

NETWORK



THE QUARTERLY NEWSLETTER OF VIRGINIA'S ASSESSMENT PROFESSIONALS

*Featured
Jurisdiction:*



JAMES CITY COUNTY

by Brian Gordineer, Deputy Director

James City County was first inhabited by the Pasbehay and Chickahominy Indians. In 1607 Jamestown (or James Citie), named for King James of England, became the first permanent English settlement in North America. In 1619 the area of present-day James City County, Surry County and part of Charles City County was established as "The Corporation of James City County", one of four that comprised the Virginia colony. James City County was formed in 1634 as one of Virginia's first eight counties. Jamestown served as the capital of Virginia until 1699 when Williamsburg was developed at the James City and York county line.



Williamsburg/James City County Courthouse

The early history of our nation is presented at museums and parks located in James City County. These include the National Park Services' Jamestown Island and Colonial Parkway, the Commonwealth's Jamestown Settlement, and Colonial Williamsburg's Carter's Grove Plantation. Recreational opportunities may be enjoyed at York River State Park and several County parks, as well as at eleven golf courses.

Spring 2002

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Today James City County contains 175.7 square miles (144.1 land / 31.6 water) situated between the James and York Rivers, approximately half-way between Richmond and Norfolk. The population of 48,023 represents a 37 percent increase from 1990. On July 1, 2001 there existed 24,915 parcels with a total assessed value of over 5 billion dollars. Commercial properties represent 3.6 percent of the parcels and account for 20.2 percent of the total assessed value.



Busch Gardens - Theme Park

(Continued on Page 4)

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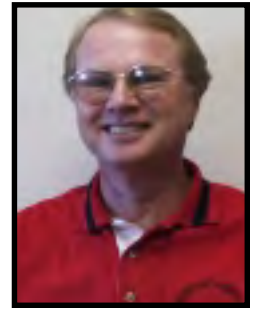
Arlington County

NETWORK is published quarterly by the Virginia Association of Assessing Officers, a non-profit organization dedicated to improving assessment standards and practices in the Commonwealth of Virginia.

NETWORK is looking for interesting articles and news for future publication. Articles and photos, if not original, should contain the source and written permission allowing published use.

**Summer 2002 Issue
Publication Deadline
July 15, 2002**

A Message from VAAO President, Bruce Woodzell



Thank goodness its Spring! The dogwoods and azaleas have bloomed, the grass is turning green, and the temperature is rising. What a wonderful time of year!

The arrival of Spring also means that old man Summer is not very far away, and Summer is a busy time for the members of VAAO .The Advanced Assessor's School will take place in Williamsburg from June 9th to June 14th. I am pleased to announce that the VAAO Board budgeted enough funds to award three Elgin 'Pistol' McMillian scholarships to this year's school. The scholarships will cover the tuition, course materials, dormitory housing, and meals, and the three candidates will be selected and contacted soon. The VAAO summer seminar, July 10th -12th, is now just a couple months away. Time flies. Look for the registration packets to be arriving at your offices in the next few weeks. Elizabeth Craft and the Education committee have worked diligently and tirelessly to make this Seminar an educational experience you won't want to miss. From the Keynote Speaker on Wednesday, to the closing panel discussion on Friday, I guarantee you'll find this year's seminar very worthwhile. Janice Hudgins and the Arrangements committee are also in the process of planning the Fall Conference in Williamsburg, which will take place September 18th-20th. A whole lot of hard work and effort goes into planning and arranging these events, so hopefully there's enough money in your budget to attend all of these excellent education opportunities.

Sometimes you just have to take a stand. With that notion in mind, I would like to inform the membership that the VAAO board voted unanimously to approve filing an Amicus brief with the Virginia Supreme Court, re: City of Richmond vs. Richmond Memorial Hospital. The VAAO seeks to assist the Supreme Court by explaining the current prevailing assessment practices and procedures of Assessing Officers in the Commonwealth, particularly those practices related to determination of whether or not a taxpayer is entitled to tax exemption. The Circuit Court effectively ruled that Assessors should use GAAP (Generally Accepted Accounting Principles)(are we Accountants now?) for determining when a tax exemption exists, even though no such criteria has ever been imposed by the General Assembly or through case law interpreting Code of Virginia Title 58.1-3603. Participation by the VAAO in this action was desirable because we are uniquely situated to assist the Court in understanding the effect that the Circuit Court's decision will have on us as Assessing Officers, and the exemption process, if the Circuit Court is not reversed by the Supreme Court. The Case may be heard as early as this Fall. Stay tuned.

I hope this message finds each of you happy, and in good health, and I look forward to see you soon. Now get back to work.

All the best,
Bruce

TAX APPEAL INDUSTRIAL PROPERTY

by Julio DelCorso, III CAE

The New Image Furniture Company is appealing the assessment of its furniture factory. The property is located on 100 acres and contains a total of 1,100,000 square feet of furniture manufacturing space. The Harmony County Assessor's Office has assessed the 1,100,000 square feet at a depreciated value of \$15.75 per square foot. The assessed value of the improvements is \$17,325,000. The highest and best use of the New Image Furniture Company property according to the Assessor's Office is as a furniture manufacturing facility.

