

# DEPARTMENT OF TAXATION

## 2006 Fiscal Impact Statement

1. **Patron** John C. Watkins

3. **Committee** Senate Finance

4. **Title** Real Property Tax; Virginia Museum of Fine Arts

2. **Bill Number** SB 92

**House of Origin:**

  X   **Introduced**

      **Substitute**

      **Engrossed**

**Second House:**

      **In Committee**

      **Substitute**

      **Enrolled**

**5. Summary/Purpose:**

This bill would declare that the Virginia Museum of Fine Arts and other museums of the Commonwealth are educational institutions and thus not subject to the service charge that certain localities may impose on property owned by the Commonwealth.

Under current law, a service charge may 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. Hospitals, educational institutions and public roadways or property held for the future construction of public highways are not subject to this charge.

**6. Fiscal Impact Estimates are:** Not available. (See Line 8.)

**7. Budget amendment necessary:** No.

**8. Fiscal implications:**

To the extent that localities are not considering museums of the Commonwealth to be "educational institutions," this bill would decrease local revenue by decreasing state payments to localities. In particular, this bill would exempt the Virginia Museum of Fine Arts from paying a service charge, in lieu of property taxes, to the City of Richmond. It is unknown to what extent this bill would impact other localities.

**9. Specific agency or political subdivisions affected:**

Virginia Museum of Fine Arts and other museums of the Commonwealth  
All localities

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

## **11. Other comments:**

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cc : Secretary of Finance

Date: 01/16/2006 JEM