

Issue Analysis Form

Date: 11/26/2019

Item: Land Use Rates for
FY2021

Lead Department(s):

Assessor

Contact Person(s):

Compton



Description and Current Status

The **Code of Virginia** (Section 58.1-3239) established the State Land Evaluation Advisory Council (**SLEAC**) with the mandate to determine and publish use-value estimates of eligible land for each jurisdiction participating in the use-value taxation program. Prince George County had adopted the SLEAC as presented since 1976. The SLEAC rates experienced a meteoric rise from 2009-2013. To try to slow the increase in rates, the BOS directed the Assessor to use a 3-year moving average of SLEAC Agricultural rates for valuation purposes. Since then, the 3-year moving average calculation has lowered the tax burden of qualified agricultural land use participants when compared to the stated SLEAC rates between 2% and 35% annually. For 2020, the SLEAC Agriculture rates have decreased by +/-20%.

Maintaining the 3-year moving average will result in a slight increase in Agricultural Land Use Rates, while reverting back to adopting the SLEAC rates will result in a decrease in Land Use Rates.

This request before the BOS is to direct the Assessor to utilize the following rates for the FY2021 general reassessment:

OPTION 1: Continue to use a 3-year moving average of the SLEAC Agriculture Rates.
OPTION 2: Adopt the SLEAC Agricultural Rates as presented.

Government Path

- | | | |
|--|---|--|
| Does this require IDA action? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| Does this require BZA action? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| Does This require Planning Commission Action? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| Does this require Board of Supervisors action? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| Does this require a public hearing? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| If so, before what date? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |

Fiscal Impact Statement

Based on the current real estate tax rate of \$0.86/\$100:

OPTION 1: Increase in taxable assessed value of 1%, potential revenue increases by \$6,492.

OPTION 2: Decrease in taxable assessed value of (2.6%), potential revenue decreases by (\$17,414).

County Impact

Approximately 434 property owners have qualifying agricultural parcels in the Land Use Program. Approximately 20% of qualifying acreage in the Land Use program is in agricultural use. The majority of Land Use program is Forest Use (77%) and these parcels will not be impacted by this decision.

Notes

Rod Compton is available to answer any questions or address any concerns regarding the Land Use Program.

rcompton@princegeorgecountyva.gov , (804) 722-8639

Board of Supervisors
County of Prince George, Virginia

Resolution

At a regular meeting of the Board of Supervisors of the County of Prince George held in the Boardroom, Third Floor, County Administration Building, 6602 Courts Drive, Prince George, Virginia this 26th day of November, 2019.

Present:

Donald R. Hunter, Chairman
Floyd M. Brown, Jr., Vice-Chairman
Alan R. Carmichael
Marlene J. Waymack
T. J. Webb

Vote:

A-1

On motion of _____, which carried unanimously, the following Resolution was adopted:

OPTION 1:

ADOPTION OF RESOLUTION CONTINUING A THREE-YEAR AVERAGE OF STATE LAND EVALUATION AND ADVISORY COUNCIL (SLEAC) AGRICULTURAL LAND USE RATES

WHEREAS, the Real Estate Land Use Program administered by the Real Estate Assessor's Office develops Agricultural Land Use Rates annually by averaging the rates published by the State Land Evaluation and Advisory Council (SLEAC) from the most current three previous years; and

WHEREAS, the Agricultural Land Use Rates published by the SLEAC have experienced a decrease of 20% for TY 2020, the continuation of calculating the Agricultural Land Use Rates annually by averaging the rates published by the SLEAC would result in an increase in rates of approximately 1% while reverting to adopting the SLEAC rates as presented would decrease the rates by approximately 2.6%; and

WHEREAS, §58.1-3236, Code of Virginia, 1950, as amended, allows localities the discretion to locally adopt agricultural land use rates; and

NOW THEREFORE, BE IT RESOLVED that the Board of Supervisors hereby directs the Assessor's Office to calculate the Agricultural Land Use Rates annually by

averaging the rates published by the State Land Evaluation and Advisory Council (SLEAC) from the most current three previous years.

OPTION 2:

**ADOPTION OF RESOLUTION UTILIZING THE STATE LAND
EVALUATION AND ADVISORY COUNCIL (SLEAC)
AGRICULTURAL LAND USE RATES AS PRESENTED**

WHEREAS, the Real Estate Land Use Program administered by the Real Estate Assessor's Office develops Agricultural Land Use Rates annually by averaging the rates published by the State Land Evaluation and Advisory Council (SLEAC) from the most current three previous years; and

WHEREAS, the Agricultural Land Use Rates published by the SLEAC have experienced a decrease of 20% for TY 2020, the continuation of calculating the Agricultural Land Use Rates annually by averaging the rates published by the SLEAC would result in an increase in rates of approximately 1% while reverting to adopting the SLEAC rates as presented would decrease the rates by approximately 2.6%; and

WHEREAS, §58.1-3236, Code of Virginia, 1950, as amended, allows localities the discretion to locally adopt agricultural land use rates; and

NOW THEREFORE, BE IT RESOLVED that the Board of Supervisors hereby directs the Assessor's Office to utilize the Agricultural Land Use Rates as published by the State Land Evaluation and Advisory Council (SLEAC).

