FISCAL IMPACTS OF TAXING VIRGINIA'S FOREST AND AGRICULTURAL LANDS ON THE BASIS OF USE

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Virginia has two laws under which owners of agricultural, horticultural, forest, and other open space lands may obtain current-use assessment for property tax purposes. The first is a local-option use-value statute passed in 1971. The second is an agricultural and forestal districting act passed in 1977. A study was made of the extent to which these laws were being used, their impact on local tax receipts, and their effect on the taxes of ineligible and nonparticipating property owners. The findings indicated that 7,998,611 acres were being assessed on the basis of use in 1982. This total consisted of 3,984,100 acres (55 percent) of all qualifying forest lands and 4,014,511 acres (40 percent) of all eligible nonforest lands. The potential revenue loss traceable to the use assessment of these properties was $42,828,333 (6.3 percent) of all the property taxes collected. The proportions of this loss attributable to forest and nonforest lands were 40 and 60 percent, respectively. The taxes shifted from participating to nonparticipating and ineligible property owners totaled $37,488,933 (5.49 percent) of the aggregate property tax burden.