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HOUSE BILL NO. 2480

House Amendments in [] - February 4, 2009

A *BILL to amend and reenact § 58.1-3221.3 of the Code of Virginia, relating to real property tax on commercial property in localities embraced by the Northern Virginia Transportation Authority or the Hampton Roads Transportation Authority.*

Patron Prior to Engrossment—Delegate Hugo

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:**1. That § 58.1-3221.3 of the Code of Virginia is amended and reenacted as follows:**

§ 58.1-3221.3. Classification of certain commercial and industrial real property and taxation of such property by certain localities included in the Northern Virginia Transportation Authority and the Hampton Roads Transportation Authority.

A. Beginning January 1, 2008, and solely for the purposes of imposing the tax authorized pursuant to this section, in the counties and cities that are embraced by the Northern Virginia Transportation Authority and the Hampton Roads Transportation Authority, all real property used for or zoned to permit commercial or industrial uses is hereby declared to be a separate class of real property for local taxation. Such classification of real property shall exclude all residential uses and all multifamily residential uses, including but not limited to single family residential units, cooperatives, condominiums, townhouses, apartments, or homes in a subdivision when leased on a unit by unit basis even though these units may be part of a larger building or parcel of real estate containing more than four residential units.

B. In addition to all other taxes and fees permitted by law, (i) the governing body of any locality embraced by the Northern Virginia Transportation Authority may, by ordinance, annually impose on all real property in the locality specially classified in subsection A: an amount of real property tax, in addition to such amount otherwise authorized by law, at a rate not to exceed \$0.25 per \$100 of assessed value as the governing body may, by ordinance, impose upon the annual assessed value of all real property used for or zoned to permit commercial or industrial uses; and (ii) the governing body of any locality embraced by the Hampton Roads Transportation Authority may, by ordinance, annually impose on all real property in the locality specially classified in subsection A: an amount of real property tax, in addition to such amount otherwise authorized by law, at a rate not to exceed \$0.10 per \$100 of assessed value as the governing body may, by ordinance, impose upon the annual assessed value of all real property used for or zoned to permit commercial or industrial uses. The authority granted in this subsection shall be subject to the following conditions:

(1) Upon appropriation, all revenues generated from the additional real property tax imposed shall be used exclusively for transportation purposes that benefit the locality imposing the tax; and

(2) The additional real property tax imposed shall be levied, administered, enforced, and collected in the same manner as set forth in Subtitle III of Title 58.1 for the levy, administration, enforcement, and collection of local taxes. In addition, the local assessor shall separately assess and set forth upon the locality's land book the fair market value of that portion of property that is defined as a separate class of real property for local taxation in accordance with the provisions of this section.

C. Beginning January 1, 2008, in lieu of the authority set forth in subsections A and B above and solely for the purposes of imposing the tax authorized pursuant to this section, in the counties and cities embraced by the Northern Virginia Transportation Authority and the Hampton Roads Transportation Authority, all real property used for or zoned to permit commercial or industrial uses is hereby declared to be a separate class of real property for local taxation. Such classification of real property shall exclude all residential uses and all multifamily residential uses, including but not limited to single family residential units, cooperatives, condominiums, townhouses, apartments, or homes in a subdivision when leased on a unit by unit basis even though these units may be part of a larger building or parcel of real estate containing more than four residential units.

D. In addition to all other taxes and fees permitted by law, (i) the governing body of any locality embraced by the Northern Virginia Transportation Authority may, by ordinance, create within its boundaries, one or more special regional transportation tax districts and, thereafter, may, by ordinance, impose upon the real property located in special regional transportation tax districts specially classified in subsection C within such special regional transportation tax districts: an amount of real property tax, in addition to such amounts otherwise authorized by law, at a rate not to exceed \$0.25 per \$100 of assessed value as the governing body may, by ordinance, impose upon the annual assessed value of all

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59 real property used for or zoned to permit commercial or industrial uses; and, (ii) the governing body of
60 any locality embraced by the Hampton Roads Transportation Authority may, by ordinance, create within
61 its boundaries, one or more special regional transportation tax districts and, thereafter, may, by
62 ordinance, impose upon the real property specially classified in subsection C within such special regional
63 transportation tax districts: an amount of real property tax, in addition to such amounts otherwise
64 authorized by law, at a rate not to exceed \$0.10 per \$100 of assessed value as the governing body may,
65 by ordinance, impose upon the annual assessed value of all real property used for or zoned to permit
66 commercial or industrial uses. The authority granted in this subsection shall be subject to the following
67 conditions:

68 (1) Notwithstanding any other provisions of law to the contrary, upon appropriation, all revenues
69 generated from the additional real property taxes imposed in accordance with subsection C and this
70 subsection shall be used ~~for transportation purposes that benefit the special regional transportation tax~~
71 ~~district to which such revenue is attributable solely for (i) new road construction [and (ii) new public~~
72 ~~transit construction, and associated design and right of way acquisition, and (ii) new public transit~~
73 ~~construction and associated design and right of way acquisition, and (iii) other initial capital costs~~
74 ~~related to new transportation projects] and the operating costs directly related thereto;~~

75 (2) Any local ordinance adopted in accordance with the provisions of subsection C and this
76 subsection shall include the requirement that the additional real property taxes so authorized are to be
77 imposed annually in accordance with applicable law;

78 (3) Any locality that imposes the additional real property taxes set forth in subsections A and B shall
79 not be permitted to also impose the additional real property taxes set forth in subsection C and this
80 subsection. In addition, any locality electing to impose the additional real property taxes on all real
81 property located in such locality that is specially classified in subsections A and B must do so in the
82 manner prescribed in subsections A and B and not by creation of a special transportation tax district as
83 set forth in subsection C and this subsection. The creation of such special regional transportation tax
84 districts shall not, however, affect the authority of a locality to establish tax districts pursuant to other
85 provisions of law;

86 (4) The total revenues generated from the additional real property taxes imposed in accordance with
87 subsection C and this subsection shall not be less than 85% of the revenues estimated to be generated
88 when imposing the additional real property taxes in accordance with subsections A and B at the rate of
89 \$0.25 per \$100 of assessed value in any locality embraced by the Northern Virginia Transportation
90 Authority and at the rate of \$0.10 per \$100 of assessed value in any locality embraced by the Hampton
91 Roads Transportation Authority; and

92 (5) The additional real property taxes imposed pursuant to subsection C and this subsection shall be
93 levied, administered, enforced, and collected, in the same manner as set forth in Subtitle III of Title 58.1
94 for the levy, administration, enforcement, and collection of all local taxes. In addition, the local assessor
95 shall separately assess and set forth upon the locality's land book the fair market value of that portion of
96 property that is defined as separate class of real property for local taxation in accordance with the
97 provisions of this section.