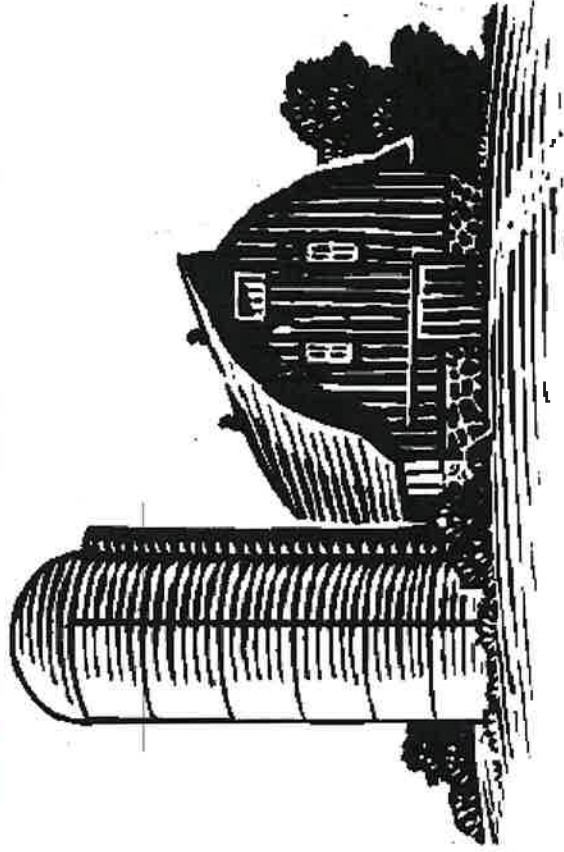
A Copy Teste:

Percy C. Ashcraft
County Administrator

PRINCE GEORGE COUNTY LAND USE PROGRAM



2020 AGRICULTURAL RATES



November 26, 2019¹

Land Use Annual Revalidation

Land Use Assessments must be revalidated annually to verify that all property in the program is being used in accordance with qualifying standards as determined by the State Land Evaluation Advisory Council (SLEAC) and verified by the Assessor's Office.

- 1,368 Revalidations Mailed on August 28th.
- 640 Revalidations Received as of September 24th.
- Due by without penalty by November 1st.
- Revalidations still accepted with \$10 Late Fee until January 2, 2020.
- Parcels not revalidated by January 2, 2020 are removed from Land Use Program

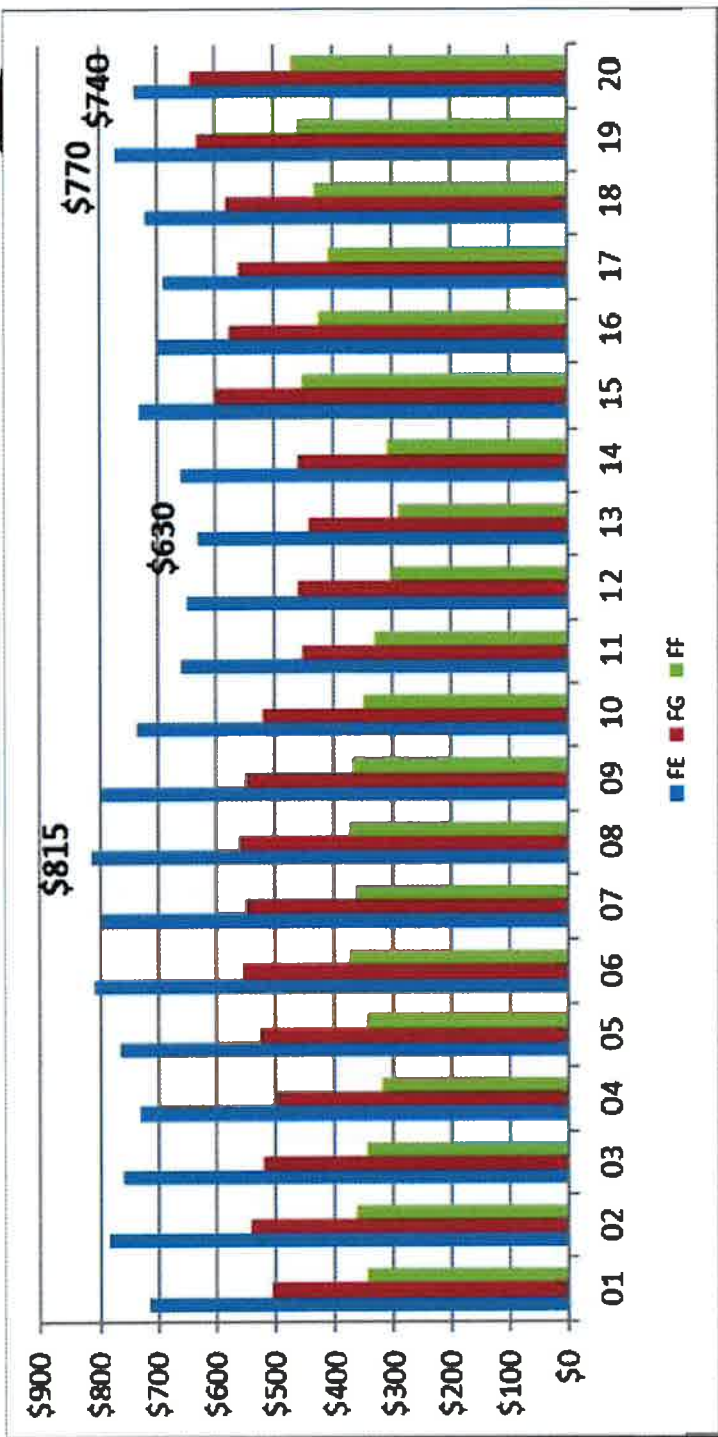
Reminders

- Postcards will be mailed on November 8th.
- Staff will call after December 1st.
- Certified mail will be sent on December 13th.



