

DEPARTMENT OF TAXATION

2011 Fiscal Impact Statement

1. **Patron** James E. Edmunds, II

3. **Committee** House Finance

4. **Title** Real Property Tax Assessments; Notice Requirements

2. **Bill Number** HB 2371

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would require that between 30-45 days prior to the beginning of a reassessment cycle for real property, but no less than annually, each locality must provide taxpayers with notice in at least one newspaper circulated in that locality of: 1) their right to require a physical examination of their property by the assessor or appraiser; and 2) their right to be present during such examination.

Under current law, whenever a locality conducts a reassessment or changes the assessed value of any real estate, the locality is required to mail notice directly to each property owner whose assessment has been changed.

The effective date of this bill is not specified.

6. Budget amendment necessary: No.

7. No Fiscal Impact: (See Line 8.)

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:

Reassessment Process

Virginia law requires every city to have a general reassessment of real estate every two years. However, the law authorizes cities with a total population of 30,000 or less to elect,

by a majority vote of its council, to conduct its general reassessments at four-year intervals.

In Virginia, counties are required to have a general reassessment of real estate every four years. However, any county with a total population of 50,000 or less may elect, by majority vote of its board of supervisors, to conduct its general reassessments at either five-year or six-year intervals.

Current Notice Requirements

Whenever a locality conducts a reassessment or changes the assessed value of any real estate, the locality is required to mail notice directly to each property owner whose assessment has been changed. The notice must be mailed at least fifteen days prior to the date of a hearing to protest the reassessment or change in assessed value.

Every notice must contain the following information: 1) the magisterial or other district in which the real estate is located; 2) the amount of the new and immediately prior appraised value of land; 3) the new and immediately prior appraised value of improvements; 4) the new and immediately prior assessed value of each if different from the appraised value; and 5) the time and place at which persons may appear before the officers making such reassessment or change. Further, if the tax rate that will apply to the new assessed value has been established, the notice must include that rate, the total amount of the new tax levy, and the percentage change in the new tax levy from the immediately prior one. If the tax rate that will apply to the new assessed value has not been established, the notice must set out the time and place of the next meeting of the local governing body. These additional requirements do not apply for changes in assessments that arise solely from the construction or addition of new improvements to real property.

Proposal

This bill would require that between 30-45 days prior to the beginning of a reassessment cycle for real property, localities must provide taxpayers notice in at least one newspaper in that locality of their right to require a physical examination of their property by the assessor or appraiser and their right to be present during such examination. Localities would need to provide such notice at least once per year. The notice would also need to provide a telephone number, mailing address, and email address that may be used by a taxpayer to request the physical examination. Finally, the notice would need to advise the taxpayer that if he wishes to be present during the examination, he must provide his contact information to the assessor or appraiser to allow the assessor or appraiser to schedule an appointment.

The effective date of this bill is not specified.

Similar Bills

House Bill 1470 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.

House Bill 1526 would allow statements of income and expense to be used in a complaint before a Board of Equalization and in an action for relief in court from the determination of the Board of Equalization even if the statements were not timely presented to the assessor. The bill provides that the statements must be submitted to the Board of Equalization at least 30 days prior to the hearing before the Board.

House Bill 1532 would lower the threshold percentage of taxes and liens on property from 50 percent to 20 percent of the assessed value of the parcel and, if only taxes, from 25 percent to 10 percent of the assessed value of the parcel to allow a special commissioner to convey the real estate to the locality in lieu of a public sale at auction.

House Bill 1588 would shift the burden of proof from the taxpayer to the assessor when the taxpayer appeals the assessment of real property to a Board of Equalization or to a circuit court, and would remove the presumption that the assessor's valuation of real property is correct. The bill would also provide that any determination of an assessment by any Board of Equalization shall be presumptively correct for the succeeding two years unless the assessor can demonstrate by clear and convincing evidence that a substantial change in value of the property has occurred.

House Bill 1672 would add James City County to the list of localities permitted to enact certain provisions regarding zoning classifications and special land use assessments for purposes of the real property tax.

House Bill 1851 and **Senate Bill 860** (*identical*) 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 it at a lower rate than other real estate.

Senate Bill 784 would clarify 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 to the assessor a statement of the income and expenses attributable to the property when the owner applies to the locality to have the real property assessed as affordable housing.

Senate Bill 785 and **House Bill 1899** (*identical*) would clarify that the partial exemption from the assessed value of real property subject to real property tax for improvements to rehabilitated, renovated, or replacement residential structures may not be reduced during the period of exemption and would clarify that the exemption runs with the land.

cc : Secretary of Finance

Date: 1/22/2011 KP
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