

DEPARTMENT OF TAXATION

2003 Fiscal Impact Statement

1. **Patron** Petersen

2. **Bill Number** HB 1673

3. **Committee** Senate Finance

House of Origin:

 Introduced

 Substitute

 Engrossed

4. **Title** Real Property Tax; Assessment of
Substantially Completed Buildings

Second House:

 X **In Committee**

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill authorizes any city with a population between 15,000 and 25,000 that is within a county operating under the urban county executive form of government, upon adoption of an ordinance, to assess new buildings when they are substantially completed or fit for use and occupancy, regardless of the date of completion or fitness. For any assessment made after November 1 in any year, the city is authorized to charge a penalty for late payment until the later of December 5 or thirty days following the date of billing.

Under current law, only a county operating under the urban county executive form of government has this authority. Other localities cannot assess real estate taxes on new buildings that are substantially completed after October 31 until January of the succeeding year. Further, under current law, for assessments made after September 1, taxpayers have at least three months in which to pay such taxes without paying a penalty.

The effective date on 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 has no impact on state revenues. If an eligible city exercises the authority granted by this bill, it will experience increased revenues to the extent that it will be able to impose its real estate tax on new buildings that are substantially completed or fit for use after October 31 of each year. Under current law, such buildings are not subject to tax until January of the succeeding year. Additionally, it may experience increased revenues from late payment penalties as the period in which taxpayers may timely pay assessments made after November 1 will be shortened from 3 months to the later of December 5 or thirty days following the date of billing.

9. Specific agency or political subdivisions affected:

Any city with a population between 15,000 and 25,000 that is within a county operating under the urban county executive form of government. The City of Fairfax is currently the only city that meets these criteria.

10. Technical amendment necessary: No.

11. Other comments:

Senate Bill 1285 would authorize any city or county adjacent to Fairfax County to assess new buildings when substantially complete or fit for use and occupancy, regardless of the date of completion or fitness.

cc : Secretary of Finance

Date: 01/30/03

Document : S:\2003leg\WorkInProgress\OTPwork\House Bills\hb1673FE161.doc