Applicable Demographics of Fauquier County

- Total of 641 square miles in size
- There are 416,640 acres of land in Fauquier County
- 6,000 +/- acres of land in the service districts is in land-use (120 parcels)
How does the Land Use Program Effect State Funding for Schools

• Funding formula focuses on property value and does not take into account land use value

• There is negative impact for land use programs with deferred assessments

• Statutory value is used for assessment of properties in Conservation Easement so participation in this program does not have as great an effect
“Land Use Taxation”
Special Assessment for Land Preservation §§ 58.1-3229 et seq.

• Four classes of real estate: (i) agricultural, (ii) horticultural, (iii) forest; and (iv) open space
• Board has option to adopt any, all, or none of these four classes
• The local assessing officer must determine that real estate devoted solely to:
  • agricultural or horticultural use consists of a minimum of five acres,
  • forest use consists of a minimum of twenty acres, and
  • open-space contains a minimum of twenty-five acres (Fauquier County Code § 8-11(b))
• To receive special assessment for open-space, the property must also be:
  • within an agricultural and forestal district (§ 15.2-4300 et seq.), or
  • subject to a recorded perpetual easement that is held by a public body, and promotes the open-space use classification (defined in § 58.1-3230), or
  • subject to a recorded commitment entered into by the landowners with the local governing body.
• Roll-back taxes apply upon termination or withdrawal, for last 5 years
• Taxes are deferred
Agricultural and Forestal District Act
§§ 15.2-4300 et seq.

• Core must be a minimum of 200 acres in one or contiguous parcels

• Board may restrict development to a more intensive use or to certain more intensive uses, other than uses resulting in more intensive agricultural or forestal production, during the period which the parcel remains within the district

• County is not required to establish these districts
  • However, regardless of whether the County has adopted other land-use special assessments, land within the district automatically qualifies for “land use taxation” if used for agricultural or forestal production.

• For land to qualify in a forestal district, a commitment agreement must be signed or a plan prepared by a professional forester must be submitted

• For land to qualify in an agricultural district, copies of tax returns, gross sales receipts of more than $1,000 annually, evidence of participating in a federal farm program, or a professionally prepared Conservation Farm Management Plan must be submitted

• The Fauquier County Board of Supervisors has set the review period for each district of every eight years (Code of Virginia requires review every 4-10 years)
Agricultural and Forestal District Act
§§ 15.2-4300 et seq.

- Subject to roll-back taxes upon withdrawal (5 years of taxes)
- Roll-back does not apply if parcel withdraws at end of term
- Except for residential lot of < ½ acre, cannot impose special tax district assessments or levies for sewer, water, electricity or nonfarm/nonforest drainage on land for primarily agricultural or forestal production within any district (§ 15.2-4312(D))
- Development is curtailed for the limited period of time of the district
- Taxes are deferred
Agricultural & Forestal Districts

• Approx 48% of acreage in A&F are in other Easements in the County

• County has 2\textsuperscript{nd} most acreage in A&F Districts in Commonwealth

Cores are solid – additions are hatched
Northern A&F Districts

Cobbler Mountain: 32 Parcels; 2,673 ac - Expires 6/30/2022
Fiery Run: 44 Parcels; 3,709 ac Expires 6/30/2023
Middleburg/Marshall: 133 Parcels; 12,286 ac - Expires 6/30/2022
Paris Valley: 3 Parcels; 354 ac Expires 6/30/2022
The Plains: 114 Parcels; 11,501 ac - Expires 6/30/2020
Thumb Run: 10 Parcels; 477 ac Expires 6/30/2023
Trumbo Hollow: 3 Parcels; 210 ac Expires 6/30/2023
Upperville: 81 Parcels; 7,882 ac Expires 6/30/2019

Cores are solid – additions are hatched
Central A&F Districts

Marshall/Warrenton: 156 Parcels; 11,900 ac - Expires 6/30/2020

Orlean/Hume: 91 Parcels; 6,583 ac - Expires 6/30/2020

Routts Hill: 12 Parcels; 746 ac - Expires 6/30/2023

Springs Valley: 61 Parcels; 4,365 ac - Expires 6/30/2019

Cores are solid – additions are hatched
Southern A&F District

One District =

Southern Fauquier:
218 Parcels
15,985 ac
Expires 6/30/2022

Core is solid – additions are hatched
Local Agricultural and Forestal District Act
§ 15.2-4400 et seq.

- This chapter **does not have statewide application**
  - Only applies to Albemarle, Arlington, Augusta, Goochland, James City, Loudoun and Rockingham Counties

- Minimum acreage for an agricultural or forestal district may be set by the Board in the ordinance but must not be less than 20 acres

- Compared to Statewide act, this Local act allows for more restrictive regulation by the governing body, does not preempt the comprehensive plan or zoning and subdivision ordinances, allows for more flexibility in determining minimum acreage requirements and enacting additional mutually agreed upon terms or restrictions, and provides for an additional deterrent from withdrawal from the district by the imposition of a severe penalty in addition to roll-back taxes

- Taxes are deferred
The Virginia Conservation Easement Act
§§ 10.1-1009 et seq.

