

DEPARTMENT OF TAXATION

2008 Fiscal Impact Statement

1. **Patron** S. Chris Jones

2. **Bill Number** HB 1123

House of Origin:

 Introduced

 Substitute

 Engrossed

3. **Committee** Senate Finance

4. **Title** Public Service Corporations; Taxation of
Real and Personal Property

Second House:

 X **In Committee**

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would provide that the additional real property tax on commercial and industrial property in the Northern Virginia Transportation Authority and the Hampton Roads Transportation Authority would not be imposed on real property owned by a public service corporation or electric supplier unless a final certificate of occupancy for a commercial or industrial use has been issued and remains in effect.

Under current law, with the exception of aircraft, automobiles, and trucks, all local taxes on the real estate and tangible personal property of public service corporations, including real property that does not need a certificate of occupancy, is centrally assessed and must generally be taxed at the real property tax rate imposed by the locality. House Bill 3202 (*Acts of Assembly* 2007, Chapter 896) authorized the member localities of the Hampton Roads Transportation Authority and the Northern Virginia Transportation Authority to impose an additional real property tax on real property used for or zoned to permit commercial or industrial uses.

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:**

This bill would have no impact on state revenues. The negative impact on local revenues is unknown because the value of real property owned by public service corporations and electric suppliers that lacks or does not need a final certificate of occupancy that would otherwise be subject to the additional real property tax on commercial and industrial property in the Northern Virginia Transportation Authority and the Hampton Roads Transportation Authority is unknown. Also, the impact on local revenues is uncertain because localities may or may not exercise the authority to impose the additional real property tax on commercial and industrial property. The revenue impact on each locality would be dependent upon the assessed value of the real property owned by a public

service corporation or electric supplier that lacks or does not need a certificate of occupancy and the rate of tax imposed. The table below lists the total assessed value of all real and personal property owned by public service corporations and electric suppliers in the localities embraced by the Northern Virginia Transportation Authority and the Hampton Roads Transportation Authority.

Public Service Corporation And Electric Supplier Assessed Value, from SCC Annual Report (millions of dollars)	<u>Locality</u>	<u>Fiscal Year 2005</u>	<u>Fiscal Year 2006</u>
<u>Hampton Roads Transportation Authority</u>			
	Chesapeake	\$813.64	\$822.74
	Hampton	\$215.15	\$213.79
	Newport News	\$291.14	\$277.57
	Norfolk	\$498.09	\$447.21
	Poquoson	\$11.95	\$10.69
	Portsmouth	\$195.02	\$177.72
	Suffolk	\$157.53	\$137.41
	Virginia Beach	\$524.71	\$539.03
	Williamsburg	\$48.51	\$47.69
	Isle of Wight County	\$193.29	\$169.18
	James City County	\$153.02	\$140.59
	York County	\$333.33	\$397.00
Hampton Roads Total		\$3,435.37	\$3,380.62
<u>Northern Virginia Transportation Authority</u>			
	Alexandria	\$672.82	\$732.16
	Fairfax City	\$111.75	\$108.23
	Falls Church	\$27.58	\$29.05
	Manassas	\$64.84	\$63.51
	Manassas Park	\$22.86	\$21.58
	Arlington County	\$682.58	\$690.07
	Fairfax County	\$2,826.45	\$3,087.34
	Loudoun County	\$1,104.61	\$1,348.30
	Prince William County	\$1,198.75	\$1,292.16
Northern Virginia Total		\$6,712.24	\$7,372.41

9. Specific agency or political subdivisions affected:

Hampton Roads Transportation Authority

Northern Virginia Transportation Authority

Cities of: Alexandria, Chesapeake, Hampton, Fairfax, Falls Church, Manassas, Manassas Park, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg

Counties of: Arlington, Fairfax, Isle of Wright, James City, Loudoun, Prince William, and York

10. Technical amendment necessary: No.

11. Other comments:

Public Service Corporations

In the Commonwealth, public service corporations include electric power and distribution companies, gas and product pipeline transmission companies, public service water companies, telephone and telegraph companies, and railroads. Currently, the State Corporation Commission and the Department of Taxation are tasked with assessing the properties owned by public service corporations. Under current law, all local taxes on the real estate and tangible personal property of public service corporations must be at the real estate rate applicable in the locality. However, aircraft, automobiles and trucks of public service corporations are taxed at the same rate or rates applicable to other aircraft, automobiles and trucks in the locality.

Tax on Commercial and Industrial Real Property in Transportation Authorities

House Bill 3202 (*Acts of Assembly* 2007, Chapter 896) authorized the member localities of the Hampton Roads Transportation Authority and the Northern Virginia Transportation Authority to impose an additional real property tax on real property used for or zoned to permit commercial or industrial uses.

The Northern Virginia Transportation Authority embraces the Cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park and the Counties of Arlington, Fairfax, Loudoun, and Prince William. The member localities of the Northern Virginia Transportation Authority are currently authorized to impose an additional real property tax of \$0.25 per \$100 of assessed value on real property used for or zoned to permit commercial or industrial uses.

The Hampton Roads Transportation Authority embraces the Cities of Chesapeake, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg and the Counties of Isle of Wright, James City, and York. The member localities of the Hampton Roads Transportation Authority are currently authorized to impose an additional real property tax of \$0.10 per \$100 of assessed value on real property used for or zoned to permit commercial or industrial uses.

Proposal

This bill would provide that the additional real property tax on commercial and industrial property in the Northern Virginia Transportation Authority and the Hampton Roads Transportation Authority would not be imposed on real property owned by a public service corporation or electric supplier unless a final certificate of occupancy for a commercial or industrial use has been issued and remains in effect.

cc : Secretary of Finance

Date: 2/25/2008 AM
DLAS File Name: HB1123FH1161.doc