

DEPARTMENT OF TAXATION

2011 Fiscal Impact Statement

1. **Patron** Thomas A. Greason

2. **Bill Number** HB 1470

3. **Committee** Passed by House and Senate

House of Origin:

☐ Introduced

☐ Substitute

☐ Engrossed

4. **Title** Real Property Tax; Board of Equalization
Members

Second House:

☐ In Committee

☐ Substitute

☒ Enrolled

5. **Summary/Purpose:**

This bill would authorize circuit courts for any locality to appoint up to two alternate board members to serve on local boards of equalization if a member of the board is absent or abstains. Under the terms of the bill, the alternate members would have the same terms, qualifications, and compensation as those of regular board members. The chairman of the board would be authorized to select one of the appointed alternates to serve in the absent or abstaining member's place and to vote on any proceeding in which a regular member is absent or abstains. The number of alternate members the circuit court would be authorized to appoint would differ, depending upon whether the alternates were appointed to a permanent board of equalization, whether the alternates were appointed in a county operating under a county executive or county manager form of government, or whether the alternates were elected to a temporary board.

Under current law, local governing bodies are required to appoint a board of equalization of real estate assessments for the year following any year a general reassessment or annual or biennial assessment is conducted, unless a permanent board of equalization is in place in that locality. The Board must consist of three or five members, depending upon the type of board of equalization to which the board member is appointed.

The effective date of this bill is not specified.

6. **Budget amendment necessary:** No.

7. **No Fiscal Impact**

8. **Fiscal implications:**

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

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

All localities

10. Technical amendment necessary: No.

11. Other comments:

Boards of Equalization

Circuit courts within each county or city are authorized to appoint a three-to-five member Board of Equalization, whose purpose is to hear complaints regarding a lack of uniformity or errors in acreage in a real property assessment and complaints that real property is assessed at more than fair market value. Once the Board hears these complaints, it is authorized to increase, decrease, or confirm assessments based on fairness. If the Board determines that an increase in the assessment amount is required, it must provide notice to the owner of the property and an opportunity to show cause against such increase before the increase is applied.

The circuit court of the city or county must appoint the Board of equalization in the tax year immediately following the year of reassessment or annual or biennial assessment unless the locality has appointed a permanent board. The Board expires one year after the effective date of the assessment for which the board was appointed.

Boards of Equalization members must be residents of the county or city in which they will serve, and must be appointed from the citizens of the county or city. Thirty percent of the members of the board must be commercial or residential real estate appraisers, other real estate professionals, builders, developers, or legal or financial professionals. A Board of Equalization member cannot be a member of the board of assessors for the same reassessment. Board members are required to attend and participate in a course given by TAX, and once every four years of service, each Board member must take continuing education instruction provided by the Tax Commissioner.

The composition of a Board of Equalization and the terms for Board members depend upon the type of board that has been created. For example, in counties operating under county executive or county manager forms of government that appoint temporary boards of equalization, the board must be composed of not less than three or more than the number of districts for the election of members of the Board of Supervisors in the county. In counties operating under either form of government that have created permanent boards, the board is composed of the same number of members, but all members must serve three-year terms.

For all other counties that create a permanent board, the Board may consist of either three or five members. If the board is made up of three members, one member must serve a term of one year, one member must serve a term of two years, and one member must serve a term of three years. If the board is made up of five members, one member must serve a term of one year, one member must serve a term of two years, and three members must serve three-year terms.

Proposal

This bill would authorize circuit courts for any locality to appoint up to two alternate board members to serve on local boards of equalization if a member of the board is absent or

abstains. Under the terms of the bill, the alternate members would have the same terms, qualifications, and compensation as those of regular board members. The chairman of the board would be authorized to select one of the appointed alternates to serve in the absent or abstaining member's place and to vote on any proceeding in which a regular member is absent or abstains.

The number of alternate members the circuit court would be authorized to appoint would differ, depending upon whether the alternates were appointed in a county operating under a county executive or county manager form of government, or whether they were appointed in another locality. The number and terms would also differ depending upon whether the alternates were appointed to a permanent board of equalization or a temporary board.

County Manager or County Executive Plan of Government: For any locality that operates under a county manager or county executive plan of government, this bill would authorize the appointment of up to two alternate members.

Temporary: For any locality that has created a temporary board of equalization, this bill would authorize the circuit court for that locality (other than counties operating under a county executive or county manager plan of government) to appoint one alternate member in the case of a three-member board and two alternate members in the case of a five-member board to serve in the absence of a regular board member.

Permanent: For any locality that has created a permanent board of equalization, this bill would authorize the circuit court to appoint one alternate member to serve for a two-year term in the case of a three-member board, and two alternate members, one of which would serve for a one-year term and one of which would serve for a two-year term in the case of a five-member board. Thereafter, the term for alternate members of five-member boards would be for three-year terms.

The effective date of this bill is not specified.

Similar Bills

House Bill 1526 would clarify that statements of income and expense may be used in a complaint before a Board of Equalization, provided the statements are submitted to the Board of Equalization no later than the appeal filing deadline of the Board.

House Bill 1588 and **Senate Bill 1350** would, on appeal, give the taxpayer the burden of rebutting the presumption that the assessor's valuation was correct and showing by a preponderance of the evidence that the property is valued at more than its fair market value. The bills would also require the assessor, in any appeal of an assessment by an owner of real property containing less than four residential units, to provide written notice to the owner at least 45 days before the appeal informing him of his right to review the assessment records and to have the assessor make a physical examination of the property.

House Bill 1899 and **Senate Bill 785** would require the local governing body of a locality in which partial exemptions for structures in redevelopment or conservation areas or rehabilitation districts are available to provide written notification to the property owner of the amount of the assessment of the exempt property and the period of the exemption. The bill would also clarify that the exempt amount is a covenant that runs with the land for the period of the exemption and would prohibit local governing bodies from reducing that amount during the exemption period unless they provide the property owner with written notification that the exempt amount may be decreased.

Senate Bill 784 would clarify the current law requirement that a real estate assessor may require an owner of real property with four or fewer residential units that is operated in whole or in part as affordable rental housing to furnish the assessor with a statement of the income and expenses attributable to the property.

cc : Secretary of Finance

Date: 2/16/2011 KP
DLAS File Name: HB1470FER161