

**DEPARTMENT OF TAXATION
2002 Fiscal Impact Statement**

1. Patron Stosch

3. Committee Senate Finance

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

2. Bill Number SB 119

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would increase the size of structures that may qualify for the local option real property tax partial exemption for multifamily residential units that have been substantially rehabilitated by replacement to 100 percent of the total square footage of the replaced structures.

Under current law, replacement multifamily residential structures may exceed the total square footage of the replaced structures by no more than thirty percent.

The provisions of this bill would apply to projects completed on or after July 1, 2002, including projects started prior to this date.

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 increase the size of replacement multifamily residential structures that may qualify for the real property tax partial exemption to include any that do not exceed 100 percent of the total square footage of the replaced structures.

c: Secretary of Finance

Date: 1/11/02/JEM

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