _____

Name of Individual Completing This Survey: _____

Mailing Address: _____

Phone: _____ E-mail: _____

What is your job title? _____

How long have you served in your current position for this jurisdiction? ___Years ___Months

What is the length of your jurisdiction's assessment cycle? _____

Effective Date of Last Assessment: _____

Date of Next Assessment: _____

Part II – Eligibility and Enforcement

1) Does your jurisdiction participate in the use-value assessment program? If yes, please go on to question 2. If no, you do not need to answer any additional questions -- your questionnaire is complete. Please return the unanswered survey in the postage-paid envelope. Thank you.

- Yes
- No

2) Under Virginia law, only *bona fide* agricultural or horticultural operations are authorized to participate in the use-value taxation program. What criteria are used *in your jurisdiction* to distinguish bona fide operations from *non*-bona fide operations for the purpose of determining eligibility? **Please check all that apply.**

- The number of acres the operation has devoted to the production of agricultural or horticultural products.
- The number of consecutive years the land has been devoted to the production of agricultural or horticultural products.
- Current use of the land.
- Statutorily-endorsed restrictions on the lands use (e.g. agricultural districts).
- Whether or not the land has a planned program of soil management and soil conservation, e.g., a nutrient management or conservation plan.
- The crop yield per acre for each crop on the land relative to county average crop yields.

- The per acre number of animal unit-months of commercial livestock or poultry on the land.
- Annual gross revenue from the operation.
- Other. Please specify. _____

3) ***In your jurisdiction***, are individuals required to supply proof that a land tract meets the criterion of a bona fide agricultural or horticultural operation prior to entering that land tract in the use-value taxation program?

- Yes
- No (skip to Q.5)
- Not Sure (skip to Q.5)

4) If your answer to question 2 was *yes* please indicate all materials that are required as proof of eligibility.

5) What measures are undertaken ***in your jurisdiction*** to **monitor** participating land to insure the eligibility requirements are being met and that the operation is indeed bona fide? ***Check all that apply.***

- Physical inspection of every tract of participating land.
- Physical inspection of random tracts of participating land.
- Monitoring in response to citizen complaints.
- Other, please specify. _____
- None.

6) On average, how many hours per week do members of your staff dedicate to monitoring participating land to insure the eligibility requirements are being met and that operations are, indeed, *bona fide*?

- 0
- 1 - 20
- 21 - 40
- 41 - 100
- > 100

7) To the best of your knowledge, what percentage of the *eligible* agricultural and horticultural land ***in your jurisdiction*** do you estimate participates in the use-value taxation program?

- 0% - 25%
- 25% - 49%
- 50% - 74%
- 75% - 100%

8) ***Consider the following:*** Section 58.1 – 3238 of the *Code of Virginia* allows for the penalization of ***non-bona fide*** operations participating in the use-value taxation program. This penalty is applicable to any individual making an intentional misstatement of fact on their revalidation or application form. The code specifies that in such instances the individual at fault shall be held responsible for all unpaid taxes based upon the fair market value of the land plus interest on this amount and an additional penalty equal to 100 percent of the unpaid taxes.

(a) How many such non-bona fide operations have been *identified in your jurisdiction* during the past five years?

- 0
- 1 - 5
- 6 - 10
- > 10
- No knowledge. Our jurisdiction does not monitor eligibility.

(b) How many such non-bona fide operations have been *penalized in your jurisdiction* during the past five years?

- 0
- 1 - 5
- 6 - 10
- > 10

Part III – Effectiveness of the Use-Value Taxation Program

9) *Consider the following:* Section 58.1 – 3229 of the Code of Virginia describes the legislative intent of the use-value taxation program. One stated goal of the program is to “ameliorate pressures which force the conversion of [agricultural and horticultural land] to more intensive uses.” In your opinion, how effective has the use-value taxation program been at meeting this goal *in your jurisdiction*?

- Very Effective
- Somewhat Effective
- Uncertain
- Somewhat Ineffective
- Very Ineffective
- No Opinion

10) What changes in the current legislation would you recommend to improve the effectiveness of the use-value program?

Part IV – Usefulness of the Annual SLEAC Use-value Estimates (refer to included 2003 Procedures Manual)

11) Please mark the response that best describes how the SLEAC estimates are used *in your jurisdiction* to establish the use-value of **agricultural** land (check only one response).

- The SLEAC estimates are used *verbatim* as the use-value of agricultural land.
- The SLEAC estimates are a major factor in establishing the use-value of agricultural land.
- The SLEAC estimates are a minor factor in establishing the use-value of agricultural land.
- The SLEAC estimates are not considered when establishing the use-value of agricultural land.

12) Please mark the response that best describes how the SLEAC estimates are used *in your jurisdiction* to establish the use-value of **horticultural** land (check only one response).