John Esquire, real estate appraiser, has appraised the improvements at a depreciated square foot rate of \$5.25. Mr. Esquire found buildings with the approximate same age as the subject that were constructed as furniture manufacturing facilities to determine the depreciated square foot value of a furniture factory.

| | <u>USE AFTER SALE</u> | <u>SP</u> | <u>SQ FT</u> | <u>DEPR SQ</u> |
|-----------|-----------------------|-------------|--------------|----------------|
| FT | | | | |
| COMP A | Storage Facility | \$7,600,000 | 1,200,000 | \$6.33 |
| COMP B | Flex office Space | \$6,250,000 | 1,150,000 | \$5.43 |
| COMP C | Demolish-New Bldg | \$5,500,000 | 1,050,000 | \$5.24 |
| COMP D | Remodel into Office | \$5,750,000 | 1,100,000 | \$5.23 |
| COMP E | Convert to Apartments | \$5,850,000 | 1,125,000 | \$5.20 |



If you were the Harmony County Assessor, are you convinced by Mr. Esquire's appraisal to change the assessment? Give reasons. (SEE ANSWER ON PAGE 12)

New York City Assessors Arrested

Sixteen New York City assessors have been accused of participating in a 35-year plot to reduce assessments on 500 commercial properties in exchange for at least \$10 million worth of bribes and expensive meals. It is estimated that since 1997, the city has lost \$160 million in revenue as a result of the tax scam. Two former assessors were also implicated as alleged bribe payers and charged with racketeering, bribery and fraud.

The plot involved more than 500 properties worth a total value of \$8 Billion. The assessors are charged with under-assessing these expensive commercial buildings in exchange for the bribes. Almost half of the Manhattan Assessor's Office current staff has been implicated. Those charged in the scheme with racketeering could receive 20 years in prison and substantial fines. "Operation Knockdown", code name of the investigation, is continuing and may result in further indictments.

Properties involve in the bribery scheme could possibly be reassessed and a "broad review" of other properties may also be done, according to a spokesman for the city Department of Investigation. Well-known Manhattan buildings, such as United Nations Plaza and the Le Parker Meridian Hotel, were some of the properties that received reduced assessments.

Twenty percent of the city's budget comes from real estate taxes and the loss of revenue from the plot, no doubt, robbed the citizens of new schools, public services and infrastructure improvements. No less costly, is the tarnished image of tax officials and the resulting reduction in confidence the taxpayer has in a process that is suppose to be fair and equitable.

It is doubtful that the scheme could have continued for 35-years without the cooperation of a significant number of employees in the Manhattan Assessor's Office. This demonstrates the need for checks and balances in government. It also shows how dependent the tax system can be on the honesty and integrity of public employees.

Source: Associated Press release and Internet search of various newspaper articles.

James City County (Continued from page 1)

Anheuser-Busch is the largest and most visible property owner with real estate holdings that include the Brewery, Busch Gardens and Kingsmill Resort, as well as several small undeveloped parcels in Kingsmill and the Busch Corporate Center. Other major business residents include Walmart, John Deere, Solorex, Ball Metal, Owens Corning and Prime Outlets. Many of the business residents are located in the James River Commerce Park (James City County & Colonial Williamsburg Foundation), Stonehouse Commerce Park (James City County IDA) and the state enterprise zone in the Grove area. Thoughtful planning and well-managed development have contributed to the attractiveness of James City County to residents, tourists and business. Scenic qualities and natural resources are being protected with a variety of programs that include Land Use Assessments (administered by the Commissioner of Revenue),



Single-Family Residence, The Landing - Kingsmill. In James City County, large homes and smaller ones alike, often incorporate colonial and traditional design.

Purchase of Development Rights (administered by Development Management), easement acquisitions and fee-simple acquisitions.



Townhouses, Quarterpath Trace - Kingsmill.

In 2001 there were 893 permits for single-family homes in James City County. New construction represents 69 percent of the residential market. The average price of a new single-family detached dwelling was \$235,830 for 2001, while the average sale price of an existing single-family detached dwelling was \$207,059. Major subdivisions and planned unit developments include Kingsmill, Ford's Colony, Governor's Land, Stonehouse and Greensprings.

During the past several years significant commercial development has occurred along Monticello Avenue in the area of the new Williamsburg-James City County Courthouse: This area is home to many businesses new to the Williamsburg area, such as Target, TJ Maxx, Starbucks and Ukrops. Approved projects now proceeding through the early stages of development include a power plant, New Town (Staubach Group), Windsor Meade (United Methodist Homes), and a retirement community by US Homes.



Condominiums, River Bluffs - Kingsmill. Completed this year, these luxury condominiums overlook the James River.



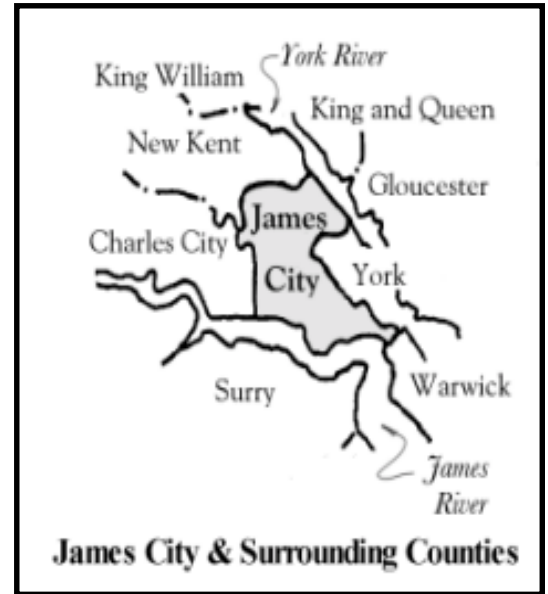
**Anheuser Busch Brewery.
Began Production in 1971.**

| | |
|------------------------|---|
| Director | Richard Sebastian |
| Deputy Director | Brian Gordineer |
| Senior Appraisers | Karen Adamo & Mark Williamson |
| Appraiser | Jon Fountain |
| GIS Analysts | Kim Hazelwood & Patrick Cherry |
| Information Specialist | Melinda Sikora |
| Technicians | Janice Schaeffer, JoAnna Dofflemeyer & Jana Hicks |

The formation of the Real Estate Assessments Division in James City County was enabled with the passage of 58.1-3274 in 1974. This addition to the code enabled James City and Accomack counties to establish their own Real Estate Assessment departments. These departments are responsible for providing annual or biennial assessments to their Commissioners of Revenue. James City has performed annual assessments since the creation of the department. James City County was also extended the unique ability to create a joint real estate assessment department, that would produce annual reassessments, with a contiguous jurisdiction: The County has never exercised this option.

