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SENATE BILL NO. 939

Offered January 10, 2001

Prefiled January 8, 2001

A BILL to amend and reenact §§ 58.1-3219, 58.1-3219.1, and 58.1-3219.3 of the Code of Virginia, relating to local real estate tax liability.

Patron—Byrne

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That §§ 58.1-3219, 58.1-3219.1, and 58.1-3219.3 of the Code of Virginia are amended and reenacted as follows:

Article 2.1.

Local Deferral of Real Estate Tax; Reduction of Real Estate Tax.

§ 58.1-3219. Deferral of portion of real estate tax increases; reduction of real estate tax.

Subject to the limitations and conditions of this article, any Any county, city, or town may adopt, by ordinance, (i) a deferral program for real estate taxes, in such amount as the ordinance may prescribe or (ii) a program providing for a reduction from the real estate taxes of persons at least sixty-five years of age as provided in this section; subject to the limitations and conditions of this article. The local governing body shall adopt, by ordinance, the terms and conditions of the program such programs, including such terms and conditions as are required under this section, and whether the deferral program programs shall apply only to real estate owned by and occupied as the sole dwelling of the taxpayer or whether the program programs shall apply to all property.

§ 58.1-3219.1. Conditions of deferral; payment of deferred amounts.

A. The deferral program provided in this article shall allow the taxpayer the option of deferring all or any portion of the real estate tax that exceeds 105 percent of the real estate tax on such property owned by the taxpayer in the previous tax year. The governing body may adopt a higher minimum percentage increase figure.

The deferred amount shall be subject to interest computed at the rate established pursuant to § 6621 of the Internal Revenue Code. The accumulated amount of taxes deferred and interest shall be paid to the county, city, or town by the owner upon the sale or transfer of the property, or from the estate of the decedent within one year after the death of the owner. If the real estate is owned jointly and all such owners applied and qualified for the deferral program established by ordinance, the death of one of the joint owners shall not disqualify the survivor or survivors from participating in the deferral program. All accumulated deferred taxes and interest shall be paid within one year of the date of death of the last qualifying owner. The accumulated amount of tax deferred and interest shall constitute a lien upon the real estate.

B. The tax reduction program provided in this article shall provide a reduction from the real estate taxes of persons at least sixty-five years of age. Such program shall provide a reduction from the amount of real estate taxes otherwise due from such persons such that the real estate tax liability for a taxable year shall equal the tax levied on such real estate, or portion thereof, in the preceding taxable year multiplied by the sum of (i) 100 percent plus (ii) the percentage increase in the Consumer Price Index for All Urban Consumers (CPI-U), for all items, from October 1 through September 30 of the year immediately preceding the affected taxable year.

Such tax reduction may be granted for any year following the date that a person reaches the age of sixty-five years. In any taxable year where a person at least sixty-five years of age becomes the owner of real estate that is exempt from local taxation immediately before such change in ownership, the tax levied on such real estate for such taxable year for purposes of this section shall be deemed to be equal to the assessed value of such real estate on January 1 of such taxable year multiplied by the tax rate in effect in the locality for such taxable year.

A dwelling jointly held by a husband and wife shall qualify for the tax reduction program if either spouse is sixty-five or older. The tax reduction program shall also apply to manufactured homes as defined in § 36-85.3. No local ordinance shall require that a citizen reside in the jurisdiction for a designated period of time as a condition for qualifying for such tax reduction program.

In no case pursuant to this section shall the real estate tax liability for a taxable year exceed the assessed value of the applicable real estate multiplied by the tax rate in effect in the locality for such taxable year.

The provisions of §§ 58.1-3213, 58.1-3213.1, 58.1-3214, and 58.1-3215 shall apply mutatis mutandis

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59 *to any tax reduction program adopted pursuant to this section.*

60 § 58.1-3219.3. Limitations.

61 The ~~deferral program~~ *programs* provided under this article shall not apply to the following:

62 1. Real estate which participates in the real estate tax relief or deferral program for the elderly or
63 permanently or totally disabled pursuant to Article 2 (§ 58.1-3210 et seq.) of Chapter 32 of this title;

64 2. Persons who are delinquent on any portion of real estate taxes for which deferral is sought;

65 3. Real estate assessed on the basis of use value pursuant to Article 4 (§ 58.1-3230 et seq.) of
66 Chapter 32 of this title;-

67 4. *Any real estate or portion thereof for which real estate taxes are delinquent.*