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HOUSE BILL NO. 2095

Offered January 14, 2015

Prefiled January 14, 2015

A BILL to amend and reenact § 58.1-3221.3 of the Code of Virginia, relating to real property tax on commercial and industrial real property in certain localities.

Patron—Keam

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:**1. That § 58.1-3221.3 of the Code of Virginia is amended and reenacted as follows:****§ 58.1-3221.3. Classification of certain commercial and industrial real property and taxation of such property by certain localities.**

A. Beginning January 1, 2008, and solely for the purposes of imposing the tax authorized pursuant to this section, in the counties and cities that are wholly embraced by the Northern Virginia Transportation Authority and the Hampton Roads metropolitan planning area as of January 1, 2008, pursuant to § 134 of Title 23 of the United States Code, all real property used for or zoned to permit commercial or industrial uses is hereby declared to be a separate class of real property for local taxation. Such classification of real property shall exclude all residential uses and all multifamily residential uses, including but not limited to single family residential units, cooperatives, condominiums, townhouses, apartments, or homes in a subdivision when leased on a unit by unit basis even though these units may be part of a larger building or parcel of real estate containing more than four residential units.

B. In addition to all other taxes and fees permitted by law, (i) the governing body of any locality embraced by the Northern Virginia Transportation Authority may, by ordinance, annually impose on all real property in the locality specially classified in subsection A: an amount of real property tax, in addition to such amount otherwise authorized by law, at a rate not to exceed \$0.125 per \$100 of assessed value as the governing body may, by ordinance, impose upon the annual assessed value of all real property used for or zoned to permit commercial or industrial uses; and (ii) the governing body of any locality wholly embraced by the Hampton Roads metropolitan planning area as of January 1, 2008, pursuant to § 134 of Title 23 of the United States Code may, by ordinance, annually impose on all real property in the locality specially classified in subsection A: an amount of real property tax, in addition to such amount otherwise authorized by law, at a rate not to exceed \$0.10 per \$100 of assessed value as the governing body may, by ordinance, impose upon the annual assessed value of all real property used for or zoned to permit commercial or industrial uses. The authority granted in this subsection shall be subject to the following conditions:

(1) Upon appropriation, all revenues generated from the additional real property tax imposed shall be used to benefit the locality imposing the tax solely for (i) new road construction and associated planning, design, and right-of-way acquisition, including new additions to, expansions, or extensions of existing roads that add new capacity, service, or access, (ii) new public transit construction and associated planning, design, and right-of-way acquisition, including new additions to, expansions, or extensions of existing public transit projects that add new capacity, service, or access, (iii) other capital costs related to new transportation projects that add new capacity, service, or access and the operating costs directly related to the foregoing, or (iv) the issuance costs and debt service on bonds that may be issued to support the capital costs permitted in subdivisions (i), (ii), or (iii); and

(2) The additional real property tax imposed shall be levied, administered, enforced, and collected in the same manner as set forth in Subtitle III of Title 58.1 for the levy, administration, enforcement, and collection of local taxes. In addition, the local assessor shall separately assess and set forth upon the locality's land book the fair market value of that portion of property that is defined as a separate class of real property for local taxation in accordance with the provisions of this section.

(3) *Unless a county and town agree otherwise, 30 percent of the revenue generated pursuant to this subsection from property located in any town that constructs and maintains its streets shall be appropriated by the county to such town, and the town shall use such revenue solely as provided in this subsection.*

C. Beginning January 1, 2008, in lieu of the authority set forth in subsections A and B above and solely for the purposes of imposing the tax authorized pursuant to this section, in the counties and cities wholly embraced by the Northern Virginia Transportation Authority and the Hampton Roads metropolitan planning area as of January 1, 2008, pursuant to § 134 of Title 23 of the United States Code, all real property used for or zoned to permit commercial or industrial uses is hereby declared to

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59 be a separate class of real property for local taxation. Such classification of real property shall exclude
60 all residential uses and all multifamily residential uses, including but not limited to single family
61 residential units, cooperatives, condominiums, townhouses, apartments, or homes in a subdivision when
62 leased on a unit by unit basis even though these units may be part of a larger building or parcel of real
63 estate containing more than four residential units.

