

1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

2 *An Act to amend and reenact §§ 58.1-3220, 58.1-3220.01, and 58.1-3221 of the Code of Virginia,*
3 *relating to the amount of fees charged by localities to process applications for certain partial*
4 *exemptions and tax credits on real property taxes.*

5 [S 1242]

6 Approved

7 **Be it enacted by the General Assembly of Virginia:**

8 **1. That §§ 58.1-3220, 58.1-3220.01, and 58.1-3221 of the Code of Virginia are amended and**
9 **reenacted as follows:**

10 § 58.1-3220. Partial exemption for certain rehabilitated, renovated or replacement residential
11 structures.

12 A. The governing body of any county, city or town may, by ordinance, provide for the partial
13 exemption from taxation of real estate on which any structure or other improvement no less than fifteen
14 years of age has undergone substantial rehabilitation, renovation or replacement for residential use,
15 subject to such conditions as the ordinance may prescribe. The ordinance may, in addition to any other
16 restrictions hereinafter provided, restrict such exemptions to real property located within described zones
17 or districts whose boundaries shall be determined by the governing body. The governing body of a
18 county, city or town may establish criteria for determining whether real estate qualifies for the partial
19 exemption authorized by this provision and may require such structures to be older than fifteen years of
20 age, or place such other restrictions and conditions on such property as may be prescribed by ordinance.
21 Such ordinance may also provide for the partial exemption from taxation of multifamily residential units
22 which have been substantially rehabilitated by replacement for multifamily use. Such replacement
23 structures may exceed the total square footage of the replaced structures by no more than thirty percent.

24 B. The partial exemption provided by the local governing body may be an amount equal to the
25 increase in assessed value or a percentage of such increase resulting from the rehabilitation, renovation
26 or replacement of the structure as determined by the commissioner of revenue or other local assessing
27 officer or an amount up to fifty percent of the cost of the rehabilitation, renovation or replacement, as
28 determined by ordinance. The exemption may commence upon completion of the rehabilitation,
29 renovation or replacement or on January 1 of the year following completion of the rehabilitation,
30 renovation or replacement and shall run with the real estate for a period of no longer than fifteen years.
31 The governing body of a county, city or town may place a shorter time limitation on the length of such
32 exemption, or reduce the amount of the exemption in annual steps over the entire period or a portion
33 thereof, in such manner as the ordinance may prescribe.

34 C. Nothing in this section shall be construed as to permit the commissioner of the revenue to list
35 upon the land book any reduced value due to the exemption provided in subsection B.

36 D. The governing body of any county, city or town may assess a fee not to exceed ~~fifty dollars~~ *one*
37 *hundred twenty-five dollars for residential properties, or two hundred fifty dollars for commercial,*
38 *industrial, and/or apartment properties of six units or more* for processing an application requesting the
39 exemption provided by this section. No property shall be eligible for such exemption unless the
40 appropriate building permits have been acquired and the commissioner of the revenue or assessing
41 officer has verified that the rehabilitation, renovation or replacement indicated on the application has
42 been completed.

43 E. Where rehabilitation is achieved through demolition and replacement of an existing structure, the
44 exemption provided in subsection A shall not apply when any structure demolished is a registered
45 Virginia landmark or is determined by the Department of Historic Resources to contribute to the
46 significance of a registered historic district.

47 § 58.1-3220.01. Local real property tax credits on certain rehabilitated, renovated or replacement
48 residential structures.

49 A. The governing body of any county, city or town may, by ordinance, provide for a local real
50 property tax credit equal to certain property tax liens owed on real estate on which any structure or
51 other improvement no less than fifteen years of age has undergone substantial rehabilitation, renovation
52 or replacement for residential use, subject to such conditions as the ordinance may prescribe. The credit
53 shall be used by the owner of the property which has the real property tax liens and can be used to
54 offset real property taxes assessed against such property. The governing body of a county, city or town
55 may establish criteria for determining whether real estate qualifies for the credit authorized by this
56 provision and may require such structures to be older than fifteen years of age, or place such other

57 restrictions and conditions on such property as may be prescribed by ordinance. Such ordinance may
 58 also provide for a credit for multifamily residential units which have been substantially rehabilitated by
 59 replacement for multifamily use. Such replacement structures may exceed the total square footage of the
 60 replaced structures by no more than thirty percent.

