

# DEPARTMENT OF TAXATION

## 2012 Fiscal Impact Statement

1. **Patron** Joe T. May

3. **Committee** House Finance

4. **Title** Real Property Tax; Board of Equalization in Loudoun County

2. **Bill Number** HB 801

**House of Origin:**

  X   **Introduced**

       **Substitute**

       **Engrossed**

**Second House:**

       **In Committee**

       **Substitute**

       **Enrolled**

**5. Summary/Purpose:**

This bill would authorize the Loudoun County Board of Supervisors ("BOS"), rather than its circuit court, to appoint a Board of Equalization ("BOE") of real estate assessments containing a minimum of three and maximum of eleven members, for a term not to exceed four years.

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

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:**

Loudoun County

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

## 11. Other comments:

### Boards of Equalization

Circuit courts within each county or city are authorized to appoint a three or five member BOE, 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.

With the exception of counties with county executive or county manager forms of government, the circuit court of the city or county must appoint the BOE. Boards of Supervisors appoint BOE members in counties operating under county executive and county manager forms of government.

BOE 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 BOE 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 the Department of Taxation, and once every four years of service, each board member must take continuing education instruction provided by the Tax Commissioner.

The composition of a BOE 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 BOE's, the board must be composed of not less than three or more than the number of districts for the election of members of the BOS's 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.

At the request of the local governing body, circuit courts of cities and counties may appoint one alternate board member for three-member boards and two alternate members for five-member boards. In the case of a three-member board, alternates are appointed for a two-year term. In the case of a five-member board, one alternate is appointed for a one-year term and one alternate is appointed for a two-year term.

## Proposal

This bill would authorize the Loudoun County BOS, rather than its circuit court, to appoint a BOE of real estate assessments containing a minimum of three and maximum of eleven members, for a term not to exceed four years.

The effective date of this bill is not specified.

## Similar Legislation

**House Bill 80** would require the local assessing official to separately assess the fair market value of wetlands on real property, if requested by the property owner.

**House Bill 483** would provide that the current authority to increase the assessment of real property taxes for three preceding tax years by increasing the amount of the valuation of the property applies only to errors related to 1) new construction or improvements to the property; 2) a change in the use of the property; or 3) fraud on the part of the taxpayer.

**House Bill 1073** would establish criteria by which an assessor must determine fair market value for real estate used in whole or in part as residential rental property as defined by ordinance or the locality.

**Senate Bill 73** would mandate that in appealing assessments for real property containing more than four residential units, the fair market value of the property must be determined by evidence that shows: 1) the actual gross income generated from the residential rental housing and any resultant loss in income attributable to vacancies, collection losses and rent concessions; 2) actual operating expenses; and 3) any other evidence relevant to determining fair market value.

cc : Secretary of Finance

Date: 1/31/2012 KP  
DLAS File Name: HB801F161