

**DEPARTMENT OF TAXATION
2011 Fiscal Impact Statement**

1. Patron Christopher P. Stolle

2. Bill Number HB 1851

3. Committee Passed by House and Senate

House of Origin:

☐ Introduced

☐ Substitute

☐ Engrossed

4. Title Real Property Tax; Separate Classification
for Certain Historical Buildings

Second House:

☐ In Committee

☐ Substitute

☒ Enrolled

5. Summary/Purpose:

This bill would classify buildings listed on the Virginia Landmarks Register, not including the real estate or land on which they are located, as a separate class of real property from all other real estate and authorize localities to tax such property at a lower rate than the general class of real property, so long as the building is maintained in a condition such that it retains the characteristics for which it was listed on the Virginia Landmarks Registry.

Under current law, generally all real estate is considered to be one class of property subject to the same rate of tax.

The effective date of this bill is not specified.

6. Budget amendment necessary: No.

7. Fiscal Impact Estimates are: Not available. (See Line 8.)

8. Fiscal implications:

This bill would have no impact on state revenues. To the extent that localities elect to tax buildings listed on the Virginia Landmarks Register at a lower rate than the general class of real property, the bill would have an unknown negative revenue impact on localities.

9. Specific agency or political subdivisions affected:

All localities.

10. Technical amendment necessary: No.

11. Other comments:

Article X, § 1 of the *Constitution of Virginia* authorizes the General Assembly to define and classify taxable subjects. Under current law, all real estate is generally considered to be

one class of property subject to the same rate of tax. In the 2002 and 2003 General Assembly Sessions, however, separate classifications of real property were created composed of improvements to real property located in the Cities of Fairfax and Roanoke. These cities were authorized to tax improvements at a lower rate than that applicable to the land.

The 2007 General Assembly session created separate classifications of real property for energy efficient buildings and for real property used for or zoned to permit commercial or industrial uses in the counties and cities embraced by the Northern Virginia Transportation Authority and wholly embraced by the Hampton Roads metropolitan planning organization. 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 Hampton Roads metropolitan planning organization wholly embraces the Cities of Chesapeake, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg and the Counties of Isle of Wight, James City, and York.

The Virginia Landmarks Register, established in 1966 and managed by the Virginia Department of Historic Resources, is the state's official list of properties important to Virginia's history. Similar to the National Register of Historic Places managed by the National Park Service, the Virginia Landmarks register is designed to recognize Virginia's resources and to encourage their continued preservation. The same criteria are used to evaluate resources for inclusion in each register. Owners of registered properties may donate historic preservation easements (which can reduce real estate taxes) and qualify for the state and federal historic rehabilitation tax credits.

Proposal

This bill would classify buildings listed on the Virginia Landmarks Register, not including the real estate or land on which they are located, as a separate class of real property from all other real estate and authorize localities to tax such property at a lower rate than other real estate, so long as the building is maintained in a condition such that it retains the characteristics for which it was listed on the Virginia Landmarks Registry.

The effective date of this bill is not specified.

Similar Legislation

Senate Bill 860 is identical to this bill.

cc : Secretary of Finance

Date: 3/1/2011 AM
DLAS File Name: HB1851FER161.doc