

TY 2006 USE-VALUE ESTIMATES

Table 1: Estimated use value of agricultural land in Goochland. (\$/Acre)

<i>Land Class</i>	<i>Use Value Without Risk</i>	<i>Use Value With Risk</i>
<i>I</i>	310	290
<i>II</i>	280	260
<i>III</i>	210	200
<i>IV</i>	160	160
<i>Avg. I - IV</i>	240	220
<i>V</i>	120	120
<i>VI</i>	100	100
<i>VII</i>	60	60
<i>Avg. V - VII</i>	100	100
<i>Avg. I - VII</i>	220	200
<i>VIII</i>	20	20

Table 2: Estimated use value of orchards in Goochland. (\$/Acre)

<i>Land Class</i>	<i>Use Value of Apple Orchard</i>	<i>Use Value of Other Orchard</i>
<i>I</i>	200	220
<i>II</i>	140	160
<i>III</i>	70	90
<i>IV</i>	20	40
<i>V</i>	20	40
<i>VI</i>	20	30
<i>VII</i>	10	20
<i>VIII</i>	20	20

* n.a. = not applicable

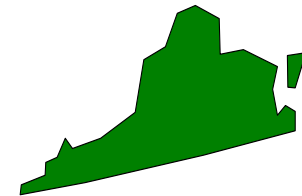
CONTACTS

Questions regarding any *statutorily* related issues surrounding use-value assessment should be directed to Keith Mawyer or Tom Morelli at the Property Tax Unit, Virginia Department of Taxation. Questions regarding the *technical* aspects of the methodology used to produce the use-value estimates reported in this brochure should be directed to Monica Licher or Gordon Groover at the Department of Agricultural and Applied Economics, Virginia Tech.

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ESTIMATED USE VALUE OF AGRICULTURAL AND HORTICULTURAL LAND IN GOOCHLAND

Estimates apply to Tax Year 2006



October 17, 2005

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State Land Evaluation and Advisory Committee
Virginia Department of Taxation



USE-VALUE TAXATION IN VIRGINIA

Virginia law allows for *eligible* land in agricultural, horticultural, forest or open space use to be taxed based upon the land's value in *use* (use value) as opposed to the land's *market* value. The State Land Evaluation and Advisory Council (SLEAC) was created in 1973 with the mandate to estimate the use value of eligible land for each jurisdiction participating in the use-value taxation 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. A technical advisory committee, comprised of professionals familiar with Virginia agriculture, was established in 1998 to provide guidance on the technical aspects of developing an appropriate methodology. The members of the SLEAC have officially sanctioned the use value estimates reported in this brochure.

ROLE OF THE SLEAC ESTIMATES

Section 58.1 – 3229 of the *Code of Virginia* requires each participating jurisdictions assessment office to *consider* the SLEAC estimates when assessing the use value of eligible land. However, the local assessing office is not required to use the SLEAC

estimates verbatim. Under certain circumstances, adjustments to the SLEAC estimates may be necessary to accurately reflect local conditions that affect the use values of eligible land parcels.

TY 2006 USE-VALUE ESTIMATES

Tables 1 & 2 report the estimated use values of agricultural and horticultural land applicable to tax year 2006 in **Goochland**. These estimates are based upon the capitalized net income that a *bona-fide* agricultural or horticultural enterprise located in the county could be expected to earn. These values are updated annually for public information. Note, the local assessing office can only make changes to assessed property values during a reassessment year.

Table 1 lists the estimated use value of land in *agricultural* use for each of the eight Soil Conservation Services land capability classifications. Because data on the land class composition of individual parcels is often unavailable, average use values have also been provided.⁵⁵ The average of land in classes I – IV represents the average use value of *cropland*. The average of land in classes V – VII represents the average use

⁵⁵ Data limitations prohibited the computation of average use values in a few counties and in most independent cities and townships.

value of *pastureland*. The average of land in classes I –VII represents the average use value of *all agricultural land*.⁵⁶ The **without risk** estimates apply to land that is *not* at risk of flooding. *The with risk estimates should only be applied to land parcels that are at risk of flooding due to poor drainage that cannot be remedied by tilling or drainage ditches.*

Table 2 lists the estimated use value of land in *orchard* use. The values are reported for both apple orchard and “other” orchard for each of the eight Soil Conservation Services land capability classifications. Other orchard refers to peach, pear, cherry, or plum production. Data limitations prohibit the computation of average use values applicable to orchards.

