

July 21, 2005

PRESENT: Dr. Charles W. Curry, Chairman
Charles C. Schooley, Vice Chairman
William Bashaw
Bruce M. Bowman
Betty Jo Hamilton
Kitra A. Shiflett
Clay Hewitt
Dale L. Cobb
Beatrice B. Cardellicchio

OTHERS PRESENT: Chris Saxman, Virginia House of Delegates – 20th District
Jean Shrewsbury, Commissioner of Revenue

ABSENT: Larry C. Howdyshell
Mark Grove
Garland Martin
Larry Shiflett

VIRGINIA: Meeting of the Agricultural Task Force Committee held on Thursday, July 21, 2005, at 7:00 P.M., in the County Government Center, Verona, Virginia.

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Chairman Curry asked if there was a motion or any changes to the minutes of the July 7, 2005 meeting?

Ms. Shiflett moved to approve the minutes of the July 7, 2005 meeting.

Mr. Bowman seconded the motion, which carried unanimously.

Chairman Curry stated that the next item on the agenda was the suggestion box. He stated that there were no new items in the suggestion box.

Chairman Curry stated that he would like to discuss the upcoming meetings. He stated that at the August 4, 2005 meeting Bob Willingham with Loudoun County will speak on sliding scale land use. He stated that will be the only item on the agenda so the committee will have time for discussions. He stated that at the August 18, 2005 meeting Dr. Kohl from Virginia Tech will be speaking. He asked where he was going to speak?

Mr. Cobb stated that staff has reserved the Main Board Room and it will be open to the public.

Chairman Curry stated that they should promote the meeting and get people to come and listen Dr. Kohl speak. He stated that maybe the committee could have the public input meeting at the same meeting Dr. Kohl speaks at.

Mr. Bashaw asked how long will that meeting be?

July 21, 2005

Chairman Curry stated that usually speakers will speak for 20-30 minutes. He stated that Dr. Kohl could speak more because there is a fee. He stated that one hour should be more than adequate for him speaking and one hour for questions and input.

Mr. Bowman stated that the committee knows upfront that this may be an extended meeting so they can plan appropriately.

Mr. Hewitt stated that the committee should have input from the citizens.

Chairman Curry asked if they would be sitting out front the entire time or in the audience?

Ms. Shiflett stated that when Dr. Kohl is speaking they should be in the audience and then upfront for the question and answer session.

Chairman Curry asked how long do citizens usually speak at the Board of Supervisors' meetings?

Mr. Cobb stated that staff will provide a script that you will read from. He stated that unless it is a group you can limit the amount of time they speak. He asked if the committee had any suggestions about getting the word out to the people. He stated that they could advertise in the newspapers.

Chairman Curry stated that staff could contact Jeff Ishee at WSVA for radio advertisements.

Mr. Bowman stated that staff could contact the Chamber of Commerce, Farm Bureau, and various co-ops to get some more coverage.

Chairman Curry stated that agricultural enterprise zones, land use taxation, and related tax issues were some of the top items from the committee's brainstorming session.

Mr. Cobb introduced Chris Saxman, the 20th District Representative to the Virginia House of Delegates, who will be speaking on agricultural enterprise zones and Jean Shrewsbury who is the Commissioner of Revenue who will be speaking on land use taxation and other related tax issues.

Mr. Saxman stated that it took many sessions to get this bill passed. He stated that he took the enterprise zone concept and wanted it applied to agricultural businesses. He stated that the business owner will receive help in developing a business plan as well as \$500,000 to help implement the business.

Chairman Curry asked if this was limited to production?

Mr. Saxman stated that this is for a farm business. He stated that this program is for new agriculture businesses, productions, operations, or to expand an agricultural business.

Chairman Curry asked if agricultural machinery would apply?

July 21, 2005

Mr. Saxman stated no that is not the legislative intent.

Mr. Bashaw asked who gets the \$500,000?

Mr. Saxman stated that any business that is eligible could receive up to \$500,000.

Mr. Bashaw stated that \$500,000 is a lot of money.

Mr. Saxman stated that this program is a business incubator that could develop a successful model.

Mr. Bowman asked if there was a model development district?

Mr. Saxman stated that the local government should work with the Secretary of Agriculture in completing this.

