

# DEPARTMENT OF TAXATION

## 2001 Fiscal Impact Statement

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| <b>1. Patron:</b> May   | <b>2. Bill Number:</b> <u>HB 2022</u>  |
| <b>3. Committee:</b> Senate Finance   | <b>House of Origin:</b><br><u>          </u> Introduced<br><u>          </u> Substitute<br><u>          </u> Engrossed |
| <b>4. Title:</b> Real Property Tax;<br>Deadline for Filing for Use Value Assessment | <b>Second House:</b><br><u>  X  </u> In Committee<br><u>          </u> Substitute<br><u>          </u> Enrolled        |

**5. Summary/Purpose:**

This bill would authorize localities to grant one additional extension of the filing deadline for applications for land use assessment. Upon payment by the property owner of an additional extension fee, the property owner would be able to timely file the application within thirty days after notices of assessment are mailed.

Under current law, localities are authorized to provide one 60-day extension for filing applications for land use assessment upon payment of a late filing fee.

The effective date of this bill is not specified.

**6. Fiscal Impact Estimates are:** Not available (See Line 8).

**7. Budget amendment necessary:** No.

**8. Fiscal implications:**

This bill would have no impact on state revenues. The immediate impact on local revenues is uncertain because localities may or may not exercise the authority to provide for the additional extension and fee. Localities that provide for the additional extension may experience a decrease in revenues to the extent that additional land qualifies for land use assessment. Land use valuation is generally lower than fair market valuation. To some extent, this revenue decrease would be offset partially by the additional extension fee. The amount of revenue generated by the additional fee would be dependent on the number of extensions and the amount of the fee.

**9. Specific agency or political subdivisions affected:**

All Localities

**10. Technical amendment necessary: No.**

**11. Other comments:**

Localities that have adopted a land-use plan may adopt an ordinance providing for the special assessment (use value assessment) of real estate devoted solely to agricultural, horticultural, forest, or open-space use.

In valuing land at its use value, the assessing officer considers only the value of the real estate in its current use. The assessing officer does not consider the fair market value of the land at its most profitable use. Land use valuation is intended to encourage conservation by providing tax relief to the owner of real estate devoted solely to agricultural, horticultural, forest, or open-space use.

Property owners must submit an application for use assessment:

- At least sixty days preceding the tax year for which such taxation is sought; or
- In any year in which a general reassessment is being made, until thirty days have elapsed after his notice of increase in assessment is mailed, or sixty days preceding the tax year, whichever is later; or
- In any locality which has adopted a fiscal tax year but continues to assess as of January 1, at least sixty days preceding the effective date of the assessment for such year.

Under current law, localities may, by ordinance, permit applications to be filed within sixty days after the above deadlines, upon the payment of a late filing fee to be established by the locality.

This bill would authorize localities to grant an additional extension of the filing deadline. Upon payment by the property owner of an additional extension fee, the application would be timely filed within thirty days after notices of assessment are mailed. The amount of the additional extension fee would not exceed the late filing fee.

c: Secretary of Finance

Date: 2/6/01/JEM

Document: S:\2001leg\WorkInProgress\OTPwork\House Bills\HB2022FEH1161.doc