SLEAC Forest Land Use Rates - History

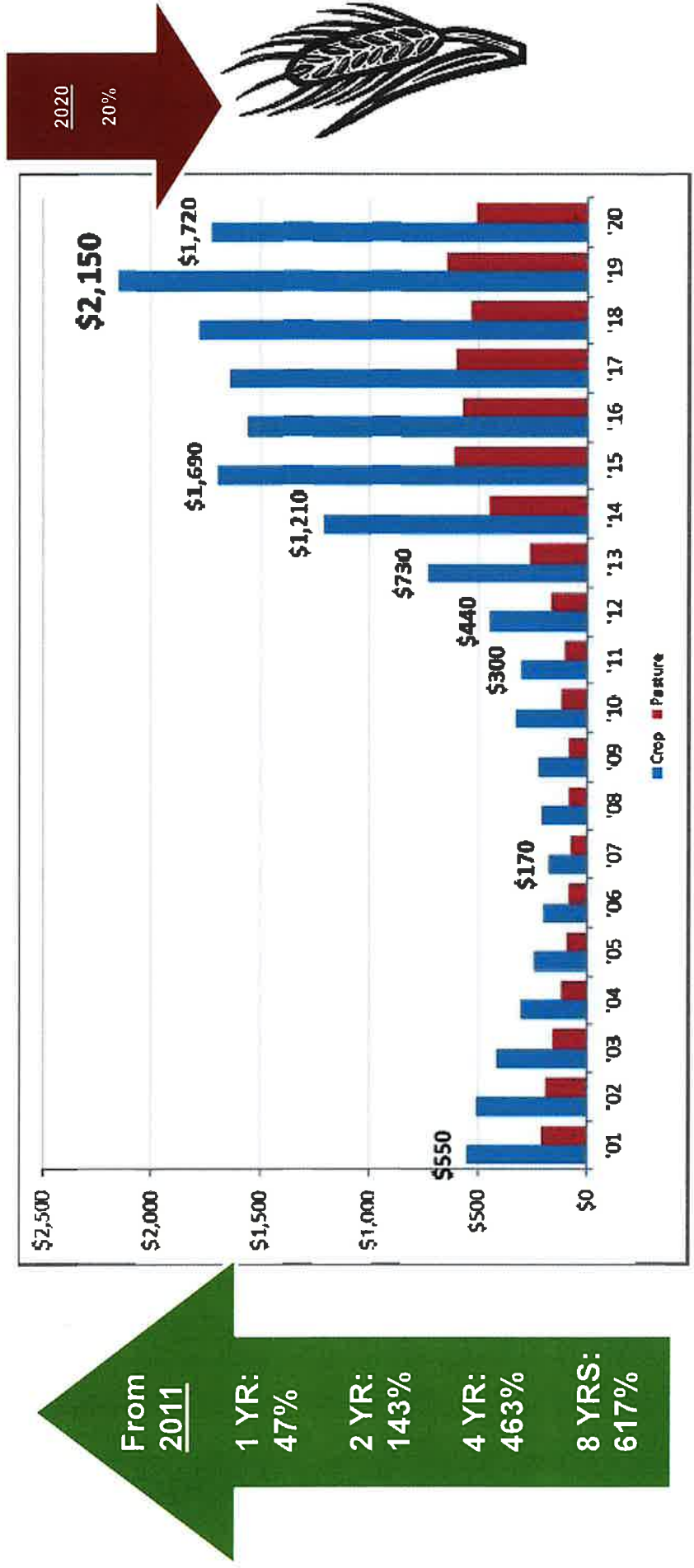
Forest Rates Peaked in the Mid 2000's Housing Boom - Dropped after the Housing Bust - Stabilized over the past 5-years