In the organizational structure of James City County, Real Estate Assessments falls under the Department of Financial and Management Services. Today the office has a staff of eleven, including the Director, Deputy Director, two Senior Appraisers, one Appraiser, two GIS Analysts, Information Specialist, and three Technicians.

Under the direction of the current director, Richard Sebastian, the Real Estate Assessment Division has implemented the Proval Cama system, the county-wide GIS system and a Real Property Information website (<http://www.regis.state.va.us/jcc/public/index.htm>). The office also offers a career ladder that provides incentive for state licensing and advanced education. Offices are currently located in Building B at the Government Center, although next year the Real Estate Assessment Division will be moving to an enlarged space at a new building in the Government Center.



**UNDERGROUND GASOLINE TANKS:
REAL OR PERSONAL PROPERTY**

by Julio DelCorso, III CAE

There is a three part test, based on the Common Law of Fixtures, used to determine whether an item is real or personal property. These tests will be used in this discussion to ascertain whether an underground gasoline tank, which is used to supply gasoline for sale, is real or personal property.

First Test: The degree of permanency with which the chattels are annexed to the realty. Generally an item is considered personal property if it can be removed without serious injury to the property. An underground storage tank is under the surface and it is covered with asphalt or concrete. It meets the first test of permanency.

Second Test: The adaptation of the chattels to the use or purpose to which the realty is devoted. Items that are specifically constructed for use in a particular building or installed to carry out the purpose for which the building (in this case a service station) was erected are generally considered permanent parts of a building.

Third Test: The intention of the owner of the chattels to make them (underground tanks) a permanent part of the service station operation. The owner cannot operate unless he has tanks to hold the gasoline.

In summary it is my opinion that the underground storage tanks operated in conjunction with a station dispensing gasoline are real property.

COUNSELOR'S CORNER

by

JAN L. PROCTOR
Deputy City Attorney

2002 LEGISLATION



As you are probably well aware by now, the 2002 Session of the General Assembly enacted several bills pertaining to assessments and taxation. Although many of these bills are merely clarifying in nature or designed to affect only certain localities, an overview of these bills will help define not only the current status of local taxation authority but will also help track legislative trends.

REAL ESTATE ASSESSMENTS:

***House Bill 36** - This bill provides for a voters referendum on a proposed amendment to Section 6 of Article X of the Virginia Constitution. If approved, the constitutional amendment will allow local governing bodies to designate tax-exempt property used for religious, charitable, patriotic, historical, benevolent, cultural or public park and playground purposes. Currently, the General Assembly grants tax exemptions by designation after adoption of a local resolution.

***House Bill 911/Senate Bill 119** - These identical bills give localities greater flexibility in adopting ordinances affording partial tax exemptions to certain replacement residential structures. Under current law, the partial exemption cannot be given to replacement structures that exceed the square footage of the replaced structure by more than thirty percent. These bills eliminate the cap on square footage and authorize localities to adopt their own square footage criteria, if any.

***House Bill 192/Senate Bill 18** - These identical bills eliminate the square footage restriction on replacement commercial or industrial structures that would otherwise qualify for a partial tax exemption under local ordinances. Current law prohibits replacement structures from exceeding the square footage of the replaced structure by more than 110 percent in designated enterprise zones or by more than 100 percent in all other areas. These bills eliminate the mandate for square footage limitations.

***Senate Bill 343** - This bill authorizes localities to adopt a "local enterprise zone development taxation program" for technology zones. This type of taxation program, as described in Virginia Code § 58.1-3245.8, allows for the allocation of a certain percentage of real estate tax and machinery and tools tax to a zone development fund. Such funds can be used to enhance government services or to make grants for specified economic development purposes.

***House Bill 208** - This bill relaxes the criteria for local ordinances providing tax relief to the elderly and disabled by allowing the deduction of up to \$8,500.00 of income of each relative living in the home, other than the spouse of the owner, from the total combined income calculation. The maximum deduction under current law is \$6,500.00 per relative.

***House Bill 853/Senate Bill 544** - These identical bills allow certain described localities to increase the amount of acreage that may be excluded from the calculation of combined financial worth in qualifying for a local tax relief program for the elderly and disabled. Currently, only one acre of property surrounding the home may be excluded. These bills would allow affected localities to authorize a deduction for up to twenty-five acres of non-income producing lands.

***Senate Bill 275** - This bill allows localities to levy tax on property located in a tax service district based on the full assessed value of the real estate, even if qualifying for special land use assessment, subject to the written consent of the property owner.

***Senate Bill 685** - This bill authorizes certain described localities to reduce the minimum amount of open space that may qualify for a special land use assessment to one quarter of an acre. In addition, all localities may reduce the required open space acreage to one quarter of an acre for real estate adjacent to a scenic river, a scenic highway, a Virginia Byway or public property in the Virginia Outdoors Plan.

***House Bill 239** - This bill, which applies only to the City of Fairfax, allows the adoption of different rates of taxation on land and improvements. Tax rates for improvements cannot be zero; nor can they exceed the rate of tax for the land. The bill does not become effective until July 1, 2003, and will provide an avenue for innovative taxation of real estate.

***Senate Bill 259** - This bill narrows the definition of “electric supplier” to exclude persons owning or operating facilities with a designed generation capacity of twenty-five megawatts or less. Under former law, this exclusion applied only to solar, wind and hydroelectric facilities. Under the expanded exclusion, which is effective immediately, those facilities that do not fall under the definition of “electric supplier” will not have their property taxed by the State Corporation Commission but rather by the local assessing officer.