61 B. The local tax credit shall be available only to those property owners who have purchased a
 62 structure which at the time of purchase contained property tax liens exceeding fifty percent of the
 63 assessed value of the property. The tax credit granted by the locality shall not exceed the amount by
 64 which the property tax liens exceeded fifty percent of the assessed value of the property at the time of
 65 purchase. The credit may be applied upon completion of the rehabilitation, renovation or replacement or
 66 on January 1 of the year following completion of the rehabilitation, renovation or replacement and may
 67 be divided over a period of no longer than ten years.

68 C. The governing body of any county, city or town may assess a fee not to exceed ~~fifty dollars~~ *one*
 69 *hundred twenty-five dollars for residential properties, or two hundred fifty dollars for commercial,*
 70 *industrial, and/or apartment properties of six units or more* for processing an application requesting the
 71 credit provided by this section. No property shall be eligible for such credit unless the appropriate
 72 building permits have been acquired and the commissioner of the revenue or assessing officer has
 73 verified that the rehabilitation, renovation or replacement indicated on the application has been
 74 completed.

75 D. Where rehabilitation is achieved through demolition and replacement of an existing structure, the
 76 credit shall not apply when any structure demolished is a registered Virginia landmark or is determined
 77 by the Department of Historic Resources to contribute to the significance of a registered historic district.

78 § 58.1-3221. Partial exemption for certain rehabilitated, renovated or replacement commercial or
 79 industrial structures.

80 A. The governing body of any county, city or town may, by ordinance, provide for the partial
 81 exemption from taxation of real estate on which any structure or other improvement no less than twenty
 82 years of age, or fifteen years of age if the structure is located in an area designated as an enterprise
 83 zone by the Commonwealth, has undergone substantial rehabilitation, renovation or replacement for
 84 commercial or industrial use, subject to such conditions as the ordinance may prescribe. The ordinance
 85 may, in addition to any other restrictions hereinafter provided, restrict such exemptions to real property
 86 located within described zones or districts whose boundaries shall be determined by the governing body.
 87 The governing body of a county, city or town may establish criteria for determining whether real estate
 88 qualifies for the partial exemption authorized by this provision and may require the structure to be older
 89 than twenty years of age, or fifteen years of age if the structure is located in an area designated as an
 90 enterprise zone by the Commonwealth, or place such other restrictions and conditions on such property
 91 as may be prescribed by ordinance. Such ordinance may also provide for the partial exemption from
 92 taxation of real estate which has been substantially rehabilitated by complete replacement for commercial
 93 and industrial use. Such replacement structures may exceed the total square footage of the replaced
 94 structures by no more than 110 percent in areas designated as enterprise zones by the Commonwealth,
 95 and by no more than 100 percent in all other areas.

96 B. The partial exemption provided by the local governing body may not exceed an amount equal to
 97 the increase in assessed value resulting from the rehabilitation, renovation or replacement of the
 98 commercial or industrial structure as determined by the commissioner of revenue or other local assessing
 99 officer or an amount up to fifty percent of the cost of rehabilitation, renovation or replacement as
 100 determined by ordinance. The exemption may commence upon completion of the rehabilitation,
 101 renovation or replacement, or on January 1 of the year following completion of the rehabilitation,
 102 renovation or replacement and shall run with the real estate for a period of no longer than fifteen years.
 103 The governing body of a county, city or town may place a shorter time limitation on the length of such
 104 exemption, or reduce the amount of the exemption in annual steps over the entire period or a portion
 105 thereof, in such manner as the ordinance may prescribe.

106 C. Nothing in this section shall be construed as to permit the commissioner of the revenue to list
 107 upon the land book any reduced value due to the exemption provided in subsection B.

108 D. The governing body of any county, city or town may assess a fee not to exceed ~~fifty dollars~~ *one*
 109 *hundred twenty-five dollars for residential properties, or two hundred fifty dollars for commercial,*
 110 *industrial, and/or apartment properties of six units or more* for processing an application requesting the
 111 exemption provided by this section. No property shall be eligible for such exemption unless the
 112 appropriate building permits have been acquired and the commissioner of the revenue or assessing
 113 officer has verified that the rehabilitation, renovation or replacement indicated on the application has
 114 been completed.

115 E. Where rehabilitation is achieved through demolition and replacement of an existing structure, the
 116 exemption provided in subsection A shall not apply when any structure demolished is a registered
 117 Virginia landmark or is determined by the Department of Historic Resources to contribute to the

118 significance of a registered historic landmark.