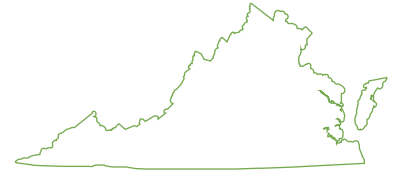


Use-Value Assessment



SARAH KOHRS

Every state has at least one program to mitigate the impact of rising land values from new development on farmland. The most common is Use-Value Assessment. Also known as “differential” or “current use” taxation, Use-Value Assessment programs tax farmland at its present use value for agriculture, not its potential use value for nonfarm development. This reduces the property tax burden on farmland. While these lands generate less revenue than other land uses, they require very little in the way of public services and infrastructure, providing surplus revenues to balance community coffers.

Since 1956, 49 states have adopted Use-Value Assessment programs, each with its own requirements for participation and treatment of issues like farm ownership, size, income, and management. The most effective programs have criteria and independent verification to ensure enrolled land remains in active agricultural production. Most states collect rollback taxes when land changes use, 29 assess withdrawal penalties if the land is disenrolled or no longer farmed, and a handful call for a conversion tax. Some include provisions to restrict the use of the land to agriculture for a specified term, and a few require conservation adoption or compliance.

Virginia Program Description

PURPOSE

The program’s goals are to ensure a reliable supply of agricultural, horticultural, and forest products, while also preserving open spaces.

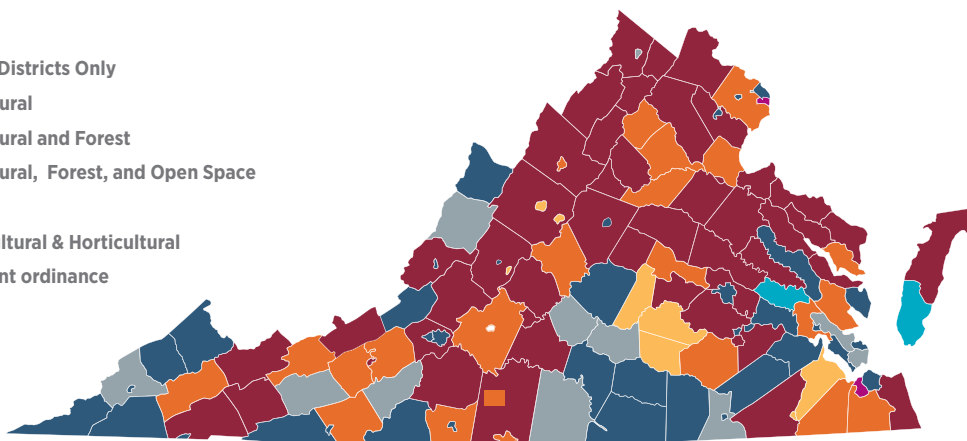
HOW IT WORKS

The [Code of Virginia § 58.1-3230 through § 58.1-3244](#) allows any county, city, or town which has adopted a land-use plan to assess four categories of eligible land at its current use value, including agricultural, horticultural, forestry, and open space. Adopting use-value taxation is voluntary and the locality does not have to adopt all four categories. If a jurisdiction does not have a program, land enrolled in an agricultural or forestal district still may qualify.

Established in 1972, every year Virginia’s [State Land Evaluation Advisory Council \(SLEAC\)](#) provides localities with suggested tax rates for each of these categories. To do so, SLEAC contracts with the Department of Agricultural and Applied Economics at Virginia Tech to develop use-value assessment estimates of land in agricultural and horticultural uses. Once approved, these become the state’s recommended

Tax Year (TY) 2024: Counties and Cities* with Use-Value Assessment Ordinances

- Agricultural & Forestal Districts Only
- Agricultural & Horticultural
- Agricultural & Horticultural and Forest
- Agricultural & Horticultural, Forest, and Open Space
- Open Space
- Open Space and Agricultural & Horticultural
- No use-value assessment ordinance



* Counties/Cities are identified from annual use-value reports and may differ from actual implementation. Contact government officials in each county/city for the current use-value implementation. Not all participating cities are identified on this map.

use-value estimates for commissioners and assessors to use in their programs.

To qualify for the program, land must meet eligibility requirements, including:

- Being devoted to a qualifying use for at least five consecutive years
- Being at least five acres, excluding a one-acre house site
- Being used for hay, grain, crops, or pasture
- If used for pasture, having a minimum number of livestock, such as one head of cattle per five acres, or five swine or sheep per five acres, or 66 turkeys or 100 chickens per five acres

If there is a change in acreage or to a nonqualifying use, land enrolled in a use-value program may be assessed roll-back taxes and penalties.

In 2019, the law was amended to authorize localities to provide by ordinance that the annual increase in the assessed value of eligible property may not exceed a specified dollar amount per acre. In 2022, the General Assembly created the [Forest Sustainability Fund for Local Government](https://law.lis.virginia.gov/vacode/58.1-3242.1/) (<https://law.lis.virginia.gov/vacode/58.1-3242.1/>) to help offset lower or forgone tax revenue. Forgone revenue is the fair market value minus the forest use value times the local tax rate. Proceeds can be used for public education, outdoor recreation, or forest conservation.

As of 2023, 88 of Virginia’s counties and cities had adopted local use-value ordinances to help maintain farm and forestal use. In addition, several localities without these ordinances have authorized [Agricultural and Forestal Districts](#) where enrolled landowners also may qualify for use-value assessment.

CONSIDERATIONS

Local governments typically tax land at its “highest and best use” for commercial or residential development. Use-value assessment ensures farm and forestal lands are taxed at their current use value rather than their speculative value for development. This helps sustain rural economies and reduces the need to sell working lands for development. Since these lands contribute more to the local tax base than they require back in public services (See [Cost of Community Services fact sheet](#)), Virginia’s Use-Value Assessment program provides relief to landowners and helps balance the local tax base.

To Learn More

- [Virginia Land Use Value Assessment Program](#)
- [American Farmland Trust: “Differential Assessment and Circuit Breaker Tax Programs”](#)