Chairman Curry asked how many operators would there need to be in the business?

Mr. Saxman stated five full time jobs.

Vice Chairman Schooley stated that it is hard to keep five people on a farm.

Ms. Shiflett stated that a farmer will not jump into a business venture with five new employees. She stated that maybe a time limit to get the employees would be a better way to go.

Chairman Curry asked what if this business already existed?

Mr. Saxman stated that if there are five additional jobs then it would count.

Mr. Bashaw asked if the act was on the internet and if it is in effect?

Mr. Saxman stated yes and it is effective January 1, 2007. He stated that this gives localities time to establish districts.

Mr. Bowman stated that the first step is for the localities to establish districts.

Chairman Curry asked how is the money evaluated for the budget?

Mr. Saxman stated a two year budget.

Ms. Shiflett stated that she did not understand the reason for the five employees. She stated that a vineyard may need five employees but five is not needed with a cattle or poultry operation.

July 21, 2005

Mr. Saxman stated that this program is not directed towards a farm that already exists. He stated that this act is to help entrepreneurs get started. He stated that this act will be helping support local agriculture. He stated that legislation is always changing laws. He stated that some of the requirements include PDRs or an agricultural forestal district program.

Chairman Curry asked Mr. Saxman what he would suggest the County do?

Mr. Saxman stated that the County should setup a district that they want these plans to be in place. He stated that these should be areas that there will not be development.

Chairman Curry stated that Augusta County has Exclusive Agriculture and General Agriculture zonings.

Mr. Saxman stated that the County should create districts and focus on them.

Chairman Curry thanks Mr. Saxman for speaking to the group.

Ms. Shrewsbury stated that she is here to speak on land use taxation and other related tax issues. She stated that the minimum acreage to qualify for land use is five acres for agriculture and horticulture and 20 acres for forestry. She stated that this gets revalidated every year. She stated that all of the information is collected in the land use office. She stated that the application asks for proof of the sale of agriculture products. She stated that revalidation applications need to be in the office by December 5th. She stated that if they are not received at that time there is a late penalty. She stated that if a property owner wants to cut out two acres of a piece of property for a house they do charge rollback taxes. She stated that the property owner is charged rollback taxes on the current year and five years. She stated that if the property owner requests a zoning change then a rollback tax is charged.

Mr. Cobb stated that if the Board of Supervisors initiates the change then there is not a rollback tax charged.

Ms. Shrewsbury stated that one of her staff members did a study on a six year revalidation program. She stated that this would not require the need of additional staff in the field to go out and do the paperwork. She stated that many good things could come out of this program. She stated that it is hard for her office to locate landowners who are not meeting the requirements of the program. She stated that her department has been trying to weed out all of the landowners who are not providing their sales receipt and bring them out of the land use program.

Mr. Bashaw asked what happens if land is rented and not filed with land use?

Ms. Shrewsbury stated that there is an area on the application where you sign an affidavit that you must meet the requirement of at least half of the County average to qualify for the program. She stated that lease land does count. She stated that you must make sure you are producing enough to meet the County average.

July 21, 2005

Ms. Hamilton stated that her aunt who is in a nursing home had to pay rollback taxes because she did not receive her revalidation forms because of an incorrect address. She stated that a staff member in the field could have prevented her from losing her land use tax benefits.

Chairman Curry asked staff to make a copy of the land use ordinance for the committee.

Ms. Shrewsbury stated that if land is rented an affidavit must be signed. She stated that land use is not intended for large pieces of property with a dwelling on it.

Chairman Curry asked when would she make her presentation to the Board of Supervisors?

Ms. Shrewsbury stated this coming year. She stated that changing the revalidation from every year to every six years would help them do a better job each year. She stated that will give them only 1/6 of the applications each year so that they can do a good job on the field in finding landowners who are abusing the land use program. She stated that if they go to a six year revalidation program the landowners must have six years worth of paperwork.

Ms. Shiflett asked if they would be doing random checks on property?

Ms. Shrewsbury stated that she does not have the staff availability for that. She stated that when a property gets subdivided there could be a penalty. She stated that when a large piece of property is subdivided into five to ten acre lots and it is not considered a subdivision that makes it harder for them to try and get rollback taxes on the property.

