

DEPARTMENT OF TAXATION

2012 Fiscal Impact Statement

1. **Patron** Linda T. Puller

2. **Bill Number** SB 551

3. **Committee** Senate Local Government

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

4. **Title** Real Property Taxes; Localities May Provide
Discount for Early Payment of Real Property
Taxes

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would clarify that for purposes of providing a discount for the early payment of any local tax, "early payment" may include payment of real property taxes in full on or before the due date of the tax.

Under current law, counties, cities, and towns are authorized to provide, by ordinance, a discount for the early payment of any taxes and assessments on property, persons, and other subjects of taxation.

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. Localities that elect to adopt a local ordinance providing a discount for early payment of local taxes experience a decrease in local revenues. To the extent that a locality elects to define "early payment" to include real property taxes paid in full on or before the due date of the tax, this bill may result in a minimal additional decrease in local revenue.

9. Specific agency or political subdivisions affected:

All localities

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

11. Other comments:

Under current law, localities have the option of assessing penalties and interest for late payment of taxes. In addition, they are authorized to establish, by ordinance, a discount

for the early payment of any taxes and assessments on property, persons, and other subjects of taxation. The statute does not specify which taxes are included, nor does it specify whether full payment of the taxes on or before the due date satisfies the early payment requirement.

In most localities, real property taxes are due semiannually. Very few localities collect the tax only once per year.

Proposal

This bill would clarify that for purposes of providing a discount for the early payment of any local tax, "early payment" may include payment of real property taxes in full on or before the due date of the tax.

The effective date of this bill is not specified.

cc : Secretary of Finance

Date: 1/23/2012 KP
DLAS File Name: SB551F161