4% Decrease for TY2020 - 2021

77% of Land Use Program in Forest Class

SLEAC Agricultural Land Use Rates - History

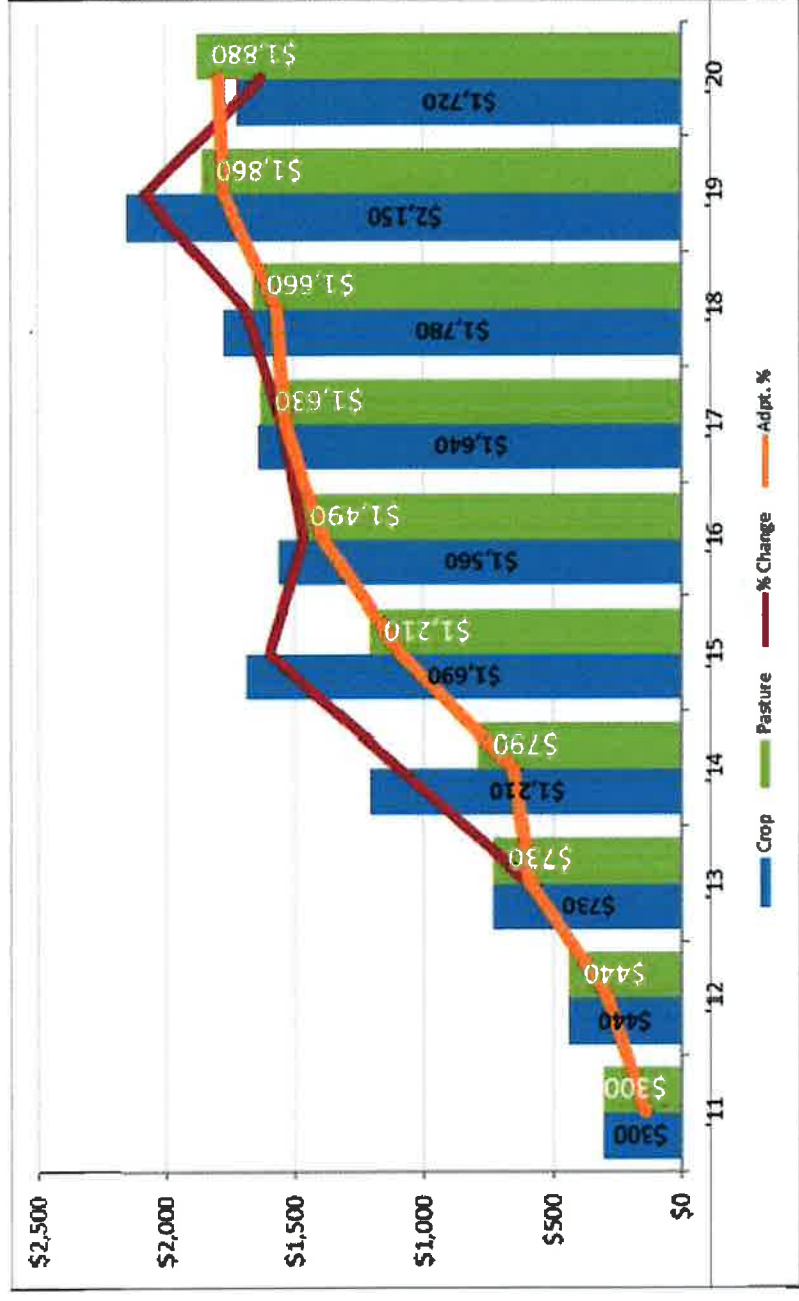


3-Year Moving Average Adopted in 2014

LAND USE RATES

Prince George County has used the Rates provided the SLEAC since 1976

The Code Allows for Locally Adopted Rates



Compared to SLEAC Rates - 3-year Moving Average resulted in an annual savings of 2%-35% for agricultural property owners.

TY2020-2021 LAND USE PROGRAM

SLEAC RATE HISTORY

	Type	SLEAC 2020	SLEAC 2019	SLEAC 2018	SLEAC 2017	SLEAC 2016	SLEAC 2015
AG	Crop Land	\$1,720	\$2,150	\$1,780	\$1,640	\$1,560	\$1,690
	Pasture Land	\$510	\$640	\$530	\$600	\$570	\$610
	Unproductive	\$170	\$170	\$140	\$130	\$120	\$130
FOREST	EXCELLENT	\$780	\$770	\$720	\$690	\$700	\$730
	GOOD	\$640	\$630	\$580	\$560	\$575	\$600
	FAIR	\$470	\$460	\$430	\$410	\$425	\$450
OTHER	HORTICULTURE 01	\$1,400	\$1,760	\$1,430	\$1,330	\$1,250	\$1,350
	HORTICULTURE 02	\$1,060	\$1,330	\$1,070	\$990	\$930	\$1,000
	OTHER NON-PROD	\$100	\$100	\$100	\$100	\$100	\$100
	OPEN SPACE	\$1,400	\$1,400	\$1,400	\$1,400	\$1,400	\$1,400

**SLEAC
AGRICULTURE
RATES
DECREASED
20%***

According to the Virginia Department of Agriculture, Tax Year

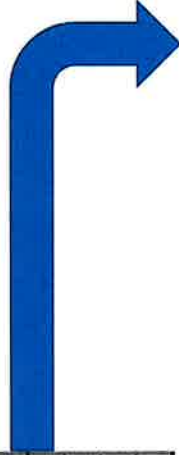
2020 Agricultural Use Value Rates were reduced by 20% -

“Tobacco dropped from model with 2017 census – decreased profits from tobacco, corn, and wheat “