PERSONAL PROPERTY ASSESSMENTS:

***House Bill 181** - This bill adds privately-owned horse trailers to the list of personal property that may be subject to a different rate of taxation.

***Senate Bill 209** - This bill adds certain biotechnical equipment to the list of personal property that may be subject to a different rate of taxation. Excluded is equipment used for research and development in human cloning and human embryo stem cells.

***House Bill 1160** - This bill allows localities to choose whether to refund or credit taxes paid on a motor vehicle, trailer, semi-trailer, or boat subject to proration of taxes. Under current law, the option lies with the taxpayer.

BUSINESS LICENSE ASSESSMENTS:

***House Bill 317** - This bill expands the circumstances and time in which appeals to business license tax assessments may be filed with the local assessing official and the Tax Commissioner. Under current law, appeals are limited to taxes assessed as a result of an audit and are to be filed within ninety days of the decision appealed from. Under the amendment, almost any type of business license assessment constitutes an “appealable event.” Appeals may be filed with the assessing official within one year from the last day of the tax year for which the assessment is made or within one year from the date of the appealable event, whichever is later. Appeals to the Tax Commissioner must still be filed within ninety days of the assessing official’s decision. These provisions apply to all appeals filed on or after July 1, 2002.

In addition, this bill provides that any taxpayer whose application for correction has been pending with the local assessing official without a final determination within two years may elect to treat the application as denied and appeal the denial to the Tax Commissioner. This provision applies to all applications pending or filed on or after July 1, 2002. The Tax Commissioner will not hear appeals where the absence of the final determination is due to the willful failure or refusal of the taxpayer to provide information requested and reasonably needed by the assessing official to make a final determination.

***House Bill 303** - This bill exempts from business license taxation assessments paid by condominium unit owners to an association for common expenses. Common expenses include fees for the maintenance of common areas and the establishment of reserves.

***House Bill 503** - this bill allows real estate brokers to exclude from their business license gross receipts commissions paid to agents who have paid tax on such commissions. The bill also allows the broker to exclude desk fees and other overhead costs paid by the agent to the broker. If the agent files separately, the agent must identify the broker to whom the receipts were paid and the amounts that were included in the broker’s license.

(Continued on page 10)

VAAO BOARD MEETING
MARRIOTT HOTEL, WILLIAMSBURG, VA
APRIL 19, 2002

Call to order by Bruce Woodzell at 10:07 a.m.

In Attendance voting members:

| | | | |
|---------------------------------|----------------------|-----------|------------------------------|
| President: | Bruce Woodzell | Director: | June Hosaflook, COR - Absent |
| President Elect: | Jerald Banagan, ASA | Director: | Susan Lower, SRA - Absent |
| 1 st Vice President: | Sam Davis, CAE | Director: | David Sanford, CAE |
| 2 nd Vice President: | Larry Thurston, ASA | Director: | Roosevelt Barbour, RES |
| Secretary: | Janet Coldsmith, CAE | Director: | Ron McKissock |
| Treasurer: | Joseph Street, SRA | Director: | Larry Mackereth, CAE |

President Woodzell welcomed everyone to the meeting.

Invocation: Brian Bergen, MAI, SRA

Pledge of Allegiance: Butch Eason, Sgt. At Arms

Treasurers Report: Joseph Street, SRA

Treasurer's report for the period December 1, 2001 to April 19, 2002 showing income of 16,945.72 and expenses of \$2,599.66 for a total balance of 70,048.10. Mr. Street stated that dues accounts for most of increase in the accounts. A motion was made and seconded to approve the treasurer's report. All ayes.

Committee Reports:

Reporting to the President Elect: Jerald Banagan, ASA

Education Committee: Elizabeth Craft

The committee discussed the proposed budget for seminar. Lower attendance by 65 to 70 is anticipated due to budgeting constraints. Plans are for Skip Wilkins to be the Motivational Speaker. Brian Bergen noted that attendance was down at the state sponsored school from 220 to 170.

Audit & Finance: George Braham, Jr.

The books from 2001 arrangements committee will be audited and signed within the next 2 weeks.

Annual Meeting: Janice Hudgins

The Arrangements have been made for the conference in Williamsburg.

Reporting to the First Vice President: Sam Davis, CAE

Arrangements: Janice Hudgins

Lower attendance is anticipated at conference, but attendance is good in Williamsburg. Need motivational speakers for Wednesday. Friday will be casino night in lieu of entertainment. Reception will be held Wednesday night.

For Williamsburg Meeting several of the vendors indicated that they would want to pay for time to demonstrate their product for the whole of the conference attendees rather than just to be in a vendor room. Their fees would pay for the cost of the setups etc for the day, so Janice will be pursuing this as an offering for the education.

Membership: John Nelms, RES, SRA

John reported 8 new members for the year.

PDP Advisory: Tammy Carroll, CAE

Tammy reported change in requirements for the RES and PPS designations was to have a case study option in lieu of the demonstration appraisal report. She reported that IAAO did not yet have a good list of recent designees to feed back to the PDP advisors so if anyone knew of recent designees to please let her know. She anticipates working with a higher number of candidates this year, and keeping closer touch with the candidates.

Sam Davis, CAE spoke for the record on his view of the recent IAAO Board vote concerning the added option of case study exams for the designations for RES and PPS. He stated that the IAAO Board voted for the case study option with the exception of Ed Crapo, Past President. Sam said the Board had asked the professional designation committee to recommend some ways to revitalize the IAAO designation program. The committee had worked hard. One meeting and three conference calls and discussed many alternatives. The committee specifically discussed voted down the option to go to case studies rather than demonstration appraisals. This was contrary to the subcommittees report. Thus it was not a recommended option presented to the IAAO Board. Sam went to the IAAO meeting to help explain the information to the Board. He stated that he was very disappointed in the actions of the Board, and that he and another committee member had resigned from the professional designation subcommittee over the issue. He felt that the Board action did lower the standards of the professional designation program and it was not prudent to lower IAAO standards just to play the numbers game. Sam stated he was sorry that Wayne Trout was not in attendance to provide his perspective on the vote.

