

**DEPARTMENT OF TAXATION
2001 Fiscal Impact Statement**

1. Patron: Stosch

3. Committee: House Finance

4. Title: Tax Exempt Property;
Income Producing Real Estate

2. Bill Number: SB 855

House of Origin:

☐ Introduced

☐ Substitute

☐ Engrossed

Second House:

☒ In Committee

☐ Substitute

☐ Enrolled

5. Summary/Purpose:

This bill would provide that real estate that is otherwise exempt from local taxes is subject to such taxes only if the real estate is a source of substantial net income.

Under current law, real estate that is otherwise exempt from local taxes is subject to real estate taxation if the property is a source of revenue or profit.

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. Localities would experience a decrease in revenues to the extent that they would no longer be authorized to impose taxes on otherwise exempt real estate that is revenue producing but not a source of substantial net income.

9. Specific agency or political subdivisions affected:

All Localities

10. Technical amendment necessary: No.

11. Other comments:

This bill would provide that net income is determined using generally accepted accounting principles, including the cost of depreciation and other expenses relating to the operation and maintenance of such real estate.

Title 58.1 of the Code of Virginia does not define “substantial.”

c: Secretary of Finance

Date: 2/6/01/JEM

Document: S:\2001leg\WorkInProgress\OTPwork\Senate Bills\SB855FE161.doc