CITIZEN'S UNIVERSITY: CITY ASSESSOR

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WHAT TO ASSESS, WHY, HOW

- The Code of Virginia gives localities the authority to collect taxes on real estate

  Title 58.1 - Taxation: Section 58.1-3200.
  Real estate subject to local taxation; taxable real estate defined; leaseholds
  All taxable real estate, having been segregated for and made subject to local taxation only by Article X, Section 4 of the Constitution of Virginia, shall be assessed for local taxation in accordance with the provisions of this chapter and other provisions of law. For purposes of the assessment of real estate for taxation, the term "taxable real estate" shall include a leasehold interest in every case in which the land or improvements, or both, as the case may be, are exempt from assessment for taxation to the owner. The provisions of this chapter relating to the assessment of real estate shall not apply to property required by law to be assessed by the State Corporation Commission or the Department of Taxation.

- Real estate tax revenue makes up 45% of the City budget
- Virginia Code requires assessments to be given at Fair Market Value (58.1-3280) and GAAP.

GLOSSARY OF TERMS

- **Fair Market Value** - The most probable sale price of a property in terms of cash in a competitive and open market, assuming that the buyer and seller are acting prudently and knowledgeable, allowing sufficient time for the sales, and assuming that the transaction is not affected by undue pressures.
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  Mass Appraisal - The process of valuing a group of properties as of a given date, using standard methods, and allowing for statistical testing.(January 1, House grades, mean, median, COD, COV, PRD, State ratio studies) Hybrid method. CAMA systems.
- **Highest and Best Use-A use which is physically possible, legally permissible and financially feasible that is maximally profitable.**

FREQUENTLY ASKED QUESTION

- **What is Staunton's process for assessing property?**
- Staunton Process; January 1 Effective date (mailed end of January), 30 days for Administrative appeal. 30 Days to BOE. Circuit court.
- **What methods does the City of Staunton use to assess property?**
- **Cost Approaches**: Land + (Buildings new-depreciation) = total value. (replacement, reproduction, Index, L/V, L/Bld., market) Best uses: New buildings, specialty buildings.
- **Sales Comparison/Market**: Uses a previous sale as a comparison benchmark to the value of another property.
- **Income approach**: estimates the current market value based on anticipated income stream capitalized. Direct capitalization: I=R X V or V=I/R. Best Use income producing property. (I&E statements)

SPECIAL ASSESSMENTS

- **58.1-3203. Taxation of certain leasehold interests**

All leasehold interests in real property which is exempt from assessment for taxation from the owner shall be assessed for local taxation to the lessee. If the remaining term of the lease is fifty years or more, or the lease permits the lessee to acquire the real property for a nominal sum at the completion of the term, such leasehold interest shall be assessed as if the lessee were the owner. Otherwise, such assessment shall be reduced two percent for each year that the remainder of such term is less than fifty years; however, no such assessment shall be reduced more than eighty-five percent. If the lessee has a right to renew without the consent of the lessor, the term of such lease shall be the sum of the original lease term plus all such renewal terms.

- **58.1-3220. Partial exemption for certain rehabilitated, renovated or replacement residential structures**

- **58.1-3231. Authority of counties, cities and towns to adopt ordinances; general reassessment following adoption of ordinance**

§ 58.1-3606. Property exempt from taxation by classification

A. Pursuant to the authority granted in Article X, Section 6 (a)(6) of the Constitution of Virginia to exempt property from taxation by classification, the following classes of real and personal property shall be exempt from taxation:

1. Property owned directly or indirectly by the Commonwealth, or any political subdivision thereof.

2. Real property and personal property owned by churches or religious bodies, including (i) an incorporated church or religious body and (ii) a corporation mentioned in § 57-16.1, and exclusively occupied or used for religious worship or for the residence of the minister of any church or religious body, and such additional adjacent land reasonably necessary for the convenient use of any such property. Real property exclusively used for religious worship shall also include the following: (a) property used for outdoor worship activities; (b) property used for ancillary and accessory purposes as allowed under the local zoning ordinance, the dominant purpose of which is to support or augment the principal religious worship use; and (c) property used as required by federal, state, or local law.