Personnel: Ron Agnor

Ron said he planned to ask for survey information later so that responses could be made timely. Mailing surveys and postage increases could cause an increase in costs, if some members are not able to attend the conference when they are distributed. The committees budget is 2100 and 2000 was spent last year, so it could go over budget.

Reporting to the Second Vice President: Larry Thurston, ASA

Awards: Martha Geisen, CAE - absent / Mike Dunston (co- chair reporting)

The VAAO Awards Nomination form was printed in the recent issue of the "Network." The Awards Committee will also request the Education Committee to include a copy of the nomination form in the annual education seminar packet.

They are looking to upgrade the quality and appearance of the appreciation certificates awarded each year, reviewed the results of their research and asked the President for guidance. Mr. Woodzell agreed whole-heartedly with the committee and asked that they use their discretion within the budget guidelines to make the appropriate changes. Sam Davis agreed on the improvement of the certificates and to make sure to handle this in a professional manner.

Resolutions: Sandra Hughes

Sandra read a resolution for sympathy on the death of Delmar Wilson, Jr., former Commissioner of Revenue, which was moved, seconded and unanimously approved by the Board Members.

Manual: Bruce Lowe – absent

Larry Thurston stated that he had discussed the manual with Bruce and changes would need to be made in the manual to add the AAS designation and make the changes in the designation requirements for the RES and PPS.

Wendel Ingram noted that Bruce Lowe has been fighting a form of cancer. He appeared to be doing well. Mr. Woodzell asked that Board members keep Bruce in their thoughts and prayers.

Publicity: Kim Smith/Susan Garling

Deadlines for the issues are May 15 for the current issue and July 15 for a mail date of August 15. Wayne Trout had provided a copy of the Zangerle award winner from last year, and they welcomed suggestions from Board members or others for quality content to improve the publication.

Reporting to the President: Bruce Woodzell

Nominating: Wayne Trout, ASA

Wendell Ingram made a report to the Board in Wayne's absence, stating that the committee will meet in June.

Legislative: Tommy Rice, CAE

No report

Communications & Technology: John Yeatman, AAS - absent - No report

(Continued on page 10)

UTILITY TAX:

***Senate Bill 122** - This bill amends Virginia Code § 58.1-3812 to provide that mobile telecommunications services are taxable in the customer's place of primary use, which is defined as the residential street address or the primary business street address of the customer.

COLLECTIONS:

***House Bill 316** - This bill provides that no person, other than a taxpayer, may be convicted for failure to answer a summons issued by the commissioner of the revenue under Virginia Code § 58.1-3110 unless the person willfully failed to comply with such summons.

***House Bill 994** - This bill allows localities to adopt ordinances requiring payment of all delinquent real estate tax before a land-disturbing permit or building permit can be issued for work on the property in question.

***House Bill 1101** - This bill allows treasurers, or other tax collection officials, to share with the commissioner of the revenue, or other assessing official, information relating to any motor vehicle, trailer or semi-trailer obtained in the performance of duties. The bill contains several other amendments to clarify the authority of the treasurer to collect charges and fees other than taxes. It also requires submittal of delinquent tax lists to the governing body only if requested and allows publication of these lists on the locality's internet site in lieu of a newspaper of general circulation.

***Senate Bill 65** - This bill requires that taxpayers make checks payable to the treasurer of the locality or to the locality itself.

CONCLUSION: As can be seen from this array of bills, the legislative trend to limit areas of taxation and expand exclusions and exemptions continues. While many of these bills are clarifying in nature or simply address practical issues, others represent the onset of new local authority to reduce the burden of taxation on citizens and businesses alike. I will be happy to provide copies of these bills upon request. Please contact your local attorney with questions relating to the current status of these bills or their effect in your locality.

(Board Meeting Minutes - Continued from page 9)

Use Value: Richard Wood

Mr. Wood reported that the land use committee had met two times and was preparing to present "Land Use for the Novice" at the annual Seminar this year. Mr. Wood stated they would like to have a land use portion of the website, perhaps a Question and answer section. They will continue to discuss this issue with John Yeatman.

Parliamentarian: Wendel Ingram, ASA - No report

Chaplain: Brian Bergen, MAI, SRA - No report

Historian: Randolph A. Rush

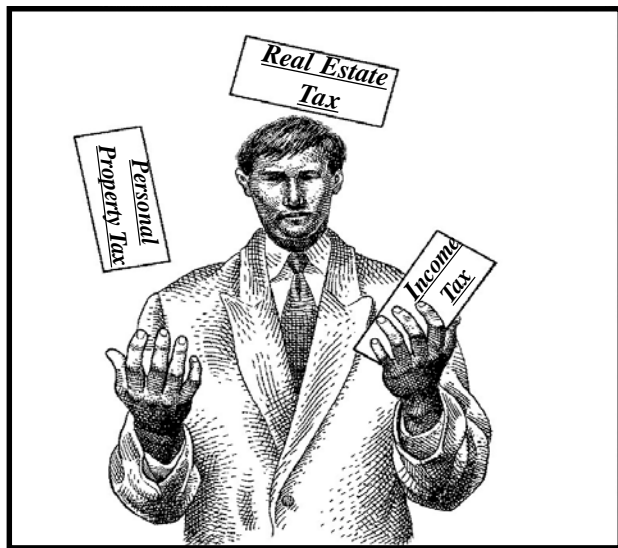
Mr. Rush indicated that he will take for the Association historical records any committee meeting notes or other items members are willing to give him. He has gotten some information from various members.

