LAND TAXATION IN VIRGINIA COALFIELDS

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WHY IT MATTERS

In the coalfield counties of Southwest Virginia, communities face environmental distress and economic decline fueled by land ownership inequality and a history of land disinvestment. Southwest Virginia's economy has historically been defined by industries such as logging and the expansion of railroads, but the region is most known for its history of coal mining. The region's large tracts of privately-owned former minelands surround vulnerable communities who face challenges due in part to a lack of control over the environmental protections and usage of the previously disturbed land.

The state's coal industry experienced a boom from the late 19th to mid 20th centuries, creating employment opportunities, generating coal severance tax revenue, and driving population growth. During this time, companies purchased large tracts of land, often split into surface and mineral rights, for development. Virginia Energy estimates as many as 100,000 acres have been mined in Southwest Virginia.[1] However, the industry has faced steep decline since its initial success. Virginia Energy reports that from the 1990 peak in state coal production to 2025, the amount of coal mined was reduced from 47 million tons to 9.5 million tons.[2]

Communities in the coalfields region are affected by this decline in previously reliable revenue as they experience the results of aging infrastructure, underfunded social programs and services, a loss of population, and a lack of economic diversification. Without investments and opportunities in these counties, families face economic hardship compounded by an increase in natural disasters threatening their homes and vulnerable community infrastructure.

Southwest Virginia deserves the opportunity to define and develop a new economy which relies on accessible land and reliable revenue.

CURRENT LANDSCAPE

Of the 2,014,200 acres of land comprising the seven far southwest counties of Virginia, the majority is held by a few landholders contributing a small proportion of the real estate property tax. For example, in Wise County, the largest land owners hold 78% of the land while only contributing 13% of the land tax revenue.[3] Virginia Code requires the same tax rate for all land within a tax category.[4] However, land assessments every four years are based on market value for comparable parcels of land being sold. Large land holdings are sold much less frequently, and as such, often have outdated assessments, which can be exacerbated by having few sales for comparable large land parcels.

The coal counties are among the poorest economic regions in the Commonwealth based on household incomes.[5] These counties face some of the highest rates of poverty in the state with an average of 20.5% persons below poverty, compared to the state's average of 9%.[6] Land available for housing and business start-ups is scarce and limits economic development. Because these properties no longer generate employment, severance funding, or machinery and tools taxes, their economic productivity has severely diminished. These large landholdings tie up land without benefit, thus preventing economic diversification and preventing communities from building competitive, sustainable post-coal economies.

OPPORTUNITIES

As Southwest Virginia moves forward, the coalfield counties deserve more equitable funding that reflects their assets, including the land. A targeted tax policy could provide an important opportunity for coalfield counties to get more revenue from these lands. The General Assembly can define two types of property as different classes and tax each class at a different rate. Specifically, Virginia could establish a distinct tax classification allowing coalfield counties to levy higher tax rates on consolidated coal lands over 1,000 acres in order to generate additional funding in these underserved communities. This classification addresses land ownership inequality rooted in a history of extractive industry in the region, which creates an incentive for absentee landowners to reduce their landholdings without current use, and provide counties with land and financial capital needed to move forward.

Additional funding in the coalfield counties could remove tax burden from residents, who often face tax rate increases to address ongoing budgetary shortfalls. The funding could be invested in aging structures, such as dilapidated schools and shelters, underfunded or closed hospitals, flood-prone roads and bridges, and unmaintained parks and recreational space. County governments could hire additional capacity to maintain public property and prevent the further degradation of infrastructure. Social programs, such as health department initiatives and library and school programming, would benefit from additional financial support. Creating a separate tax classification for consolidated coal lands offers coalfield counties reparative funding from an industry the lands supported for so long.

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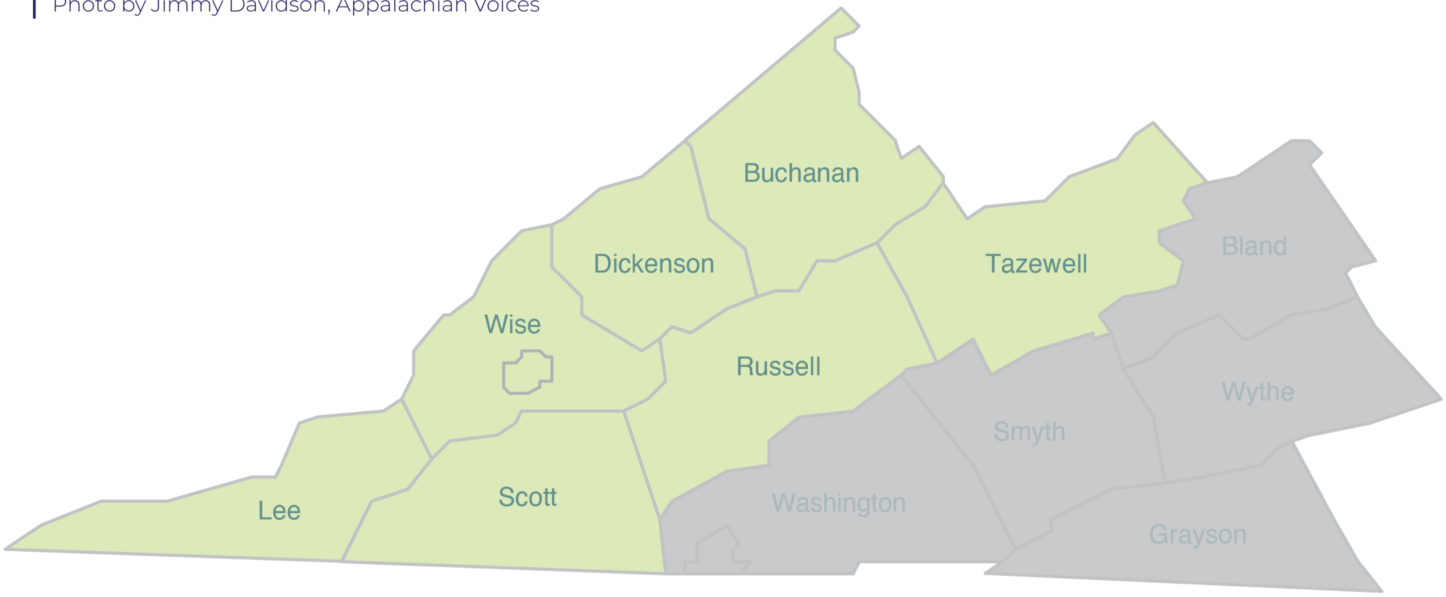
Map of Southwestern Virginia Counties
Photo by Jimmy Davidson, Appalachian Voices



TOP TAKEAWAYS

The coalfield counties of Southwest Virginia have experienced a history of inequitable land ownership.

Existing property classifications that prevent equitable taxation funding create a financial burden for economically distressed rural localities.

Virginia can create a distinct tax classification based on usage and size characteristics of the land in order to generate additional revenue.

ENDNOTES

1. Heckt, S. (2025). *Southwest Virginia lands $11M boost to reclaim abandoned coal mines*. Virginia Mercury. https://virginiamercury.com/briefs/southwest-virginia-lands-11m-boost-to-reclaim-abandoned-coal-mines/
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4. Shade, L. (2026). Regrid Premium Parcel Data Set.
5. Virginia Income - Table. (n.d.). National Institute on Minority Health and Health Disparities. https://hdpulse.nimhd.nih.gov/data-portal/social/table
6. Virginia Poverty - Table. (n.d.) National Institute on Minority Health and Health Disparities. https://hdpulse.nimhd.nih.gov/data-portal/social/table