TY2020-2021 LAND USE PROGRAM

	Type	SLEAC 2020	SLEAC 2019	SLEAC 2018
AG	Crop Land	\$1,720	\$2,150	\$1,780
	Pasture Land	\$510	\$640	\$530
	Unproductive	\$170	\$170	\$140
FOREST	EXCELLENT	\$780	\$770	\$720
	GOOD	\$640	\$630	\$580
	FAIR	\$470	\$460	\$430
OTHER	HORTICULTURE 01	\$1,400	\$1,760	\$1,430
	HORTICULTURE 02	\$1,060	\$1,330	\$1,070
	OTHER NON-PROD	\$100	\$100	\$100
	OPEN SPACE	\$1,400	\$1,400	\$1,400

3-Year Moving Average



SLEAC AGRICULTURE RATES DECREASED 20%*

PROPOSED PRINCE GEORGE COUNTY AGRICULTURAL RATES					
Type	PROPOSED 2020	3-Year Moving AVERAGE	SLEAC 2019	SLEAC 2018	SLEAC 2017
Crop	\$1,880	= $\frac{\$1,720 + \$2,150 + \$1,780}{3}$	\$1,720	\$2,150	\$1,780
Pasture	\$560	= $\frac{\$510 + \$640 + \$530}{3}$	\$510	\$640	\$530

TY2020-2021 LAND USE PROGRAM

OPTIONS

Continue 3-yr. Moving Avg.:

- Crop Increases by 1%.
- Pasture decreases by 5%.

Adopt SLEAC Rates:

- Crop Decreases by 8%.
- Pasture Decreases by 14%.

Prince George County Land Use Rates						
	Type	3-Yr MA 2020	SLEAC 2020	Adopted 2019	Adopted 2018	
AG	Crop Land	\$1,880	\$1,720	\$1,860	\$1,660	
	Pasture Land	\$560	\$510	\$590	\$570	
	Unproductive	\$170	\$170	\$170	\$140	
FOREST	EXCELLENT	\$780	\$780	\$770	\$720	
	GOOD	\$640	\$640	\$630	\$580	
	FAIR	\$470	\$470	\$460	\$430	
OTHER	HORTICULTURE 01	\$1,400	\$1,400	\$1,760	\$1,430	
	HORTICULTURE 02	\$1,060	\$1,060	\$1,330	\$1,070	
	OTHER NON-PROD	\$100	\$100	\$100	\$100	
	OPEN SPACE	\$1,400	\$1,400	\$1,400	\$1,400	

Option 1 or Option 2?

434 property owners with qualifying Agricultural Use parcels

Option 1: Continue utilizing a 3-year moving average SLEAC Agriculture Rates for 2020 (FY2021).

IMPACT: Increase in taxable assessed value of 1%.
Potential Revenue Increases by \$6,492.

Option 2: Revert back to adopting SLEAC Agriculture Rates for 2020 (FY2021).

IMPACT: Decrease in taxable assessed value of (2.6%).
Potential Revenue Decreases by (\$17,414).

QUESTIONS OR MORE INFORMATION?

- A Citizen's Guide to The Use Value Taxation Program in Virginia – Virginia Cooperative Extension: <https://www.pubs.ext.vt.edu/448/448-037/448-037.html>
- State Land Evaluation Advisory Council (SLEAC)– Land Use Rates (Virginia Tech): <https://aaec.vt.edu/extension/use-value/estimates.html>
- SLEAC-About the Land Use Program in Virginia: <https://aaec.vt.edu/extension/use-value/about.html>
- Virginia Department of Forestry – Land Use: <http://www.dof.virginia.gov/land/usetax/introduction.htm>
- Prince George County Land Use Program: https://www.princegeorgeva.org/residents/property_and_taxes/real_estate_assessor_s_office/land_use_program.php

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rcompton@princegeorgecountywa.gov

Questions regarding any *statutorily* related issues surrounding use-value assessment should be directed to Theresa Born at the Property Tax Unit, Virginia Department of Taxation. Questions regarding the *technical* aspects of the methodology for the agricultural or horticultural use-value estimates should be directed to Jennifer Friedel at the Department of Agricultural and Applied Economics, Virginia Tech. Questions about forest use-value estimates should be directed to Dean Cumbia at the Department of Forestry in Charlottesville. Questions about open space use-value estimates should be directed to Brian Fuller at the Department of Conservation and Recreation in Richmond.

Table 1: Income Approach – Estimated use value of agricultural land in Prince George (\$ / Acre).

Land Class	Use Value Without Risk	Use Value With Risk
I	1,990	1,890
II	1,790	1,700
III	1,320	1,260
IV	1,060	1,010
Avg. I-IV	1,720	1,630
V	790	760
VI	660	630
VII	400	380
Avg. V-VII	510	490
Avg. I-VII	1,690	1,600
VIII	130	130

Table 2: Income Approach – Estimated use value of orchards in Prince George (\$ / Acre).

Land Class	Use Value of Apple Orchard	Use Value of Other Orchard
I	1,400	1,400
II	1,060	1,060
III	600	600
IV	330	330
V	250	250
VI	220	220
VII	110	110
VIII	130	130

Table 3: Rental Rate Approach⁵ – Cropland and pastureland values based on NASS capitalized rental rates in Prince George or district value. (\$ / Acre).