- The SLEAC estimates are used *verbatim* as the use-value of horticultural land.
- The SLEAC estimates are a major factor in establishing the use-value of horticultural land.

- The SLEAC estimates are a minor factor in establishing the use-value of horticultural land.
- The SLEAC estimates are not considered when establishing the use-value of horticultural land.

13) Please mark the response that best describes the relationship between the **actual assessed value of Class III agricultural land** and the SLEAC-recommended value applicable to Class III agricultural land during **your jurisdiction's** last reassessment (check only one response).

- The actual assessed value of Class III agricultural land was lower than the SLEAC recommended values. (____% lower)
- The actual assessed value of Class III agricultural land was identical to the SLEAC recommended values.
- The actual assessed value of Class III agricultural land was higher than the SLEAC recommended values. (____% higher)

14) Please mark the response that best describes the relationship between the **actual assessed value of Class III horticultural land** and the SLEAC recommended values applicable to Class III horticultural land during **your jurisdiction's** last reassessment (check only one response).

- The actual assessed value of Class III horticultural land was lower than the SLEAC recommended values. (____% lower)
- The actual assessed value of Class III horticultural land was identical to the SLEAC recommended values.
- The actual assessed value of Class III horticultural land was higher than the SLEAC recommended values. (____% higher)

15) If the actual assessed value of agricultural or horticultural land **in your jurisdiction** differed from the SLEAC estimates please indicate all reasons for the difference.

16) When assessing the use-value of a tract of agricultural or horticultural land, which of the following factors are considered? **Check all that apply**

- The annual use-value estimates provided by the SLEAC.
- The drainage properties of the land.
- The total acreage in each of the eight Soil Conservation Services land capability classifications.
- The use-value of comparable property in *your* jurisdiction.
- The use-value of comparable property in *other* jurisdictions.
- The fair market value of the land.
- Personal judgment.
- Other (please specify). _____

17) To the best of your knowledge, is data available on the number of acres in each of the eight Soil Conservation Services land capability classifications for **each and every individual land tract in your jurisdiction?**

- Yes
- No (skip to Q.19)
- Don't know (skip to Q.19)

18) If your answer to question 17 was *yes*, do you use this data in making assessment determinations?

Yes No (skip to Q.20) Don't know (skip to Q.20)

If not, why do you choose not to use land capability classification data in making assessment determinations?

19) If your answer to question 17 was *no*, if land capability classification data was made available to you would you use it in making assessment determinations?

Yes No Don't know

20) To the best of your knowledge, is data available on the drainage characteristics of each and every individual land tract *in your jurisdiction*?

Yes No (skip to Q.22) Don't know (skip to Q.22)

21) The SLEAC publishes separate use-value estimates for land that is at risk of flooding do to poor drainage. *In your jurisdiction*, are these separate use-value estimates for land at risk of flooding employed when assessing the use-value of *agricultural* land?

Yes No Don't know

If not, why do you choose not to use separate use-value estimates for land at risk of flooding employed when assessing the use-value of *agricultural* land?

22) If your answer to question 20 was *no*, if individual land tract drainage characteristic data was made available to you, would you use it in making assessment determinations?

Yes No Don't know

23) Is tobacco grown in your jurisdiction? If *no*, skip question 24.

Yes No

24) The SLEAC publishes separate estimates for the value of tobacco quotas *over and above* the use-value of the land. In addition to the base use-value for agricultural land, is this add-on quota value considered when assessing the use-value of agricultural land *in your jurisdiction*?

Yes No Don't know

25) *Please indicate your level of agreement with the following statement:* In their present form, the annual SLEAC estimates of the use-value of agricultural and horticultural land are very helpful when assessing the use-value of a participating land tract.

- Strongly Agree
- Agree
- Disagree
- Strongly Disagree
- No Opinion

26) *Please indicate your level of agreement with the following statement:* My understanding of the SLEAC methodology for estimating the use-value of agricultural and horticultural land is sufficient for me to make proper use of these estimates.

- Strongly Agree
- Agree
- Disagree
- Strongly Disagree
- No Opinion

27) Would you be interested in attending a training seminar to learn more about the SLEAC methodology and how to properly employ their estimates.

- Yes No (skip to Q.29) Maybe

28) If your answer to question 27 was *yes* or *maybe* please list any issues related to use-value taxation, land use policy, or taxation policy for which you would like to receive training.

29) Please list any changes you would like to see made to the SLEAC methods for estimating and reporting the use-value of agricultural and horticultural land.

30) Please list items that could be employed to make the annual use-value estimates provided by SLEAC be made more useful for you?

THANK YOU FOR YOUR TIME!

Please return in the self-addressed postage-paid envelope no later than October 20, 2003.

When completed, a summary of the results will be posted on Virginia's Use-value Assessment website:

<http://usevalue.agecon.vt.edu>



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