

**DEPARTMENT OF TAXATION
2008 Fiscal Impact Statement**

1. Patron Paula J. Miller

3. Committee House Finance

4. Title Real Property Tax; Reports by Owners of
Income-producing Property.

2. Bill Number HB 683

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would mandate that local real property tax assessors require taxpayers who own income-producing real estate to annually provide (1) certified income and expense statements for each such parcel of real estate or (2) federal income tax returns that relate to each such parcel of real estate. This bill would also remove the current exemption that protects owners of properties producing income solely from the rental of four or less dwelling units from being required to furnish income and expense statements when requested to do so by the assessor.

Currently, a locality may require taxpayers, who own income-producing real estate, to provide the real estate assessor, board of assessors, or department of real estate assessments with statements of the income and expenses attributable to each such parcel of real estate. Each statement must be certified as to its accuracy by the owner of the real estate or a duly authorized agent.

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. As localities already may require taxpayers to furnish the information, there would be no impact on local revenues. Even if localities do not use the documents, the localities may incur administrative expenses associated with receiving, storing, or destroying the documents.

9. Specific agency or political subdivisions affected: All localities.

10. Technical amendment necessary: No.

11. Other comments:

Current Law

A locality may require taxpayers, who own income-producing real estate, to provide the real estate assessor, board of assessors, or department of real estate assessments with statements of the income and expenses attributable to each such parcel of real estate. Each statement must be certified as to its accuracy by the owner of the real estate or a duly authorized agent. The following properties are not subject to this requirement:

- Property producing income solely from the rental of no more than four dwelling units; and
- Property being used exclusively as an owner-occupied property, not as a hotel, motel, or office building over 12,000 square feet, and not engaged in a retail or wholesale business where merchandise for sale is displayed.

Proposal

This bill would mandate that local real property tax assessors require taxpayers who own income-producing real estate to annually provide (1) certified income and expense statements for each such parcel of real estate or (2) federal income tax returns that relate to each such parcel of real estate.

This bill would also remove the current exemption that protects owners of properties producing income solely from the rental of four or less dwelling units from being required to furnish income and expense statements. However, property being used exclusively as an owner-occupied property, not as a hotel, motel, or office building over 12,000 square feet, and not engaged in a retail or wholesale business where merchandise for sale is displayed would not be subject to this requirement.

cc : Secretary of Finance

Date: 1/28/2008 jkl
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