

**DEPARTMENT OF TAXATION
2001 Fiscal Impact Statement**

1. Patron Parrish

3. Committee House Finance

4. Title Local Tax Administration: Warrants, Tax Bills, and Liens

2. Bill Number HB 1999

House of Origin:

Introduced

Substitute

Engrossed

Second House:

In Committee

Substitute

Enrolled

5. Summary/Purpose:

This bill would authorize treasurers to deduct other charges in addition to taxes due from a party in whose favor a warrant is drawn. It would also permit treasurers to transmit bills electronically, providing that records were kept in accordance with the way they must be kept under current law. The bill also would add the provision that taxes specifically assessed against goods and chattels distrained constitute a lien against the property so assessed under § 58.1-3942 of the *Code of Virginia*.

The effective date of this bill is not specified. However, the second enactment clause provides that the provision amending § 58.1-3942 is declaratory of existing law.

6. Fiscal Impact Estimates are: Not Available. (See line 8.)

7. Budget amendment necessary: No.

8. Fiscal implications:

There would be no impact on state revenues. This bill may result in an increase in local revenues to the extent that treasurers may deduct other charges from warrants drawn to taxpayers. It also may reduce administrative costs for localities.

9. Specific agency or political subdivisions affected:

All localities

10. Technical amendment necessary:

To provide consistency in referring to bills sent to taxpayer's, the following technical amendment is suggested:

Page 1, Line 17, After: shall credit the

Strike: taxpayer's

Insert: tax

11. Other comments:

Other Charges

This bill would add "other charges" to taxes that the treasurers may deduct from the payment of warrants. Outstanding charges in the form of fees or other charges are of increasing concern to localities. This bill would enable treasurers to deduct such charges from any warrant drawn in the favor of a party.

Electronic Transmission of Tax Bills

The bill authorizes treasurers, with the written consent of the taxpayer, to send bills through electronic medium in lieu of sending such bills through first class mail. Under this provision, the treasurer is obligated to keep records of all such billings in accordance with the law. The transmission of the bill by electronic means would have the same force and effect as a bill sent by first class mail.

For state tax administration purposes, the Department of Taxation is authorized to transmit a tax assessment by facsimile or electronic mail, provided the taxpayer approves the specific medium to be used. The taxpayer must designate in writing the facsimile machine or electronic mail address for receipt of the assessment. The assessment is deemed to be made when the notice of assessment is transmitted.

Liens Against Property

This bill provides that taxes specifically assessed against goods and chattels distrained constitute a lien against the property so assessed under § 58.1-3942 of the *Code of Virginia*. This provision is in response to a bankruptcy court decision, in which the court held that the current statute was not strong enough to permit the taxes against goods and chattels distrained to have priority over all security interests. This bill provides that this provision is declaratory of existing law.

This bill is similar to House Bill 2124.

cc: Secretary of Finance

Date: 1/16/01/slr

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