

Questions regarding any *statutorily* related issues surrounding use-value assessment should be directed to Jason Hughes at the Property Tax Unit, Virginia Department of Taxation. Questions regarding the *technical* aspects of the methodology used to produce the use-value estimates should be directed to Lex Bruce or Gordon Groover at the Department of Agricultural and Applied Economics, Virginia Tech.

Land Capability Classifications	
Class I	Soils have few limitations that restrict use.
Class II	Soils have moderate limitations that reduce the choice of plants or require moderate conservation practices.
Class III	Soils have severe limitations that reduce the choice of plants, require special conservation practices, or both.
Class IV	Soils have very severe limitations that restrict the choice of plants, require very careful management, or both.
Class V	Soils are subject to little or no erosion but have other limitations, impractical to remove, that limit their use largely to pasture, range, woodland, or wildlife food and cover.
Class VI	Soils have severe limitations that make them generally unsuited to cultivation and limit their use largely to pasture or range, woodland, or wildlife food and cover.
Class VII	Soils have very severe limitations that make them unsuited to cultivation and that restrict their use largely to grazing, woodland, or wildlife.
Class VIII	Soils and land forms have limitations that preclude their use for commercial plant production and restrict their use to recreation, wildlife, or water supply, or to aesthetic purposes

TY2013 USE-VALUE ESTIMATES

Table 1: Income Approach - Estimated use value of agricultural land in Henrico, Piedmont. (\$ / Acre)

Land Class	Use Value Without Risk ⁴	Use Value With Risk ⁴
I	920	880
II	830	790
III	620	590
IV	490	470
Avg. I – IV	740	710
V	370	350
VI	310	290
VII	180	180
Avg. V – VII	280	270
Avg. I – VII	690	660
VIII	60	60

⁴ N.A. = not applicable

Table 2: Income Approach - Estimated use value of orchards in Henrico, Piedmont. (\$ / Acre)

Land Class	Use Value of Apple Orchard	Use Value of Other Orchard
I	580	630
II	410	460
III	190	250
IV	70	130
V	50	90
VI	50	90
VII	10	40
VIII	60	60

Table 3: Rental Rate Approach⁵ – Cropland and Pastureland values based on NASS capitalized rental rates in Henrico, Piedmont or district value. (\$ / Acre)

Cropland	340 ^{cc}
Irrigated Cropland	---
Pastureland	290 ^{cp}

^{cc} Central District (Cropland)

^{cp} Central District (Pastureland)

⁵ For details see Estimates at <http://usevalue.agecon.vt.edu/>

Estimated Use Values of Agricultural and Horticultural Land in Henrico, Piedmont

Estimates apply to Tax Year 2013



State Land Evaluation and Advisory Council (SLEAC)

Virginia Department of Taxation

For additional information regarding methods and estimation procedures for agricultural and horticulture land use values see <http://usevalue.agecon.vt.edu/>

Contacts

Jason Hughes, Property Tax Unit, Virginia Department of Taxation, Richmond, VA 23218-2460 (804) 367- 8020

Lex Bruce, Project Associate, Department of Agricultural and Applied Economics, Virginia Tech, Blacksburg, VA 24061 (540) 231- 4441

Gordon Groover, Extension Economist, Farm Management, Department of Agricultural and Applied Economics, Virginia Tech, Blacksburg, VA 24061 (540) 231-5850

Use Value Taxation in Virginia¹

Virginia law allows for *eligible* land in agricultural, horticultural, forest, or open space use to be taxed at the value in *use* (use value) of the land as opposed to its *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. 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 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 jurisdiction’s assessment office to *consider* SLEAC estimates when assessing the use value of eligible land. However, the local assessing office is not required to use SLEAC estimates verbatim.

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

¹ Information about Virginia’s Use Value Assessment Program can be found at <http://usevalue.agecon.vt.edu/>

TY2013 Use-value Estimates: Income and Rental Rate Approaches

Tables 1 & 2 list the estimated use values of agricultural and horticultural land using an **income approach**. These estimates are based on 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 Service land capability classifications. Because data on the land class composition of individual parcels is often unavailable, average use values have also been provided.² 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 value of *pastureland*. The average of land in classes I –VII represents the average use value of *all agricultural land*.³

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.*

² Data limitations prohibited the computation of average use values in a few counties and in most independent cities and townships.

³ Note. Class VIII land is not considered suitable for agricultural production and is therefore not included in this average.

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

Table 3 lists the estimated use values of cropland and pastureland using a **rental rate approach**. These use-values are based on capitalized rental rates obtained annually from the USDA National Agricultural Statistical Service (NASS). If there are sufficient numbers of responses to meet the NASS nondisclosure requirements for a jurisdiction then the value is published. However, if there are not enough responses in a jurisdiction to meet non-disclosure requirements, then all the non-disclosed jurisdictions within a crop reporting district are summarized and published as a *Combined Counties (District) value*.

**Virginia
Cooperative Extension**
A partnership of Virginia Tech and Virginia State University www.ext.vt.edu

 **VirginiaTech**
Invent the Future



VIRGINIA STATE UNIVERSITY

Virginia Cooperative Extension programs and employment are open to all, regardless of race, color, national origin, sex, religion, age, disability, political beliefs, sexual orientation, or marital or family status. An equal opportunity/affirmative action employer. Issued in furtherance of Cooperative Extension work, Virginia Polytechnic Institute and State University, Virginia State University, and the U.S. Department of Agriculture cooperating. Mark A. McCann, Director, Virginia Cooperative Extension, Virginia Tech, Blacksburg; Alma C. Hobbs, Administrator, 1890 Extension Program, Virginia State, Petersburg.