



## FY 2017 Recommended Budget Budget Question

Board Question #: 59

**BUDGET QUESTION:** When property is re-zoned, do we start taxing at the re-zoned values immediately? Do we start taxing the property at commercial rates the day the rezoning is approved? If not, why? Does each type of zoning have a unique tax rate?

**RESPONSE:** If the rezoned property had been in land use and the use changed to a non-qualifying or more intense use, what is known as “rollback taxes” become due. The roll-back is equal to the sum of the deferrals under the land use program for each of the five most recent tax years and current year which includes interest. Additionally, taxes for the current year are calculated on the basis of the fair market value instead of on the prior land use value. The property owner has 60 days following the rezoning to report the change to the Commissioner of the Revenue. The Commissioner then assesses the rollback tax, which is due to the Treasurer within 30 days of the assessment.

No, when property is rezoned during the year, we do not change the value until January 1 of the next year per State Code §58.1-3285.

The State Code does not allow us to adopt differing real estate rates for residential and commercial real property. Residential and commercial real property, regardless of the zoning, are taxed at the same rate. It is the assessed value that is altered under the land use program – not the tax rate.