

DEPARTMENT OF TAXATION

2006 Fiscal Impact Statement

1. **Patron** Mamie Locke

3. **Committee** Senate Finance

4. **Title** Real Property Tax; Service Charge for
Property Owned and Operated by the
Virginia Port Authority.

2. **Bill Number** SB 45

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would provide that the Virginia Port Authority is subject only to the special local service charge on real property owned and operated by it and that the Virginia Port Authority is not subject to the local service charge generally applicable to real property owned by the Commonwealth.

Under current law, localities may generally levy a service charge on real property owned by the Commonwealth if the value of all such property located within a locality exceeds three percent of the value of all real property located within such locality. Additionally, a special service charge may be levied on property owned and operated by the Virginia Port Authority. The Virginia Port Authority receives a credit against its obligation to pay the generally applicable service charge for any amount paid to a locality for the special service charge.

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:

To the extent that localities would lose their authorization to impose the generally applicable service charge on real property owned by the Virginia Port Authority, this bill may negatively impact local revenues. As the Virginia Port Authority receives a credit for amounts paid for the special service charge, local revenues would decrease by the amount that the generally applicable service charge exceeds the special service charge.

9. Specific agency or political subdivisions affected:

All localities.

10. **Technical amendment necessary:** No.

11. Other comments:

Under current law, a service charge may generally be levied on real property owned by the Commonwealth if the value of all such property located within a locality exceeds three percent of the value of all real property located within such locality. In general, the service charge is based on the assessed value of the tax exempt real estate and the amount which the locality expended in the preceding year for the purpose of furnishing police and fire protection and for collection and disposal of refuse.

A special service charge may be levied on property owned and operated by the Virginia Port Authority based on the assessed value of its tax-exempt real estate and the amount of cargo tonnage shipped through the property in the preceding year. The Virginia Port Authority receives a credit against its obligation to pay the generally applicable service charge for any amount paid to a locality for the special service charge.

This bill would provide that the Virginia Port Authority is subject to the special service charge on property owned and operated by it and is not subject to the generally applicable service charge.

Other Legislation

Senate Bill 92 would declare that the Virginia Museum of Fine Arts and other museums of the Commonwealth are educational institutions and thus not subject to a local service charge.

cc : Secretary of Finance

Date: 01/16/2006 JEM