

**DEPARTMENT OF TAXATION
2004 Fiscal Impact Statement**

1. Patron Samuel A. Nixon, Jr.

3. Committee House Finance

4. Title Real and Personal Property Taxes;
Exemptions for Nonprofit Organizations

2. Bill Number HB 473

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would modify the grandfathering of property tax exemptions for nonprofit organizations granted through classification by the General Assembly to include property that was taxed by the locality prior to January 1, 2003 that a court determines should have been exempted.

Current law only grandfathers property that was actually exempted by the locality as of December 31, 2002.

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. To the extent that organizations denied an exemption qualify for a grandfathered exemption, this bill would have an unknown negative impact on local revenues.

9. Specific agency or political subdivisions affected:

All localities

10. Technical amendment necessary: No.

11. Other comments:

Prior to January 1, 2003, the Constitution only allowed local property tax exemptions for nonprofit organizations to be issued by the General Assembly. A constitutional amendment that took effect on January 1, 2003 allows local governing bodies to grant such exemptions by ordinance, subject to restrictions and conditions provided by general law enacted by the General Assembly. Legislation in the 2003 Session of the General Assembly established a process that localities must follow when issuing exemptions. This legislation also grandfathered property that had been previously exempted by the General Assembly if the property was actually exempted by the locality as of December 31, 2002.

This bill would modify the grandfathering of property tax exemptions to include property that was taxed by the locality prior to January 1, 2003 that a court determines should have been exempted.

cc : Secretary of Finance

Date: 1/24/2004 JEM