Flag Bearer / Sergeant at Arms: Butch Eason - No report

The banner is complete and was done with a donation from Marriott. The pole has been purchased by the VAAO.

Commissioner of the Revenue Liaison: Joyce Clark

Ms Clark indicated the willingness and the need for both groups to work together to provide quality education this year, which would be difficult due to the budget constraints.



*I'm sure glad I learned to juggle
when I was a kid!*

(Board Meeting Minutes - Continued on page 16)

“THE APPRAISAL OF CEMETERIES”

by Julio DelCorso, III CAE

One of the most difficult appraisals I have completed was of a cemetery in Richmond City. The following information is a guideline that can be used to appraise cemeteries.

STEPS TO DETERMINE THE VALUE OF LAND

- A. Estimate the value of land from income derived from the sale of gravesites
 - 1. Determine the number of gravesites that can be developed per acre.
 - 2. Conduct market study to determine how many gravesites are purchased each year.
 - 3. Calculate the potential gross income by multiplying the number of gravesites sold each year by the market price of each gravesite.
 - 4. Deduct expenses to arrive at NOI.
 - 5. Capitalize NOI by appropriate rate to estimate value.
 - 6. Discount the value estimate for each year to a present value.

- B. Estimate the value of land from income derived from digging and filling grave
 - 1. Determine from the market how many people will be buried each year.
 - 2. Calculate the potential gross income by multiplying the number of graves dug by the cost of digging grave.
 - 3. Deduct expenses to arrive at NOI.
 - 4. Capitalize NOI by appropriate rate to estimate value.
 - 5. Discount the value estimate for each year to a present value.

- C. Estimate the value of land from income derived from placing of monument/stone on grave.
 - 1. Determine from the market how many people will be buried each year.
 - 2. Calculate the potential gross income by multiplying the cost of placing monument/stone on gravesite by number of people buried each year.
 - 3. Deduct expenses to arrive at NOI.
 - 4. Capitalize NOI by appropriate rate to estimate value.
 - 5. Discount the value estimate for each year to a present value

- D. Add the present value estimate calculated from each source of income to arrive at value of land by Income Approach.

STEPS TO DETERMINE THE VALUE OF MAUSOLEUM

- A. Determine the cost new of mausoleum by Cost Approach

- B. Determine the value of mausoleum by Income Approach.
 - a. Conduct market study to determine how many spaces are sold each year.
 - b. Determine market price for space.
 - c. Calculate the potential gross income for each year; deduct expenses to arrive at NOI; and capitalize NOI to determine present value estimate.
 - d. Discount value estimate for each year to present.
 - e. Reconciliation.

When appraising the land, the appraiser needs to keep in mind that the land is divided into different sections:

- (1) Land under development
- (2) Future land under development – Highest and Best Use is cemetery.
- (3) Land in which the gravesites have been sold and then gravesite is occupied. This land is exempted from taxation when person has been buried.

Jurisdiction Reports and Membership News

VIRGINIA BEACH

The City of Virginia Beach Assessor's Office congratulates **Donna Blackley**, Appraiser III, on the birth of her granddaughter! **Amy Christine Prejoles** was welcomed to the world on February 25th at 11:51 p.m., weighting in at 6lbs. 10oz.

HENRICO COUNTY

Bernie Seay, Real Estate Appraiser, is awaiting a heart transplant. His address is: Henrico Doctors Hospital, 1602 Skipwith Road, Rm 416, Richmond, Virginia 23229.

Rita Busher was named the new Director of Finance for Henrico County. She previously served as the Deputy Director of Finance.

POWHATAN COUNTY

The Board of Supervisors has passed a budget with a real estate tax rate of \$.92. A reassessment effective January 1, 2002 raised property values an average of 24%. The previous real estate tax rate was \$.87. A revenue neutral tax rate would have been \$.71.

CITY OF WAYNESBORO

The Assessor, **John Kiger**'s mother passed away in March. Please keep John and his family in your thoughts.

(Answer from page 3)
TAX APPEAL,
INDUSTRIAL PROPERTY

After the comparable properties were sold, their highest and best use changed. The subject and the comparable sales must have the same highest and best use. None of the comparable properties were used as furniture factories after the sale. The assessed value of the improvements of \$17,325,000 should be affirmed.

CLARK COUNTY

Clark County...just about to do land books with a 30% increase in values as defined by Blue Ridge Appraisal Service. There has been a considerable increase in residential construction over the past four years in Clarke, and the builders are having no trouble whatever selling homes in the 200K-450K range.

Our tax rate will drop from \$.92 cents to \$.74 cents. We are also enjoying working with the CAMRA system, but still have a lot to learn. Unfortunately, **Diane Flower**, who was the "Mom" of the CAMRA system, is taking a "retirement" of sorts, to be with her family. We know you will join us in wishing her well.

NORTHUMBERLAND COUNTY

Commissioner of the Revenue **Todd Thomas** and his wife are expecting on April 18, 2002. Congratulations!!!!!!

ARLINGTON COUNTY

Congratulations to **Deidra Kelly** who recently decided to move from the records side of Arlington County's Assessment Office over to the appraisal side. And, welcome to **Bernice Brooks** who recently started as the Real Estate Research Records Coordinator.

ALEXANDRIA

Richard Sanderson has retired. **Cindy Smith-Page** was appointed the new head of Alexandria Assessments.

DEPARTMENT OF TAXATION

Kenneth Thorson has been appointed the new Commissioner of the Virginia Department of Taxation. Congratulations on behalf of the VAAO!