Chairman Curry asked if real estate tax on residential property could be raised to create tax relief on agricultural residences?

Ms. Shrewsbury stated that all property is put into a class. She stated that to raise the residential tax rate would require a code change. She stated that a barn is the same tax assessment as a residence.

Mr. Bowman stated that a building to store a tractor is classified the same as a building to store a motor home.

Ms. Shrewsbury stated that they are in the same class. She stated that it does not matter what you put in the building, it is classified the same.

Vice Chairman Schooley asked about poultry houses?

Ms. Shrewsbury stated that poultry houses are assessed less because of the land use value. She stated that the buildings are assessed at fair market value.

Vice Chairman Schooley stated that if a house is worth \$350,000 that should be a luxury but his barn that is worth \$350,000 is a business. He stated that they should be classified differently.

July 21, 2005

Ms. Shrewsbury stated that the rate is based on the structure only. She stated that this change cannot be made by a local government.

Chairman Curry stated that if a residential class needed to be changed all together that would require lobbying. He stated that all buildings and structures on farms should be a separate classification.

Ms. Shrewsbury stated that would become a problem. She stated that 75% of Augusta County land is in land use. She stated that with no tax on the farm buildings in land use there would be no taxes.

Ms. Shiflett asked about the abuse of farm use tags?

Ms. Shrewsbury stated that this is not her department. She stated that there is no tax relief on personal property. She stated that she would like to attend the following meetings that the committee has lined up in the next couple weeks.

Chairman Curry asked for the thoughts that the committee had on agricultural enterprise zones?

Mr. Hewitt stated that the program is worth applying for even if they do not use it.

Chairman Curry agreed with Mr. Hewitt.

Mr. Bowman stated that he agrees also. He stated that if Augusta County has a program like this available they should take the opportunity to use it.

Vice Chairman Schooley stated that to start out with five employees is a little too much. He stated that for entrepreneurs this program is a good idea. He stated that this program is worth looking into.

Chairman Curry stated that if the existing business has five employees they could qualify since an existing business that is looking to expand could apply for the program.

Ms. Hamilton stated that the County should apply for this program. She stated that the County should take advantage of everything the state has to offer. She stated that this might lead the

way for more incentives. She stated that the County needs to be prepared to have this happen. She stated that it should be limited to Exclusive Agriculture land.

Ms. Shiflett stated that this program is worth exploring and getting our foot into the door because the money is available. She stated that if the five employees were negotiable then the program would be better.

July 21, 2005

Mr. Bowman stated that he supports the concept wholeheartedly.

Mr. Bashaw stated the County should try and establish a program.

Chairman Curry stated that staff should provide us a copy of the legislation.

Chairman Curry stated that the committee should make apply for agricultural enterprise zones for Augusta County as one of their recommendations.

Mr. Bowman stated that the committee should revisit this topic. Mr. Bowman asked if this should be for all agricultural districts or just Exclusive Agriculture?

Chairman Curry stated that the committee would make more specific recommendations later on but for now staff could add both to the list.

Chairman Curry stated that with the land use tax Ms. Shrewsbury could make her recommendation to the Board of Supervisors to amend the revalidation to every six years. He asked that staff add that to the recommendations list as well.

Vice Chairman Schooley stated that land use is great. He stated that nothing could be done as far as on the local government level for changing the classification.

Chairman Curry stated that if scheduling permits he would like to know more about agricultural forestal districts.

Ms. Hamilton stated that the Board of Supervisors heard a presentation about controlling coyotes. She stated that there was nothing in the newspaper about that.

Mr. Cobb stated that Highland County, Rockbridge County, Augusta County, and Rockingham County were all looking at this program. He stated that Highland and Rockbridge did not want to be involved. He stated that there was no decision made on this. He stated that he would get the minutes from the Board of Supervisor meeting on this subject.

Ms. Hamilton stated that she would think that the program would benefit Augusta County. She stated that many of the farmers are losing a lot of sheep and a lot of money.

Chairman Curry stated that after the committee sees the minutes maybe they could make a recommendation to the Board of Supervisors on the coyote issue. There being no further business, the meeting was adjourned.

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Chairman