



## **Economic Impact Analysis Virginia Department of Planning and Budget**

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**4 VAC 10-20 – Standards for Classification of Real Estate as Devoted to Forest Use Under the Virginia Land Use Assessment Law**  
**Department of Forestry**  
April 29, 2013

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### **Summary of the Proposed Amendments to Regulation**

The State Forester proposes to: 1) update definition language to reflect current common usage, and 2) correct two numerical errors in the table titled “Minimum Number of Trees Required per Acre to Determine 30 Square Feet of Tree Basal Area of 40% Stocking for Classification as Forest Land.”

### **Result of Analysis**

The benefits likely exceed the costs for all proposed changes.

### **Estimated Economic Impact**

According to the specific authority and responsibility conveyed by Code of Virginia sections §§ 58.1-3230, 58.1-3233 and 58.1-3240, the State Forester is directed to provide a statement of the standards which shall be applied uniformly throughout the state to determine if real estate is devoted to forest use. These regulations are those standards. The regulations are provided to provide clarity and guidance for localities that establish an incentive land use tax rate for landowners who maintain their land in forest use.

The proposed amendments to the definitions are not expected to have a significant impact on localities’ determinations on whether real estate is devoted to forest use since the proposed language change just reflects current usage. There is some potential small benefit to updating the language for clarity, though. According to the Department of Forestry, the errors in the table have not in practice caused any problems or incorrect determinations of forest use, or would be

likely to do so in the future. Thus, the proposal to correct the errors in the table will be moderately beneficial in that it will improve clarity, but not likely have any other impact.

### **Businesses and Entities Affected**

The proposed amendments are not expected to have significant effects beyond improving clarity. The standards in these regulations are used by localities in determining whether real estate is devoted to forest use for tax rate purposes. So more substantive changes could have affected landowners. Currently, 62 counties and 13 cities have an incentive tax rate for land in forest use.

### **Localities Particularly Affected**

The proposed amendments particularly affect localities that have an incentive land use tax rate for landowners who maintain their land in forest use. The following counties have such specified forest use tax rates: Accomack, Albemarle, Alleghany, Amherst, Augusta, Bedford, Bland, Botetourt, Campbell, Caroline, Carroll, Chesterfield, Clarke, Culpeper, Cumberland, Dinwiddie, Essex, Fairfax, Fauquier, Fluvanna, Franklin, Frederick, Giles, Gloucester, Goochland, Greene, Hanover, Henrico, Henry, Isle of Wight, James City, King George, King William, Loudoun, Louisa, Madison, Middlesex, Montgomery, Nelson, Northumberland, Orange, Page, Pittsylvania, Powhatan, Prince George, Prince William, Pulaski, Rappahannock, Richmond, Roanoke, Rockbridge, Rockingham, Russell, Shenandoah, Smyth, Southampton, Spotsylvania, Stafford, Tazewell, Warren, Washington, and Westmoreland. The following cities have such specified forest use tax rates: Chesapeake, Danville, Franklin, Fredericksburg, Harrisonburg, Lynchburg, Manassas, Petersburg, Radford, Staunton, Suffolk, Virginia Beach, and Waynesboro.

### **Projected Impact on Employment**

The proposal amendments are unlikely to significantly affect employment.

### **Effects on the Use and Value of Private Property**

The proposed amendments are unlikely to significantly affect the use and value of private property.

### **Small Businesses: Costs and Other Effects**

The proposed amendments are unlikely to significantly affect small businesses.

## **Small Businesses: Alternative Method that Minimizes Adverse Impact**

The proposed amendments are unlikely to significantly affect small businesses.

## **Real Estate Development Costs**

The proposed amendments are unlikely to significantly affect real estate development costs.

## **Legal Mandate**

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.04 of the Administrative Process Act and Executive Order Number 14 (10). Section 2.2-4007.04 requires that such economic impact analyses include, but need not be limited to, a determination of the public benefit, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has an adverse effect on small businesses, Section 2.2-4007.04 requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.