CHESAPEAKE

Congratulations are extended to the following members of the Chesapeake Assessor's Office:

To **Don Harrell**, Deputy Assessor and **Bob Pollard**, Commercial Appraiser Supervisor, on their recent retirements.

To **Anita Taylor** on her promotion from Residential Appraiser Supervisor to Deputy Assessor.

Marie Herman and **Beth Hancock** were promoted from Appraiser's to Real Estate Analyst.

To **Albert Duncan** on the birth of his second child, Gabriel, sister to Nicholas. She weighed 8lbs. 5 oz.

CITY OF RICHMOND

A mall will be built in southside Richmond containing approximately 700,000 square feet of retail space. It will be anchored by Saks Fifth Avenue. The property is located at Chippenham Parkway near the Wiley Bridge.

CHESTERFIELD COUNTY

The board of Supervisors has adopted a reduced tax rate of \$1.07 from \$1.08. Congratulations **Lu Jones** for her new position to Residential Appraiser. Welcome new Residential Appraiser **Roland Scott** who comes to us from the City of Richmond.

ROANOKE CITY

Congratulations goes out to **Cookie Wall** and **Doug Zirkle**, staff appraisers in Roanoke City. Cookie has completed her bachelor degree in Science and Organizational management and Development from Bluefield College and Doug has completed his Associate Degree in Science from Virginia Western Community College.

VIRGINIA LAND USE SECTION

Created by the Virginia Association of Assessing Officers Land Use Committee to provide a communication link between localities to exchange data and share knowledge.

Land Use Committee Members:

Warren Arthur (Clarke), Judy Crook (Franklin), Julio DelCorso (Dept. of Taxation), Susan Garling (Chesterfield), Melissa Sager (Shenandoah), Jean Shrewsbury (Augusta) and Richard Wood (Albemarle) - Chairman

Comments From Richard Wood, Land Use Committee Chairman

“Hello again. As spring arrives all of us witness the huge change that takes place around us in the great outdoors. Everything comes alive once again. Grass greens, leaves sprout and flowering plants provide us with a beautiful landscape.

Along with all of this begins the new farming season. Each of us involved in Land Use Administration once again must start observing the activities of all the local farmers to ensure they abide by the rules. Spring is an excellent time to monitor the smaller parcels that are only used for hay production. Historically, at least in my jurisdiction, these

properties are the most problematic. The owners are typically not the user. They are leasing to someone who cuts the hay at their pleasure and they simply don't have time to get to it.

Your Land Use Committee has had two meetings recently to work on the upcoming Seminar in July. The title of the program is Land Use for the Novice. The program is basically designed as a discussion format and it is our belief, there is a little something for everyone. As most of you know, practically every day, something unusual comes up for which there is no easy solution.

If you have a topic you would like to have discussed, please let someone on the committee know and we can prepare for your issue. Don't forget, this is your program and to some degree, like Burger King, you can have it your way.

I look forward to seeing all of you in Charlottesville in July.”



Land Use Information *Available On Line!*

Can you imagine? Could this prove to be beneficial to you? The VAAO has approved having a land use webpage located at the VAAO website. As this project progresses, more information will be made available in future NETWORK issues to keep you posted. Possible information being considered for the site: A list of all Attorney General opinions relating to land use, State Land Use Application, A Question and Answer format - for all to see and respond to, Proposed/Passed Legislation, etc.

We are very interested in your thoughts prior to going on line!

Please submit your suggestions and ideas to the Land Use Committee via:

Richard Wood at rwood@albemarle.org or
Susan Garling at garlings@co.chesterfield.va.us

We are very excited about this new concept and hope it will be of benefit to everyone. Please take part, give your input NOW so we can get the most valuable data out there for everyone to access!



Land Use Facts Featuring Hanover County

Hanover County has 40,296 actual parcels. Of those, 2,948 are in the land use program. The total deferred value to date is \$254,932,080.

Qualifying Acreage Breakdown by Classification:

| | |
|----------------------|--------------------------|
| Agriculture: | 52,556.120 acres |
| Horticulture: | 283.300 acres |
| Forest: | 104,370.256 acres |
| Open Space: | 1,597.314 acres |

Non-qualifying:

6,634.680 acres

There are 1,445.538 acres included in home sites.

ATTORNEY GENERAL REVIEW

LAND USE TAXATION AND TAX RELIEF FOR THE ELDERLY

10/29/79

You ask whether tax relief for the elderly...may be extended to a parcel which already enjoys a partial tax exemption under the land use taxation program.

Copies of your local ordinances which authorize these two forms of tax relief show (1) that the land use taxation ordinance provides a tax exemption based upon the difference in the assessed value of the parcel due to the difference between "fair market" and "land use" values and, (2) that the tax relief for the elderly is expressed as an exemption from a certain percentage of the tax otherwise imposed upon the parcel, which percentage is in indirect proportion to the combined income of the owner(s) of such parcel...

The taxpayer in this case maintains his dwelling place upon the parcel in question.

First, we are bound by the general rule of statutory construction which requires that each statute or statutory scheme be given its full effect unless doing so would clearly conflict with the purpose of another law.



Williamsburg Winery-Vineyards

Second, nothing in the two tax relief schemes, either as authorized by general laws or as implemented by your local ordinances, indicates that tax relief under one scheme is meant to preclude tax relief under the other.

Third, this office has previously held that tax relief for the elderly can extend to the entire parcel upon which the taxpayer's dwelling house is situated. (See Report of the Attorney General (1975-1976) at 346.

Fourth, administrative implementation of both measures is easily accomplished in this instance, to wit: (1) tax liability for the entire parcel is determined using the land use value for the parcel as the amount against which the tax rate is applied; (2) a further exemption from the tax liability computed under (1) is then determined in accordance with the "total combined income" formula set out in your local ordinance; ...

Based upon the foregoing, it is my opinion that both tax relief measures may be applied to this particular parcel of land under the terms of your local ordinances.