Cropland	629 ^{swe}
Irrigated Cropland	N/A
Pastureland	327 ^{sep}

^{swe}Southwestern District Cropland

^{sep}Southeastern District Pasture

⁵For details see Estimates at <http://usevalue.agecon.vt.edu/>

Table 4: Forest Values (\$/Acre) - Prince George

	Site Productivity(\$/acre)			Non-Productive Land
	Fair	Good	Excellent	
Forest Land	466	637	785	100

Table 5: Open Space Recommended Values (\$/Acre) - Prince George

Golf Course	Swim and Racket Clubs
900-1,400	2,000-4,000

N/A = not applicable to the county/city

Transfers < Data used to estimate agricultural use values for a jurisdiction (counties/cities) may not be published or is insufficient. When this occurs, data from a nearby county is used. This process is referred to as transferring-in. Transferring-in is also used for jurisdictions with large areas of land lying in more than one physiographic region, for example coastal plain and piedmont. A transfer-in jurisdiction is noted by use of an arrow < after the name.

Estimated Use Values For Prince George

Estimates apply to 2020



State Land Evaluation and
Advisory Council (SLEAC)

Contacts

Virginia Department of Taxation

Theresa Born, Property Tax Unit, Virginia Dept. of Taxation, Richmond, VA 23218-0565
(804) 786- 4091 Theresa.Born@tax.virginia.gov

Agricultural/Horticultural Estimates

Patrick Kayser, Virginia Land Use Analyst, Dept. of Agricultural and Applied Economics, Virginia Tech, Blacksburg, VA 24061
(540) 231-4441 patrickk@vt.edu

Jennifer Friedel, Director Virginia Land

Use-Value Assessment Program
Virginia Tech, Blacksburg, VA 24061
(540) 231-4178 jfriedel@vt.edu

Forest Estimates

Dean Cumbia, Dept. of Forestry, 900 Natural Resources Drive, #800, Charlottesville, VA 22903
(434) 220-9024 Dean.Cumbia@dof.virginia.gov

Open Space Estimates

Brian Fuller, Real Property Specialist, Dept. of Conservation and Recreation
600 E Main St., Richmond, VA 23219
(804) 225-3034 brian.fuller@dcr.virginia.gov

Use Value Taxation in Virginia¹

Virginia law allows for *eligible* land in agricultural, horticultural, forest, or open space use to be taxed at the value in *use* (use value) as opposed to its *market* value.² The State Land Evaluation and Advisory Council (SLEAC) was created in 1973 with the mandate to estimate the use value of eligible land for each jurisdiction participating in the use-value taxation program. SLEAC provides for the development of an objective methodology for estimating the use value of land in *agricultural*, *horticultural*, *forest*, and *open space* use. The members of SLEAC have officially sanctioned the use value estimates reported in this brochure.

Role of the SLEAC Estimates

Section 58.1-3229 (et seq.) of the *Code of Virginia* requires each participating jurisdiction's assessment office to *consider* SLEAC estimates when assessing the use value of eligible land. However, the local assessing office is not required to use SLEAC estimates verbatim.

Agricultural/Horticultural Estimates

Tables 1 & 2 list the estimated use values of agricultural and horticultural land using an **income approach**. These estimates are based on capitalized net income - from agricultural or horticultural enterprises in each participating county. These values are updated annually. Note, the local assessing office can only make changes to assessed property values during a reassessment year.

¹ Information about Virginia's Use Value Assessment Program can be found at <http://usevalue.agecon.vt.edu/>

² A locality may adopt any combination of the four types of use-value taxation.

Table 1 lists the estimated use value of land in *agricultural* use for each of the eight USDA Natural Resources Conservation Service (NRCS) land capability classifications.

For explanation of soil classifications see Procedures Manual on the use value website <http://usevalue.agecon.vt.edu/>. Because data on the land class composition of individual parcels is often unavailable, average use values have also been provided.³ The average of land in classes I – IV represents the average use value of *cropland*. The average of land in classes V – VII represents the average use value of *pastureland*. The average of land in classes I –VII represents the average use value of *all agricultural land*.⁴

The *without risk* estimates apply to land that is not at risk of flooding. *The with risk estimates should only be applied to land parcels that are at risk of flooding due to poor drainage that cannot be remedied by tilling or drainage ditches.*

Table 2 lists the estimated use value of land in orchard use. Values are reported for both apple orchards and “other” orchards for each of the eight NRCS land capability classifications. “Other” orchard refers to peach, pear, cherry, or plum production. Table 3 lists the estimated use values of cropland and pastureland using a **rental rate approach**. These use-values are based on capitalized rental rates obtained annually from the USDA National Agricultural Statistical Service (NASS). If there are sufficient numbers of responses to meet the NASS nondisclosure requirements for a jurisdiction then the value is published. However, if there are not enough responses in a jurisdiction to meet nondisclosure

³ Data limitations prohibited the computation of average use values in a few counties and in most independent cities and townships.

⁴ Note. Class VIII land is not considered suitable for agricultural production and is therefore not included in this average.

requirements, then all the non-disclosed jurisdictions within a crop reporting district are summarized and published as a *Combined Counties (District) value*.

Forest Estimates

Table 4 lists, when appropriate, the estimated use values for forest land. For information pertaining to Forest land use taxation see

<http://www.dof.virginia.gov/land/usetax/introduction.htm>

Open Space Estimates

Table 5 lists, when appropriate, the estimated use values recommended for open space land. A locality may have values for golf courses or swim and racket clubs.