⁵⁶ Note class VIII land is not considered suitable for agricultural production and is therefore not included in this average.

Table 2: The composite farm and average net returns in Goochland

Annual net returns are determined through budgeting for each crop listed. The net returns shown in this table represent an "olympic" average of the annual net returns from 1998-2004. In an olympic average, the highest and lowest values are dropped prior to calculating the arithmetic mean. A complete listing of this table for each jurisdiction participating in the land use program is available at the Virginia Department of Taxation.

Average net returns applicable to tax-year 2006 .

	Total Acreage /1/	Composite Farm /2/	Estimated Net Returns (\$/Acre)
1. Number of Farms	315	1	----
2. Corn	1883	6	\$65.97
3. Alfalfa and mixtures	392	1	\$2.61
4. Clover and grasses	D	----	----
5. Other hay and seeds /3/	6329	20	----
6. Wheat	1667	5	\$46.37
7. Barley	D	----	----
8. Soybeans	1512	5	----
9. Potatoes	----	----	----
10. Cotton	----	----	----
11. Double-cropped /4/	1265 (-)	4 (-)	n.a.
12. Total Cropland Harvested	10518	33	\$19.10

n.a. = not applicable

D = Withheld to avoid disclosing data for individual farms. The composite farm is based only on those crops for which acreages were reported in the 2002 Census of Agriculture.

1/ Data taken from the 2002 Census of Agriculture.

2/ Some data do not add exactly due to rounding and some categories are not listed due to disclosure rules.

3/ Net returns to other hay and seeds is assumed to be two-thirds of net returns to clover and grasses.

4/ Double-cropped acreage is subtracted from the crops listed in lines 2-10 to arrive at total cropland harvested acreage.

5/ These values are omitted from total cropland harvested because the use value of quota crops are estimated separately.

Table 3: Worksheet for estimating the use value of agricultural land in Goochland

A complete listing of this table for each jurisdiction participating in the land use program is available at the Virginia Department of Estimates are applicable to 2006

1. Estimated net return per acre of cropland harvested	<u>\$19.10</u>
2. Capitalization rates:	
a) Interest rate component /1/	<u>0.0740</u>
b) Property tax component /2/	<u>0.0065</u>
c) Rate without risk component	<u>0.0805</u>
d) Risk component (0.05 times 2c)	<u>0.0040</u>
e) Rate with risk component /3/	<u>0.0846</u>
f) Quota crop component /4/	<u>0.2000</u>
g) Rate with quota crop component (2c+2f)	<u>0.2805</u>

3. Unadjusted use value of cropland harvested:	W/O Risk	W/Risk
	<u>\$237.16</u>	<u>\$225.86</u>

4. Soil Index Factor			
Land Class	Cropland Acreage /5/	Productivity Index	Weighted Acreage
I	2196	1.50	3294
II	16681	1.35	22519
III	8598	1.00	8598
IV	<u>7443</u>	0.80	<u>5954</u>
TOTAL	34918		40365
	Soil index factor /6/ <u>1.156</u>		

5. Agricultural use value adjusted by land class:

<u>Class</u>	<u>Land Index</u>	<u>Estimated use value</u>	
		<u>W/O Risk</u>	<u>W/Risk</u>
I	1.50	<u>\$307.73</u>	<u>\$293.08</u>
II	1.35	<u>\$276.96</u>	<u>\$263.77</u>
III	1.00	<u>\$205.15</u>	<u>\$195.38</u>
IV	0.80	<u>\$164.12</u>	<u>\$156.31</u>
V	0.60	<u>\$123.09</u>	<u>\$117.23</u>
VI	0.50	<u>\$102.58</u>	<u>\$97.69</u>
VII	0.30	<u>\$61.55</u>	<u>\$58.62</u>
VIII	0.10	<u>\$20.52</u>	<u>\$19.54</u>

n.a. = not applicable because jurisdiction does not meet criterion for quota use value.

1/ An average of long term interest rates charged by the various Agriculture Credit Associations serving

2/ The effective true tax rate reported by the Virginia Department of Taxation.

3/ This rate should only be used when the soil has poor drainage that is not remedied by tiling or drainage ditches or when the land lies in a floodplain.

4/ This rate assumes the current quota will remain on the crop an additional five years.

5/ Data provided by the Virginia Conservation Needs Inventory of 1967.

6/ Total Weighted Acreage / Total Cropland Acreage

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