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HOUSE BILL NO. 184

Offered January 9, 2008

Prefiled December 26, 2007

A BILL to amend and reenact §§ 58.1-3220, 58.1-3220.01, 58.1-3220.1, and 58.1-3221 of the Code of Virginia, relating to real property tax relief for certain rehabilitated, renovated, or replacement real property.

 Patron—Marshall, R.G.

 Referred to Committee on Rules

Be it enacted by the General Assembly of Virginia:

1. That §§ 58.1-3220, 58.1-3220.01, 58.1-3220.1, and 58.1-3221 of the Code of Virginia are amended and reenacted as follows:

§ 58.1-3220. Partial exemption for certain rehabilitated, renovated or replacement residential structures.

A. The governing body of any county, city or town may, by ordinance, provide for the partial exemption from taxation of real estate on which any structure or other improvement no less than fifteen years of age has undergone substantial rehabilitation, renovation or replacement for residential use, subject to such conditions as the ordinance may prescribe. The ordinance may, in addition to any other restrictions hereinafter provided, restrict such exemptions to real property located within described zones or districts whose boundaries shall be determined by the governing body. The governing body of a county, city or town may (i) establish criteria for determining whether real estate qualifies for the partial exemption authorized by this provision, (ii) require such structures to be older than fifteen years of age, (iii) establish requirements for the square footage of replacement structures, and (iv) place such other restrictions and conditions on such property as may be prescribed by ordinance. Such ordinance may also provide for the partial exemption from taxation of multifamily residential units that have been substantially rehabilitated by replacement for multifamily use.

B. The partial exemption provided by the local governing body may be an amount equal to the increase in assessed value or a percentage of such increase resulting from the rehabilitation, renovation or replacement of the structure as determined by the commissioner of revenue or other local assessing officer or an amount up to fifty percent of the cost of the rehabilitation, renovation or replacement, as determined by ordinance. The exemption may commence upon completion of the rehabilitation, renovation or replacement or on January 1 of the year following completion of the rehabilitation, renovation or replacement and shall run with the real estate for a period of no longer than fifteen years. The governing body of a county, city or town may place a shorter time limitation on the length of such exemption, or reduce the amount of the exemption in annual steps over the entire period or a portion thereof, in such manner as the ordinance may prescribe.

C. Nothing in this section shall be construed as to permit the commissioner of the revenue to list upon the land book any reduced value due to the exemption provided in subsection B.

D. The governing body of any county, city or town may assess a fee not to exceed one hundred twenty-five dollars for residential properties, or two hundred fifty dollars for commercial, industrial, and/or apartment properties of six units or more for processing an application requesting the exemption provided by this section. No property shall be eligible for such exemption unless the appropriate building permits have been acquired and the commissioner of the revenue or assessing officer has verified that the rehabilitation, renovation or replacement indicated on the application has been completed.

E. Where rehabilitation is achieved through demolition and replacement of an existing structure, the exemption provided in subsection A shall not apply when any structure demolished is a registered Virginia landmark or is determined by the Department of Historic Resources to contribute to the significance of a registered historic district.

F. No partial exemption shall be granted under this section to any person who does not demonstrate that he has the right to be legally present in the United States.

§ 58.1-3220.01. Local real property tax credits on certain rehabilitated, renovated or replacement residential structures.

A. The governing body of any county, city or town may, by ordinance, provide for a local real property tax credit equal to certain property tax liens owed on real estate on which any structure or other improvement no less than fifteen years of age has undergone substantial rehabilitation, renovation or replacement for residential use, subject to such conditions as the ordinance may prescribe. The credit

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59 shall be used by the owner of the property which has the real property tax liens and can be used to
60 offset real property taxes assessed against such property. The governing body of a county, city or town
61 may establish criteria for determining whether real estate qualifies for the credit authorized by this
62 provision and may require such structures to be older than fifteen years of age, or place such other
63 restrictions and conditions on such property as may be prescribed by ordinance. Such ordinance may
64 also provide for a credit for multifamily residential units which have been substantially rehabilitated by
65 replacement for multifamily use. Such replacement structures may exceed the total square footage of the
66 replaced structures by no more than thirty percent.

67 B. The local tax credit shall be available only to those property owners who have purchased a
68 structure which at the time of purchase contained property tax liens exceeding fifty percent of the
69 assessed value of the property. The tax credit granted by the locality shall not exceed the amount by
70 which the property tax liens exceeded fifty percent of the assessed value of the property at the time of
71 purchase. The credit may be applied upon completion of the rehabilitation, renovation or replacement or
72 on January 1 of the year following completion of the rehabilitation, renovation or replacement and may
73 be divided over a period of no longer than ten years.

74 C. The governing body of any county, city or town may assess a fee not to exceed one hundred
75 twenty-five dollars for residential properties, or two hundred fifty dollars for commercial, industrial,
76 and/or apartment properties of six units or more for processing an application requesting the credit
77 provided by this section. No property shall be eligible for such credit unless the appropriate building
78 permits have been acquired and the commissioner of the revenue or assessing officer has verified that
79 the rehabilitation, renovation or replacement indicated on the application has been completed.

80 D. Where rehabilitation is achieved through demolition and replacement of an existing structure, the
81 credit shall not apply when any structure demolished is a registered Virginia landmark or is determined
82 by the Department of Historic Resources to contribute to the significance of a registered historic district.

