

DEPARTMENT OF TAXATION

2012 Fiscal Impact Statement

1. **Patron** Robert D. Orrock, Sr.

2. **Bill Number** HB 80

3. **Committee** Senate Finance

House of Origin:

 Introduced

 Substitute

 Engrossed

4. **Title** Real Property Tax; Assessment of Wetlands

Second House:

 X **In Committee**

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would require local commissioners of the revenue or other assessing officials, upon request of the property owner, to separately assess all wetlands at their fair market value for real property assessments or reassessments. Local commissioners and assessors would have the authority to separately assess wetlands or other types of land without a request by the taxpayer. The bill would also permit the commissioner or assessor that disagrees with the property owner as to the presence of wetlands to consider the National Wetlands Inventory Map prepared by U.S. Fish and Wildlife Services in making his determination. The map could also be considered in administrative or judicial appeals. Once the wetlands were separately assessed, the commissioner or assessor would be required to enter the area and fair market value for both the tracts consisting of wetlands and the remaining portion of each tract into the land book. Finally, the bill would provide that the actual physical use of the property is the only determining factor of its land use value.

Under current law, wetlands are not separately assessed for purposes of determining the rate of real property tax that will be imposed.

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 owners of property containing wetlands elect to have such property separately assessed, or local commissioners of the revenue elect to have any other property separately assessed, the bill would result in a decrease of local revenues, the magnitude of which is unknown.

9. Specific agency or political subdivisions affected:

All localities

10. Technical amendment necessary: No.

11. Other comments:

Current Law

Localities are authorized to levy taxes on real property, and must periodically conduct assessments of property in order to determine the rate of real property tax that will be imposed. All general reassessments or annual assessments must be at 100% of fair market value.

Under current law, there are several types of property that require separate assessment. For example, localities must separately assess at the fair market value all mineral lands on an annual basis and enter those assessments separately from assessments of other lands and improvements. Wetlands, such as swamps, marshes, bogs, and similar areas, are not separately assessed for purposes of determining the rate of real property tax that will be imposed.

Proposal

This bill would require local commissioners of the revenue or other assessing officials, upon request of the property owner, to separately assess all wetlands at their fair market value for real property assessments or reassessments. Local commissioners and assessors would have the authority to separately assess wetlands or other types of land without a request by the taxpayer. The bill would also permit the commissioner or assessor that disagrees with the property owner as to the presence of wetlands to consider the National Wetlands Inventory Map prepared by U.S. Fish and Wildlife Services in making his determination. The map could also be considered in administrative or judicial appeals. Once the wetlands were separately assessed, the commissioner or assessor would be required to enter the area and fair market value for both the tracts consisting of wetlands and the remaining portion of each tract into the land book. Finally, the bill would provide that the actual physical use of the property is the only determining factor of its land use value.

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Similar Bills

House Bill 81 would prohibit local assessing officials from considering prior, discontinued uses of property in determining its current use for land use valuation purposes.

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 and **Senate Bill 73** (identical) would require that in appeals of real property assessments for residential rental apartments in excess of four units, the board of equalization must consider: 1) the actual gross income generated from the real property and any resultant loss in income attributable to vacancies, collection losses, and rent concessions; 2) the actual operating expenses and the impact of any additional expenses; and 3) other evidence relevant to determining fair market value; unless the property has been sold since the previous assessment, improvements are being made to the property, or the value arrived at by the income approach is not in accordance with generally accepted appraisal practices.

cc : Secretary of Finance

Date: 2/19/2012 KP
DLAS File Name: HB80FE161