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SENATE BILL NO. 45

Offered January 11, 2006

Prefiled December 28, 2005

A BILL to amend and reenact § 58.1-3403 of the Code of Virginia, relating to real property tax; service charges in lieu of; real property owned by the Virginia Port Authority.

Patron—Locke

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That § 58.1-3403 of the Code of Virginia is amended and reenacted as follows:

§ 58.1-3403. Property owned by the Commonwealth.

A. Notwithstanding the provisions of § 58.1-3400, a service charge may be levied on real property owned by the Commonwealth if the value of all such property located within a county, city or town exceeds three percent of the value of all real property located within such county, city or town. For purposes of this section "real property owned by the Commonwealth" shall not include hospitals, educational institutions or public roadways or property held for the future construction of public highways.

Notwithstanding § 58.1-3400 and the provisions of the foregoing paragraph, a service charge may be levied on faculty and staff housing of state educational institutions, and on property of the Virginia Port Authority, regardless of the portion of state-owned property located within the county, city or town.

The service charge may be imposed only if the commissioner of revenue or other assessing officer for such locality, prior to imposing the service charge, publishes and lists all exempt real estate in the land books of such locality, in the same manner as is taxable real estate.

B. The service charge *on property other than that owned and operated by the Virginia Port Authority or Virginia International Terminals* shall be based on the assessed value of the state-owned tax exempt real estate and the amount which the county, city or town expended, in the year preceding the year in which such charge is assessed, for the purpose of furnishing police and fire protection and for collection and disposal of refuse. The cost of public school education shall be included in such amount in determining the service charge imposed on faculty and staff housing of an educational institution. Any amount received from federal or state grants specifically designated for the above-mentioned purposes and assistance provided to localities pursuant to Article 8 (§ 9.1-165 et seq.) of Chapter 1 of Title 9.1 shall not be considered in determining the cost of providing such services for the real estate. The expenditures for services not provided for certain real estate shall not be considered in the calculation of the service charge for such real estate, nor shall such expenditures be considered when a service is currently funded by another service charge.

~~Provided, however, that any amount paid to any locality pursuant to subsection D shall be fully credited against the service charge payable by the Virginia Port Authority under this subsection and subsection A.~~

C. The service charge rate for state-owned property shall be determined by dividing the expenditures determined pursuant to subsection B of this section by the assessed fair market value, expressed in hundred dollars, of all real estate located within the county, city or town imposing the service charge, including nontaxable property. The resulting rate shall then be applied to the assessed value of the tax exempt property owned by the Commonwealth.

Real estate owned by the United States government or any of its instrumentalities, shall not be included in the assessed value of all property within the county, city or town. For purposes of this section, artistic and historical significance shall not be taken into account in the valuation of exempt real estate.

D. Notwithstanding the provisions of subsections B and C and from such funds as may be appropriated, the service charge for property owned by the Virginia Port Authority and its instrumentalities shall be based on the assessed value of such tax-exempt real estate and the amount of cargo tonnage shipped through such property in the year preceding the year in which such charge is assessed.

The service charge rate for each county, city or town shall be determined by adding:

1. The assessed value of the Virginia Port Authority real property in each county, city, or town divided by the total assessed value of real property owned by the Virginia Port Authority in all counties, cities, or towns; and

2. The Virginia Port Authority cargo tonnage shipped through each county, city, or town divided by

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the total Virginia Port Authority cargo tonnage shipped through all counties, cities, and towns.

Such service charge rate for each county, city, or town shall then be applied to the product of the total Virginia Port Authority cargo tonnage multiplied by $0.25.

E. In no event shall the service charge rate exceed the real estate tax rate of the county, city or town imposing the service charge.