

DEPARTMENT OF TAXATION

2010 Fiscal Impact Statement

1. **Patron** J. Chapman Petersen

2. **Bill Number** SB 121

House of Origin:

 Introduced

 Substitute

 Engrossed

3. **Committee** House Finance

4. **Title** Real Property Tax; Notice of Public Hearing
for Increasing Rates

Second House:

 X **In Committee**

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would shorten the notice requirements to fourteen days for the public hearing every locality must hold prior to increasing its real property tax when that locality's assessment of real property results in an increase in real property tax revenue of greater than one percent over the prior year's revenue.

Under current law, when any 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 levied, the locality is required to reduce its rate of levy for the forthcoming tax year. If the governing body desires to increase the rate above the reduced rate, it must first hold a public hearing, and must provide notice of this hearing at least thirty days prior to the public hearing. The law currently shortens the notice requirement to fourteen days for hearings that occur in a year in which neither a general appropriation act nor amendments to a general appropriation act providing appropriations for the immediately following fiscal year have been enacted by April 30th of that year.

The effective date of this bill is not specified.

6. **No Fiscal Impact**

7. **Budget amendment necessary:** No.

8. **Fiscal implications:**

This bill would have no impact on state or local revenue.

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

All localities

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

11. Other comments:

Background

Whenever 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 is required to reduce its rate of levy for the forthcoming tax year so that the rate of levy produces no more than 101 percent of the previous year's real property tax levies.

Governing bodies of localities are authorized to increase the rate above the reduced rate if such an increase is deemed necessary. In order to increase the rate, the governing body must conduct a public hearing, which may not be held at the same time as the annual budget hearing. Notice of the public hearing must be published in at least one newspaper of general circulation in the county or city and posted in a prominent public location where notices are regularly posted in the building where the governing body of the locality regularly conducts its business. Generally, notice must be given at least thirty days prior to the date of the hearing.

House Bill 2308 (2009)

The 2009 General Assembly enacted House Bill 2308 (2009 Acts of Assembly, Chapter 30), which allowed localities to shorten the notice period to fourteen days for public hearings in years during which the General Assembly had not passed a general appropriation act nor amendments to a general appropriation act providing appropriations for the immediately following fiscal year by April 30 of such year. The law was enacted to address the time constraints imposed upon department and agency heads of localities required to prepare and submit to their local governing bodies an estimate of the amount of money needed during the ensuing fiscal years for their departments or agencies. Generally, local governing bodies must approve the budget and fix a tax rate for the budget year by July 1, the date on which the fiscal year begins. The local governing bodies will generally have from April 1st to June 30th to prepare and approve the locality's budget. These localities depend upon enactment of the state appropriation act in order to determine how much revenue will be available for the upcoming fiscal year.

Proposal

This bill would shorten the notice requirement to fourteen days for every public hearing the locality holds prior to increasing its real property tax, when that locality's assessment of real property results in an increase in real property tax revenue of greater than one percent over the prior year's revenue, regardless of the date on which the General Assembly passes its general appropriations act.

The effective date of this bill is not specified.

cc : Secretary of Finance

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