83 *E. No tax credit shall be granted under this section to any person who does not demonstrate that he*
84 *has the right to be legally present in the United States.*

85 § 58.1-3220.1. Partial exemption for certain rehabilitated, renovated or replacement hotel or motel
86 structures.

87 A. The governing body of any county, city or town may, by ordinance, provide partial exemption
88 from taxation of real estate on which a hotel or motel no less than thirty-five years of age has
89 undergone substantial rehabilitation, renovation or replacement for residential use, subject to such
90 conditions as the ordinance may prescribe. The ordinance may, in addition to any other restrictions
91 hereinafter provided, restrict such exemptions to real property located within described zones or districts
92 whose boundaries shall be determined by the governing body. The governing body of a county, city or
93 town may establish criteria for determining whether real estate qualifies for the exemption authorized by
94 this provision and may require such structures to be older than thirty-five years of age, or place such
95 other restrictions and conditions on such property as may be prescribed by ordinance.

96 B. The "partial exemption" provided by the local governing body may not exceed either an amount
97 equal to ninety percent of the total assessed value of the rehabilitated, renovated or replaced structure or
98 an amount equal to the increase in assessed value resulting from the rehabilitation, renovation or
99 replacement of the structure as determined by the commissioner of the revenue or other local assessing
100 officer, as established by ordinance. The partial exemption may commence upon completion of the
101 rehabilitation, renovation or replacement or on January 1 of the year following completion of the
102 rehabilitation, renovation or replacement and shall run with the real estate for a period of no longer than
103 twenty-five years. The governing body of a county, city or town may place a shorter time limitation on
104 the length of such exemption, or reduce the amount of the exemption in annual steps over the entire
105 period or a portion thereof, in such manner as the ordinance may prescribe.

106 C. Nothing in this section shall be construed as to permit the commissioner of the revenue to list
107 upon the land book any reduced value due to the exemption provided in subsection B.

108 D. The governing body of any county, city or town may assess a fee for processing an application
109 requesting the exemption provided by this section. No property shall be eligible for such partial
110 exemption unless the appropriate building permits have been acquired and the commissioner of the
111 revenue or assessing officer has verified that the rehabilitation, renovation or replacement indicated on
112 the application has been completed.

113 E. Where rehabilitation is achieved through demolition and replacement of an existing structure, the
114 exemption provided in subsection A shall not apply when any structure demolished is a registered
115 Virginia landmark or is determined by the Department of Historic Resources to contribute to the
116 significance of a registered historic district.

117 *F. No partial exemption shall be granted under this section to any person who does not demonstrate*
118 *that he has the right to be legally present in the United States.*

119 § 58.1-3221. Partial exemption for certain rehabilitated, renovated or replacement commercial or
120 industrial structures.

121 A. The governing body of any county, city or town may, by ordinance, provide for the partial
122 exemption from taxation of real estate on which any structure or other improvement no less than twenty
123 years of age, or fifteen years of age if the structure is located in an area designated as an enterprise
124 zone by the Commonwealth, has undergone substantial rehabilitation, renovation or replacement for
125 commercial or industrial use, subject to such conditions as the ordinance may prescribe. The ordinance
126 may, in addition to any other restrictions hereinafter provided, restrict such exemptions to real property
127 located within described zones or districts whose boundaries shall be determined by the governing body.
128 The governing body of a county, city or town may establish criteria for determining whether real estate
129 qualifies for the partial exemption authorized by this provision and may require the structure to be older
130 than twenty years of age, or fifteen years of age if the structure is located in an area designated as an
131 enterprise zone by the Commonwealth, or place such other restrictions and conditions on such property
132 as may be prescribed by ordinance. Such ordinance may also provide for the partial exemption from
133 taxation of real estate which has been substantially rehabilitated by complete replacement for commercial
134 and industrial use.

135 B. The partial exemption provided by the local governing body may not exceed an amount equal to
136 the increase in assessed value resulting from the rehabilitation, renovation or replacement of the
137 commercial or industrial structure as determined by the commissioner of revenue or other local assessing
138 officer or an amount up to fifty percent of the cost of rehabilitation, renovation or replacement as
139 determined by ordinance. The exemption may commence upon completion of the rehabilitation,
140 renovation or replacement, or on January 1 of the year following completion of the rehabilitation,
141 renovation or replacement and shall run with the real estate for a period of no longer than fifteen years.
142 The governing body of a county, city or town may place a shorter time limitation on the length of such
143 exemption, or reduce the amount of the exemption in annual steps over the entire period or a portion
144 thereof, in such manner as the ordinance may prescribe.

145 C. Nothing in this section shall be construed as to permit the commissioner of the revenue to list
146 upon the land book any reduced value due to the exemption provided in subsection B.

147 D. The governing body of any county, city or town may assess a fee not to exceed one hundred
148 twenty-five dollars for residential properties, or two hundred fifty dollars for commercial, industrial,
149 and/or apartment properties of six units or more for processing an application requesting the exemption
150 provided by this section. No property shall be eligible for such exemption unless the appropriate
151 building permits have been acquired and the commissioner of the revenue or assessing officer has
152 verified that the rehabilitation, renovation or replacement indicated on the application has been
153 completed.

154 E. Where rehabilitation is achieved through demolition and replacement of an existing structure, the
155 exemption provided in subsection A shall not apply when any structure demolished is a registered
156 Virginia landmark or is determined by the Department of Historic Resources to contribute to the
157 significance of a registered historic landmark.

158 *F. No partial exemption shall be granted under this section to any person who does not demonstrate*
159 *that he has the right to be legally present in the United States.*