- Public entities or charitable organizations (organized under USC § 501(c)(3)) may accept perpetual conservation easements on land
- Regardless of whether the County has adopted other land-use special assessments, land with a conservation easement automatically qualifies for “land use taxation”
- Mandatory under the Code and the Board has no authority or control
- No roll-back taxes – but difficult to remove/withdraw
- Statutory value used for assessment purposes and taxes are not deferred
## Land Use Taxation in Fauquier County

<table>
<thead>
<tr>
<th>Class</th>
<th>1998 # of acres</th>
<th>2018 # of acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural &amp; Horticultural</td>
<td>136,449.82 ac</td>
<td>71,609.19 ac</td>
</tr>
<tr>
<td>Forestal</td>
<td>95,870.31</td>
<td>65,538.20</td>
</tr>
<tr>
<td>Open Space</td>
<td>20,273.19</td>
<td>53,537.09</td>
</tr>
<tr>
<td>Less Non-qualifying*</td>
<td>-6,214.00</td>
<td>-4,813.21</td>
</tr>
<tr>
<td>Total acreage</td>
<td>252,807.32</td>
<td>190,684.48</td>
</tr>
<tr>
<td>Total # of parcels</td>
<td>3,957</td>
<td>3,768</td>
</tr>
<tr>
<td>Total deferred real estate assessment</td>
<td>$802,222,400</td>
<td>$1,386,972,600</td>
</tr>
</tbody>
</table>

* i.e., one-acre homesite that does not qualify for land use taxation
## Land Use Taxation in Fauquier County

### Class 2018 # of acres

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</table>

### Open Space Breakdown # acres

<table>
<thead>
<tr>
<th>Open Space Breakdown</th>
<th># acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural &amp; Forestal</td>
<td>38,000</td>
</tr>
<tr>
<td>Agricultural</td>
<td>21,000 ac</td>
</tr>
<tr>
<td>Forestal</td>
<td>16,000 ac</td>
</tr>
<tr>
<td>Non-common Open Space</td>
<td>13,000</td>
</tr>
<tr>
<td>Commitments</td>
<td>2,660</td>
</tr>
</tbody>
</table>

* i.e., one-acre homesite that does not qualify for land use taxation
# Land Use Taxation Including Conservation Easements

<table>
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</tr>
<tr>
<td>Less Non-qualifying</td>
<td>- 6,214.00</td>
<td>- 4,813.21</td>
</tr>
<tr>
<td>Conservation Easements</td>
<td>31,000*</td>
<td>96,311.40</td>
</tr>
<tr>
<td><strong>Total acreage</strong></td>
<td>277,379.32</td>
<td>282,182.87**</td>
</tr>
</tbody>
</table>

* Estimate from the 1992 Comp Plan

** More than ½ of the Fauquier's total acreage is in one of the above programs
Conservation Easements – 1990’s and today
Land in Easement and Ag & Forestal Districts

Federal & State Parks also shown

Not included:
Lands owned in fee by public entity (VOF, etc.)
Federally owned lands (Quantico, etc.)
Locally owned lands (County & Town parks)
Other land granted tax exempt status by BOS
Relative Change in **Deferral** of Tax and Value – Land Use Only

<table>
<thead>
<tr>
<th>Tax Comparison</th>
<th>FY1999</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total FMV Tax</td>
<td>$47,326,653.16</td>
<td>$130,825,581.10</td>
</tr>
<tr>
<td>Total Deferred Tax</td>
<td>$8,503,557.44</td>
<td>$13,620,070.93</td>
</tr>
<tr>
<td>Percent Deferred</td>
<td>17.97%</td>
<td>10.41%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Value Comparison</th>
<th>FY1999</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total FMV Land</td>
<td>$2,233,826,600</td>
<td>$6,108,347,400</td>
</tr>
<tr>
<td>Total Deferred Value</td>
<td>$802,222,600</td>
<td>$1,386,972,600</td>
</tr>
<tr>
<td>Percent Deferred</td>
<td>35.91%</td>
<td>22.71%</td>
</tr>
</tbody>
</table>
Effect on Taxes if Forest Category of “Land Use” & Ag & Forestal Districts Are Revoked

Assumptions and disclaimers:

• Assumes that parcels go to full value and are not qualified in another category or do not give a conservation easement

• Figures are estimates only and may vary widely from actual amounts as averages were used - Actual amounts vary based on soil types

• Average Land Use rate per acre for forestry land is $260 per acre

• The average fair market value for forestry is $6,600 per acre

• Total number of acres for the forestry category is 65,538 acres

• The average deferred value per acre is $6,340 or total deferred $415,510,920

• Average taxes deferred per year in forestry category is approximately $4,082,783
Options

• No change

• Consider modifying and/or eliminating some programs

• Seek legislative changes
  • Local Agricultural and Forestal District Authority
  • Not allow land-use for non-RA/RC zoned properties
  • Not allow land-use for service districts (approx 120 parcels or 6,000 acres of property in services districts is in land-use)

• BOS policy changes with regard to accepting/modifying Ag & Forestal Districts
Land Use Taxation

Questions – Further Discussion