Participating agencies:

- Virginia Department of Taxation
<http://www.tax.virginia.gov/>
- Virginia Department of Agricultural and Applied Economics
<http://www.aaec.vt.edu/>
- Virginia Department of Conservation and Recreation
<http://www.dcr.virginia.gov/>
- Virginia Department of Forestry
<http://www.dof.virginia.gov>



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Table 2: The composite farm and average net returns in Prince George.

Annual net returns are determined through enterprise budgeting for crops that contributed one or more acres to the composite farm. The estimated net returns shown in the table below are "olympic" averages¹ for each crop in the composite farm for the proceeding 7 budget years. A budget year lags a given tax year by 2 years (e.g., tax year 2014 corresponds to the budget year 2012).

Additional information about these estimates can be found at Virginia's Use-Value Assessment Program website, <http://usevalue.agecon.vt.edu>.

Estimates apply to tax-year 2020.

Number of Farms: 164²

Commodity	Total Acreage ³	Composite Farm(Acres) ¹	Estimated Net Return (\$/acre)
Alfalfa	---	---	---
Barley	---	---	---
Cabbage	(D)	---	---
Corn ⁴	5,294	32	\$88.07
Cotton	---	---	---
Cucumbers	(D)	---	---
Hay ⁵	1,558	10	\$0.27
Lima Beans	(D)	---	---
Pasture	2,049	12	\$0.23
Peanuts	(D)	---	---
Potatoes	(D)	---	---
Pumpkins	---	---	---
Snap Beans	4	---	---
Sorghum	274	2	\$8.29
Soybeans	11,215	68	\$134.79
Sweet Corn	17	---	---
Tobacco	---	---	---
Tomatoes	3	---	---
Watermelons	(D)	---	---
Wheat	2,692	16	\$45.80
Double-Cropped ⁶	2,692	16	---
Total Cropland Harvested	20,414	124	
Net Return			\$103.08⁷

Notes

(D) = Withheld to avoid disclosing data of individual farms.

(Z) = Less than half of the unit shown.

--- = Represents 0 or not reported/calculated.

¹In an olympic average, the highest and lowest are dropped prior to calculating the arithmetic mean.

²Data taken from the 2017 Census of Agriculture.

³Some data do not add exactly due to rounding and some categories are not listed due to disclosure rules.

⁴Com acreage is corn-grain plus corn-silage acreages.

⁵Hay acreage is (all hay + all haylage, grass silage, greenchop) - (alfalfa hay + haylage or greenchop from alfalfa or alfalfa mixtures).

⁶Double-cropped acreage is subtracted from the crops listed in lines 2-9 to arrive at the total cropland harvest acreage. Weighted average of crop estimated net returns by composite farm acreage.

⁷Weighted average of crop estimated net returns by the composite farm acreage..

Transfers <: Data used to estimate agricultural use values for a jurisdiction (counties/cities) may not be published or is insufficient. When this occurs, data from a nearby county is used. This process is referred to as transferring-in. Transferring-in is also used for jurisdictions with large areas of land lying in more than one physiographic region, for example coastal plain and piedmont. A transfer-in jurisdiction is noted by use of an arrow < after the name.

Table 3: Worksheet for estimating the use value of agricultural land in Prince George.

Additional information about these estimates can be found at Virginia's Use Value Assessment Program website, <http://usevalue.agecon.vt.edu>.

Estimates apply to tax-year 2020.

1. Estimated Net Return:	\$103.08
2. Capitalization Rates	
a. Interest Rate Component¹	0.0531
b. Property Tax Component²	0.0081
c. Rate Without Risk	0.0612
d. Risk Component	0.0031
e. Rate With Risk³	0.0643

	Without Risk⁴	With Risk⁵
3. Unadjusted Use Value	\$1,683.57	\$1,603.40

4. Soil Index	Land Class	Crop Acreage (No Pasture)⁶	Productivity Index	Weighted Acreage
	I	1,571	1.50	2,356.49
	II	20,686	1.35	27,925.53
	III	3,086	1.00	3,086.39
	IV	959	0.80	766.99
	V	17	0.60	10.14
	VI	314	0.50	157.01
	VII	450	0.30	134.97
	Total	27,083		34,437.53
	Soil Index Factor:⁷	1.27		

5. Agricultural Use Value Adjusted By Land Class

Class	Land Index	Without Risk	Reported⁸	With Risk	Reported⁸
I	1.50	\$1,986.00	\$1,990	\$1,891.43	\$1,890
II	1.35	\$1,787.40	\$1,790	\$1,702.29	\$1,700
III	1.00	\$1,324.00	\$1,320	\$1,260.95	\$1,260
IV	0.80	\$1,059.20	\$1,060	\$1,008.76	\$1,010
V	0.60	\$794.40	\$790	\$756.57	\$760
VI	0.50	\$662.00	\$660	\$630.48	\$630
VII	0.30	\$397.20	\$400	\$378.29	\$380
VIII	0.10	\$132.40	\$130	\$126.10	\$130

¹The 7-year average of the long-term interest rates charged by the various Agriculture Credit Associations serving the state.

