

DEPARTMENT OF TAXATION

2003 Fiscal Impact Statement

1. **Patron** Reynolds

3. **Committee** Senate Finance

4. **Title** Real Property Tax;
Use Value Assessment

2. **Bill Number** SB 1015

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill provides that localities may, by ordinance, limit eligibility for real property tax use value assessment and taxation to real property owners who have a minimum percentage (not exceeding 20 percent) of their total income derived from such real estate. A locality adopting such an ordinance must apply the requirement every year.

Under current law, there are no income limitations for use value assessment and taxation eligibility.

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. The impact on local revenues is uncertain because localities may or may not exercise the authority to impose income limitations. Localities that impose income limitations may experience an increase in real property tax revenues to the extent that such limitations disqualify properties for use valuation, which is generally lower than fair market valuation.

9. Specific agency or political subdivisions affected:

All localities

10. Technical amendment necessary: No.

11. Other comments:

Land use valuation is intended to encourage conservation by providing tax relief to the owner of real estate devoted solely to agricultural, horticultural, forest or open-space use. 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 at its most profitable use.

cc : Secretary of Finance

Date: 01/11/03

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