New Legislation Approved by the Governor In 2002

Effective 7/1/02

HB853 & SB544 – Exemption And Deferral Of Tax For Elderly And Disabled



As a follow up to the A/G opinion above, this legislation may affect certain localities who have property owners who are in both the Tax Relief for the Elderly Program and the Special Assessment Program. (Note: Farm land qualifying under the Agricultural Classification is often income producing property).

Summary:

Increases from one acre to 25 non-income producing acres the maximum number of acres that may be excluded in determining the combined financial worth limitation for an exemption or deferral of local real estate taxes in the counties, cities, and towns of the Eighth Planning District. Persons at least 65 years of age or permanently and totally disabled are eligible for an exemption or deferral of real estate taxes under local government programs provided such persons fall below certain income and financial worth limitations. In determining the combined financial worth limitation, current law excludes the value of the dwelling and land, not exceeding one acre.

HB448 – Notice Of Timber Harvesting; Penalty

This one is for those localities who work with the State Forester:

Summary:

Requires the commercial timber-harvesting operator to notify and State Forester ten days prior to the commencement of an operation. If he fails to provide the notice, the State Forester is authorized to assess a civil penalty of \$250 for the initial violation and up to \$1,000 for any subsequent offense occurring within a 24-month period. Currently an owner or operator is required to give notice prior to or not later than three working days after the commencement of the operation; however, there is no penalty for not providing such notification.

SB685 – Local Real Estate Taxes; Use Value Assessment

Summary:

Provides that for real estate adjacent to a scenic river, a scenic highway, a Virginia Byway or public property in the Virginia Outdoors Plan or for any real estate in any city, county or town having a density of population greater than 5,000 per square mile, for any real estate in any county operating under the urban county executive form of government, or the unincorporated Towner of Yorktown, the real estate shall consist of at least one quarter of an acre to be eligible for use value assessment and taxation. This would change current law, which provides that such real estate shall consist of a minimum of two acres.

*Land Use Seminar in
Charlottesville*

July 11th, 2002

Entitled:
**“Land Use
For the Novice”**

***“The more I do land use,
the more I find that I’m a novice.”***

Warren Arthur, Commissioner of Revenue for Clarke County

We have many questions concerning bees, church properties, home site values, horse boarding, etc., being addressed during this session.

We hope to see you there!

Question and Answer

New Question: How many honey bees are needed to produce an income of \$1,000?

New Question: Can a property owner appeal a land use assessment? If so, how?

New Question: What is the purpose or meaning behind the legislation approved during the 2001 session extending the application deadline?

Send your submissions for the newsletter to:

Susan Garling

E-mail: garlings@co.chesterfield.va.us
Telephone: 804-751-4477
Fax: 804-717-6278
Address: 6701 Krause Road West
Chesterfield, VA 23832

Richard Wood

E-mail: rwood@exch.co.albemarle.va.us
Telephone: 804-296-5856
Fax: 804-972-4006
Address: 401 McIntire Road
Charlottesville, VA 22902

(Board Meeting Minutes - Continued from page 10)

Minutes of the Last Meeting: Janet Coldsmith, CAE

A motion was made and seconded to dispense with the reading of the minutes from the November 30, 2001 meeting, submitted by Sam Davis, CAE. All ayes.

Old Business:

New Business:

1. Election of the IAAO Representative - It appeared that IAAO did not have David Sandi ford as our current IAAO representative. However the IAAO has changed its policy to have the states appoint their representatives to the IAAO. A state can send up to four representatives. The representatives serve two-year terms. Discussion centered on whom the VAAO should elect and it was decided that the Board should elect those representatives at the July meeting. Mr. Woodzell asked that members submit names in advance of the meeting to him. David Sandiford said that when the election was made, the VAAO should support that member by sending them to the representatives meeting.

2. Report on the Amicus Brief - Based on discussion between City of Richmond representatives, Bruce Woodzell and the Legislative Committee, Mr. Woodzell asked the Board members to support obtaining and submitting an Amicus Brief in a City of Richmond Hospital case before the Virginia Supreme Court regarding the treatment of income. The point the VAAO articulated in the brief was that GAAP or Generally Accepted Accounting Principles, which include such expenses as depreciation, should not be used in the appraisal process – income approach, for determining real estate values. There was a bill submitted by a General Assembly member to do the same thing legislatively. The bill was withdrawn, as it is their position not to act on legislation when it is under review by the Courts.

3. VAAO Breakfast in Los Angeles - Bruce Woodzell said that Wayne Trout had asked if this could be discussed. He asked if the members from Virginia who attended the IAAO conference would like to arrange a breakfast meeting at the conference. After some discussion it was decided that those attending the conference would network before hand to arrange a pay your own way social event for members while at the conference, perhaps dinner.

4. Joint Subcommittee to Study and Revise Virginia State Tax Code HJR685/SJR 387 ([http:// dls.state.va.us/taxcode.htm](http://dls.state.va.us/taxcode.htm))
President Woodzell wanted to point out this joint study subcommittee for VAAO board members to keep track of their actions, as there could be important implications for taxes in Virginia.

5. Janice Hudgins asked the Board for a loan of money for the arrangements committee. She explained that she had gotten a good deal on the registration items this year and that she would need to pay for these items prior to the date when she would have registration monies coming into the committee. The motion to advance \$1600 for this expense was moved, seconded and approved by the Board.

Having no further business the meeting adjourned.

Respectfully Submitted,
Janet E. Coldsmith, CAE

**NETWORK/ The VAAO NEWLETTER
c/o OFFICE OF REAL ESTATE ASSESSOR
MUNICIPAL CENTER - BUILDING 18
2424 COURTHOUSE DRIVE
VIRGINIA BEACH, VA 23456-9054**