²The 7-year average of the effective true tax rates reported by the Virginia Department of Taxation.

³Rate should only be used when the soil has poor drainage that is not remedied by tilling or drainage ditches or when the land lies in a floodplain.

⁴Estimated Net Return (Line 1) divided by Rate without risk (Line 2c).

⁵Estimated Net Return (Line 1) divided by Rate with risk (Line 2e).

⁶Data provided by National Resources Conservation Service, United States Department of Agriculture. <https://websoilsurvey.nrcs.usda.gov/>

⁷Index factor = (Total Weighted Acreage) / (Total Cropland Acreage).

⁸Rounded to the nearest \$10 and reported in Table 1a.

Transfers < Data used to estimate agricultural use values for a jurisdiction (counties/cities) may not be published or is insufficient. When this occurs, data from a nearby county is used. This process is referred to as transferring-in. Transferring-in is also used for jurisdictions with large areas of land lying in more than one physiographic region, for example coastal plain and piedmont. A transfer-in jurisdiction is noted by use of an arrow < after the name.

Table 5: Worksheet for estimating the use value of orchard land in Prince George.

The estimated net returns assume a planting density of 135 trees per acre. Additional information about these estimates can be found at Virginia's Use Value Assessment Program website, <http://usevalue.agecon.vt.edu/>. Estimates are applicable to tax-year 2020

1. Estimated Net Returns (Loss) Per Acre

Age of Trees	Processed Fruit	Fresh Fruit
1-3 years	-\$3,303.34	-\$3,376.09
4-6 years	-\$668.73	\$574.61
7-15 years	-\$1,211.45	-\$1,729.29
16-20 years	-\$1,213.69	\$405.17
Discounted (20Yr Cycle)	-\$18,694.76	-\$17,191.66
Utilization of Sales (10Yr AVG %)	66%	34%
Apple Insurance (Annual AVG/acre)	\$775.95	

2. Weighted Average Net Return Values

a)	TY2020 ¹	-\$17,402.52
b)	TY2019	-\$18,617.27
c)	TY2018	-\$19,377.40
d)	TY2017	-\$18,616.25
e)	TY2016	-\$19,677.43
f)	TY2015	-\$3,403.09
g)	TY2014	-\$7,533.62

3. Net Returns

a)	Net return to "trees and land" (Olympic average of 2a thru 2g) ²	\$0.00
b)	Net return attributable to "land only" (Class III) ³	\$81.07
c)	Net return attributable to "trees only"	-\$81.07

4. Capitalization Rate

a)	Interest Rate ⁴	0.0531
b)	Property Tax ⁵	0.0081
c)	Depreciation of Apple Trees ⁶	0.0500
d)	Depreciation of "Other" Trees ⁷	0.0500
e)	Apple Orchard Capitalization Rate	0.1112
f)	"Other" Orchard Capitalization Rate	0.1112

5. Use Value of Apple Orchard and "Other" Orchard

Class	Orchard Index ⁸	Apple Trees	Apple Trees and Land ⁹	Other Trees ⁹	Other Trees and Land ⁹
I	0.8	-\$583.07	\$1,402.94	-\$583.07	\$1,402.94
II	1.0	-\$728.83	\$1,058.57	-\$728.83	\$1,058.57
III	1.0	-\$728.83	\$595.17	-\$728.83	\$595.17
IV	1.0	-\$728.83	\$330.37	-\$728.83	\$330.37
V	0.8	-\$546.62	\$247.78	-\$546.62	\$247.78
VI	0.6	-\$437.30	\$224.70	-\$437.30	\$224.70
VII	0.4	-\$291.53	\$105.67	-\$291.53	\$105.67
VIII	0.0	\$0.00	\$132.40	\$0.00	\$132.40

¹Average net return of the eight orchard categories listed in Section 1 of this table. The weights are provided by the percent of total trees represented by each category.

²In an olympic average, the highest and lowest values are dropped prior to calculating the arithmetic mean.

³This is determined by dividing the unadjusted net return value (Table 3, Line 1) by the soil index factor (Table 3, Section 4).

⁴The 7-year average of long-term interest rates charged by the various Agriculture Credit Associations serving the state.

⁵The 7-year average of the effective true tax rates charged by the Virginia Department of Taxation.

⁶The depreciation rate applicable to apple trees assumes that trees are replaced on a 20-year rotation.

⁷"Other" trees refer to peach, cherry, pear, and plum trees. The depreciation rate applicable to "other" trees assumes that trees are replaced on a 20-year rotation.

⁸The orchard index is applicable only in determining the value of the trees. The land index (Table3, Section 5) is applied to land.

⁹The use value of trees and land is determined by adding the appropriate without-risk land-use-value (Table 3, Section 5) to the use value of the trees.

Transfers <: Data used to estimate agricultural use values for a jurisdiction (counties/cities) may not be published or is insufficient. When this occurs, data from a nearby county is used. This process is referred to as transferring-in. Transferring-in is also used for jurisdictions with large areas of land lying in more than one physiographic region, for example coastal plain and piedmont. A transfer-in jurisdiction is noted by use of an arrow < after the name.