

DEPARTMENT OF TAXATION

2002 Fiscal Impact Statement

1. **Patron** Janis (By Request)

3. **Committee** Senate Finance

4. **Title** Sanitary District Tax: Property Taxed at Full
Assessed Value When Within a Special
Use Value Jurisdiction

2. **Bill Number** HB 228

House of Origin:

 Introduced

 Substitute

 Engrossed

Second House:

 X **In Committee**

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would authorize counties that have established sanitary districts to base the tax assessment within these districts on the full assessed value of the taxable property, notwithstanding any special use value assessment on those properties within the sanitary district for land preservation.

Current law provides localities that have adopted a land use plan with the option to adopt special use value assessments for agricultural, horticultural, forestal and open space real estate. This bill would permit counties with sanitary districts that have generally adopted special use value assessments to impose the sanitary district tax on the full assessed value of special use property for land preservation. Such full value assessments may be made only if the owner of such property has given written consent.

The effective date of this bill is not specified.

6. **Fiscal Impact Estimates are:** Unknown (Line 8.)

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

8. **Fiscal implications:**

This bill would have no impact on state revenues. The revenue impact on localities will vary, depending on the amount of property subject to special use value assessment for land preservation and the difference between special use value and full assessed value.

In 2000, 114 of the Commonwealth's counties, cities and towns had adopted ordinances authorizing the imposition of special use value assessments. This is a local option bill that will have a limited positive revenue impact on the sanitary districts in those localities that choose to adopt the special assessing provision authorized by this bill.

9. Specific agency or political subdivisions affected:

Localities with sanitary districts.

10. Technical amendment necessary: None.

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 (land preservation).

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 in its most profitable use.

This bill would provide that the sanitary district tax would be levied on the full assessed value of the properties included within the district, even if they are subject to special use valuation for land preservation.

Sanitary districts were created to empower the local governing authority to:

[L]evy and collect an annual tax upon all the property in such sanitary district subject to local taxation to pay, either in whole or in part, the expenses and charges incident to constructing, maintaining and operating water supply, sewerage, garbage removal and disposal, heat, light, fire-fighting equipment and power and gas systems and sidewalks for the use and benefit of the public in such sanitary district. Code of Virginia § 21-118.

The special use valuation of property for purposes of other local tax purposes would still apply. The bill only affects the sanitary district tax and only in those instances where the owner of the affected property has given written consent.

HB 227 and SB 275 would provide assessment options for service districts similar to those contained in this bill.

cc: Secretary of Finance

Date: 2/13/02/SLR

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