

DEPARTMENT OF TAXATION

2002 Fiscal Impact Statement

1. **Patron** Oder

3. **Committee** House Finance

4. **Title** Real Estate Tax; Partial Exemption for
Rehabilitated Structures

2. **Bill Number** HB 911

House of Origin:

X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would remove the current limit on the size of replacement multifamily residential structures that qualify for the local option real property tax partial exemption for replacement residential structures. This bill would also clarify that localities may establish square footage requirements for all structures that qualify for the partial exemption for replacement residential structures.

Current law specifies that replacement multifamily residential structures may exceed the total square footage of the replaced structures by no more than thirty percent. Additionally, localities are currently authorized to establish by ordinance other restrictions and conditions on properties that qualify for the partial exemption.

The effective date of this bill is not specified.

6. Fiscal Impact Estimates are: Unavailable (See Line 8).

7. Budget amendment necessary: No.

8. Fiscal implications:

This bill would have no effect on state revenues. This bill would have an unknown impact on revenues to localities. The amount of the revenue impact would be dependent upon the value of the additional replacement structures that would qualify for real property tax partial exemptions as a result of this bill.

9. Specific agency or political subdivisions affected:

All counties, cities and towns.

10. Technical amendment necessary: No.

11. Other comments:

Under current law, localities are authorized to grant real property tax partial exemptions and tax credits for certain rehabilitated, renovated, or replacement residential and commercial structures.

Under current law, if a multifamily residential structure is substantially rehabilitated by replacement for multifamily use, the replacement structure will not qualify for the real property tax partial exemption if it exceeds the total square footage of the replaced structure by more than thirty percent. This bill would remove the current size limitation.

This bill is identical to House Bill 465. Senate Bill 119 would increase the size of replacement multifamily residential structures that qualify for this exemption to 100 percent of the total square footage of the replaced structures.

c: Secretary of Finance

Date: 1/18/02/JEM

