

DEPARTMENT OF TAXATION

2007 Fiscal Impact Statement

1. **Patron** Nick Rerras

2. **Bill Number** SB 1063

3. **Committee** House Finance

House of Origin:

☐ Introduced

☐ Substitute

☐ Engrossed

4. **Title** Real Estate Tax: Limitation on Tax Rate

Second House:

☒ In Committee

☐ Substitute

☐ Enrolled

5. **Summary/Purpose:**

This bill would change the procedures that localities must follow in order to notify the public of the public meeting that a locality must hold in order to increase the rate of its real property tax above the rate that would result in an increase of one percent or more in the total real property tax levied when an annual assessment, biennial assessment or general reassessment of real property by the locality would result in an increase of one percent or more in the total real property tax levied.

Localities would be required to post notice of the public hearing in a newspaper of general circulation in the locality at least 30 days, rather than 7 days, before the date of the hearing. In addition to publishing the notice in the newspaper, the locality would also be required to post notice of the public hearing in a prominent public location where notices are regularly posted in the building where the governing body of the locality regularly conducts its business.

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:**

There would be no state or local revenue impact associated with this bill.

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

All localities.

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

11. Other comments:

Background on Real Estate Tax Rates

Currently, when an annual assessment, biennial assessment or general reassessment of real property by a locality would result in an increase of one percent or more in the total real property tax levied, the locality must reduce its real estate tax rate so as to produce no more than 101 percent of the previous year's total real property tax revenues. Additional assessments or reassessments due to the construction of new or other improvements are excluded from this calculation. As an alternative to lowering the tax rate to the calculated rate, the governing body of the locality may, after holding a public hearing, vote to set the real estate tax rate at a different rate, which may be higher or lower than the calculated rate. State law does not limit this rate.

Proposal

This bill would mandate that a locality seeking to increase the rate of the real property tax levied above the reduced rate mandated by law provide notice of the public hearing at least 30 days before the date of the hearing in at least one newspaper of general circulation. Additionally, the locality would be required to post notice of the public hearing in a prominent public location where notices are regularly posted in the building where the governing body of the county, city or town regularly conducts its business.

cc : Secretary of Finance

Date: 2/6/2007 KP
SB1063FE161