

# DEPARTMENT OF TAXATION

## 2013 Fiscal Impact Statement

1. **Patron** Richard L. Anderson

3. **Committee** House Finance

4. **Title** Local Taxes; Boards of Equalization

2. **Bill Number** HB 1598

**House of Origin:**

  X   **Introduced**

       **Substitute**

       **Engrossed**

**Second House:**

       **In Committee**

       **Substitute**

       **Enrolled**

**5. Summary/Purpose:**

This bill would make a number of changes to various provisions governing local Boards of Equalization. The bill would: 1) set stricter requirements for legal and financial professionals serving on certain Boards of Equalization; 2) prohibit persons who were employed or contracted to perform general assessments for any Virginia locality within the previous four years from being appointed as a Board member; 3) allow applications for complaints to the Board to be made electronically, and set forth requirements for mailing and submitting paper applications; 4) require that the Board consider all relevant data in considering complaints, including, in some cases, data made available to the assessor after the effective date of the evaluation; 5) allow a taxpayer to appoint a representative who may apply to the Board on the taxpayer's behalf to adjust the assessment; and 6) prohibit the Board from increasing assessments on commercial, multifamily, residential or industrial property without the assessor's recommendation and compliance with certain procedures.

Under current law, circuit courts within each county or city are authorized to appoint Boards of Equalization that will hear complaints regarding real property assessments, and may increase, decrease, or confirm assessments based on fairness.

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:**

Boards of Equalization

Circuit courts within each county or city are authorized to appoint a three-to-five member Board of Equalization, 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.

The circuit court of the city or county must appoint the Board of Equalization in the tax year immediately following the year of reassessment or annual or biennial assessment unless the locality has appointed a permanent board. The Board expires one year after the effective date of the assessment for which the board was appointed.

Boards of Equalization 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 Board of Equalization 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.

Special provisions apply for Boards considering appeals of commercial or multi-family residential property in localities with populations that exceed 100,000. Thirty percent of the board members must be commercial or multi-family residential real estate appraisers licensed and certified by the Virginia Real Estate Appraiser Board to serve as general real estate appraisers, other commercial or multi-family real estate professionals or licensed commercial or multi-family real estate brokers, builders, developers, active members of the Virginia State Bar, or other legal or financial professionals with knowledge of the valuation of property, real estate transactions, building costs, accounting, finance, or statistics.

Proposal

**Board Member Qualification**

This bill would require that for Boards considering appeals of commercial or multi-family residential property in a locality with a population exceeding 100,000, the legal or financial professionals' practice areas must require knowledge of the valuation of property, real estate transactions, building costs, accounting, finance, or statistics.

The bill would also prohibit any person who has been employed or contracted to perform general assessments for any locality in Virginia within the previous four years from being appointed as a board member.

### **Electronic Forms**

The bill would authorize localities to receive complaints electronically, and would mandate that for those taxpayers that continue to file their complaints by paper, the forms must be submitted before the established deadline, and if mailed, the post mark date must be considered the date of receipt. The bill would also prohibit a board from denying relief on a complaint on the basis of a lack of information on the application, provided the application includes the address, parcel number, and owner's proposed assessed value for the property.

### **Evidence to Consider**

The bill would also require that the Board consider all relevant data pertinent to the year of the valuation under review, even if the data is made available to the assessor after the effective date of the valuation, provided the information is submitted to the Board by the locality's deadline for the application for relief.

### **Taxpayer May Appoint a Representative**

The bill would allow the aggrieved taxpayer to appoint a representative to apply to the Board for the adjustment to fair market value and equalization of his assessment, provided the taxpayer provides an executed and properly notarized letter designating an appointed representative for the taxpayer.

### **Requirements Before Board May Increase Assessment**

The bill would also require that before a Board may increase an assessment on commercial, multifamily, residential or industrial property, the increase must be recommended by the assessor, after providing the Board with an appraisal performed by an independent contractor licensed and certified by the Virginia Real Estate Appraiser Board to serve as a general real estate appraiser. The appraisal would need to affirm that the increase in value represents the property's fair market value as of the date of the assessment in dispute.

The effective date of this bill is not specified.

cc : Secretary of Finance

Date: 1/19/2013 KP  
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