§ 58.1-3606. Property exempt from taxation by classification Continued

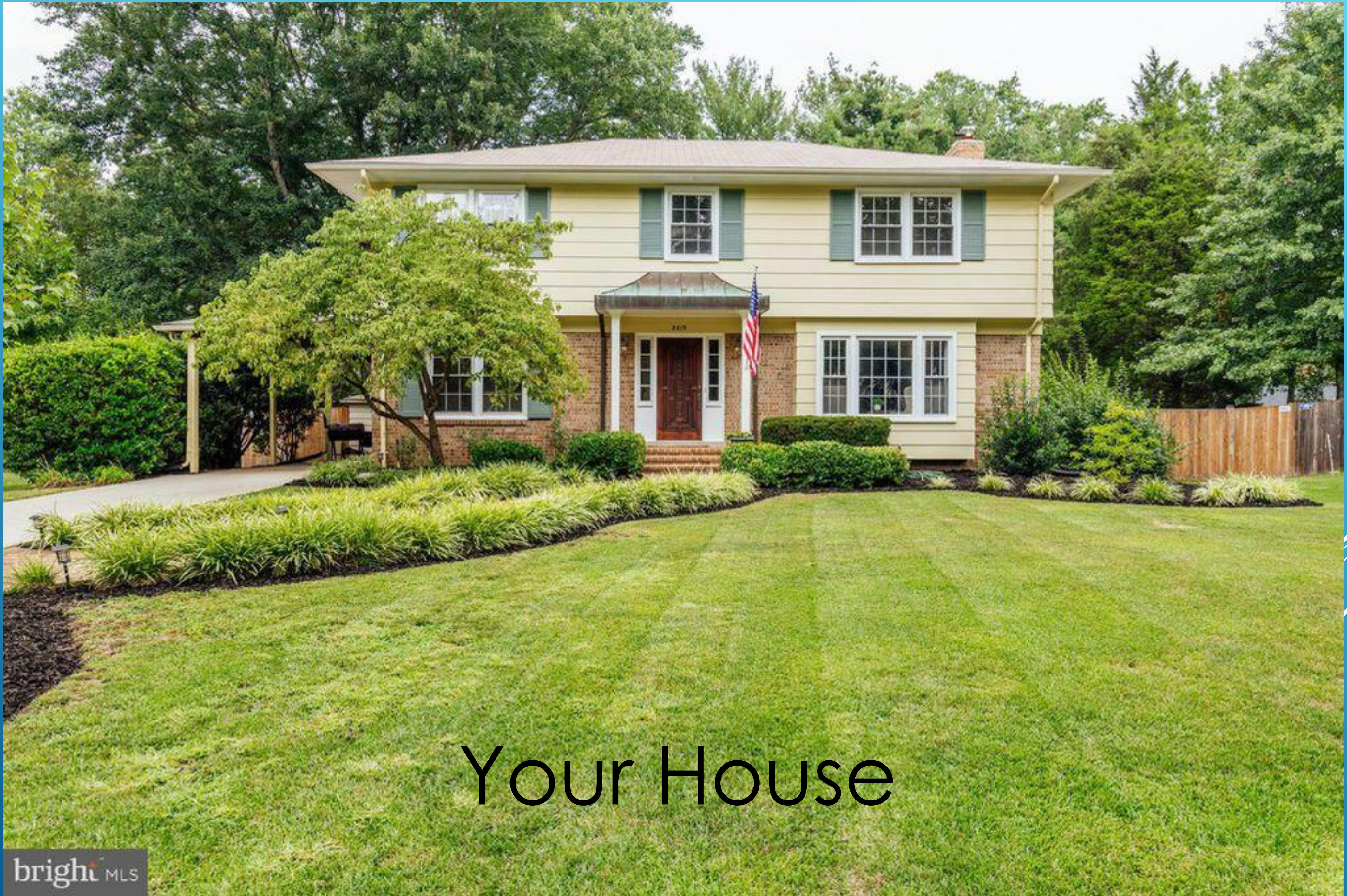
3. Nonprofit private or public burying grounds or cemeteries.

4. Property owned by public libraries, law libraries of local bar associations when the same are used or available for use by a state court or courts or the judge or judges thereof, medical libraries of local medical associations when the same are used or available for use by state health officials, incorporated colleges or other institutions of learning not conducted for profit. This paragraph shall apply only to property primarily used for literary, scientific or educational purposes or purposes incidental thereto and shall not apply to industrial schools which sell their products to other than their own employees or students

58.1203. Taxation of certain leasehold interests; concessions

All leasehold interests in real property which is exempt from assessment for taxation from the owner shall be assessed for local taxation to the lessee. If the remaining term of the lease is fifty years or more, or the lease permits the lessee to acquire the real property for a nominal sum at the completion of the term, such leasehold interest shall be assessed as if the lessee were the owner. Otherwise, such assessment shall be reduced two percent for each year that the remainder of such term is less than fifty years; however, no such assessment shall be reduced more than eighty-five percent. If the lessee has a right to renew without the consent of the lessor, the term of such lease shall be the sum of the original lease term plus all such renewal terms.

When any real property is exempt from taxation under Section 6 (a)(1) or (2) or by designation under Section 6 (a)(6) of Article X of the Constitution of Virginia, the leasehold interest in such property may also be exempt from taxation, provided that the property is leased to a lessee that is exempt from taxation pursuant to § 501(c) of the Internal Revenue Code or to a lessee that is entitled to or has received federal rehabilitation tax credits relating



Your House

Your house when the assessor comes to see it.

Your house when the state comes to buy it for the new highway.