64 D. In addition to all other taxes and fees permitted by law, (i) the governing body of any locality
65 embraced by the Northern Virginia Transportation Authority may, by ordinance, create within its
66 boundaries, one or more special regional transportation tax districts and, thereafter, may, by ordinance,
67 impose upon the real property located in special regional transportation tax districts specially classified
68 in subsection C within such special regional transportation tax districts: an amount of real property tax,
69 in addition to such amounts otherwise authorized by law, at a rate not to exceed \$0.125 per \$100 of
70 assessed value as the governing body may, by ordinance, impose upon the annual assessed value of all
71 real property used for or zoned to permit commercial or industrial uses; and, (ii) the governing body of
72 any locality wholly embraced by the Hampton Roads metropolitan planning area as of January 1, 2008,
73 pursuant to § 134 of Title 23 of the United States Code may, by ordinance, create within its boundaries,
74 one or more special regional transportation tax districts and, thereafter, may, by ordinance, impose upon
75 the real property specially classified in subsection C within such special regional transportation tax
76 districts: an amount of real property tax, in addition to such amounts otherwise authorized by law, at a
77 rate not to exceed \$0.10 per \$100 of assessed value as the governing body may, by ordinance, impose
78 upon the annual assessed value of all real property used for or zoned to permit commercial or industrial
79 uses. The authority granted in this subsection shall be subject to the following conditions:

80 (1) Notwithstanding any other provisions of law to the contrary, upon appropriation, all revenues
81 generated from the additional real property taxes imposed in accordance with subsection C and this
82 subsection shall be used for transportation purposes that benefit the special regional transportation tax
83 district to which such revenue is attributable and solely for (i) new road construction and associated
84 planning, design, and right-of-way acquisition, including new additions to, expansions, or extensions of
85 existing roads that add new capacity, service, or access, (ii) new public transit construction and
86 associated planning, design, and right-of-way acquisition, including new additions to, expansions, or
87 extensions of existing public transit projects that add new capacity, service, or access, (iii) other capital
88 costs related to new transportation projects that add new capacity, service, or access and the operating
89 costs directly related to the foregoing, or (iv) the issuance costs and debt service on bonds that may be
90 issued to support the capital costs permitted in subdivisions (i), (ii), or (iii);

91 (2) Any local ordinance adopted in accordance with the provisions of subsection C and this
92 subsection shall include the requirement that the additional real property taxes so authorized are to be
93 imposed annually in accordance with applicable law;

94 (3) Any locality that imposes the additional real property taxes set forth in subsections A and B shall
95 not be permitted to also impose the additional real property taxes set forth in subsection C and this
96 subsection. In addition, any locality electing to impose the additional real property taxes on all real
97 property located in such locality that is specially classified in subsections A and B must do so in the
98 manner prescribed in subsections A and B and not by creation of a special transportation tax district as
99 set forth in subsection C and this subsection. The creation of such special regional transportation tax
100 districts shall not, however, affect the authority of a locality to establish tax districts pursuant to other
101 provisions of law;

102 (4) The total revenues generated from the additional real property taxes imposed in accordance with
103 subsection C and this subsection shall not be less than 85% of the revenues estimated to be generated
104 when imposing the additional real property taxes in accordance with subsections A and B at the rate of
105 \$0.125 per \$100 of assessed value in any locality embraced by the Northern Virginia Transportation
106 Authority and at the rate of \$0.10 per \$100 of assessed value in any locality wholly embraced by the
107 Hampton Roads metropolitan planning area as of January 1, 2008, pursuant to § 134 of Title 23 of the
108 United States Code; and

109 (5) The additional real property taxes imposed pursuant to subsection C and this subsection shall be
110 levied, administered, enforced, and collected, in the same manner as set forth in Subtitle III of Title 58.1
111 for the levy, administration, enforcement, and collection of all local taxes. In addition, the local assessor
112 shall separately assess and set forth upon the locality's land book the fair market value of that portion of
113 property that is defined as separate class of real property for local taxation in accordance with the
114 provisions of this section; and

115 (6) *Unless a county and town agree otherwise, 30 percent of the revenue generated pursuant to this*
116 *subsection from property located in any town that constructs and maintains its streets shall be*
117 *appropriated by the county to such town, and the town shall use such revenue solely as provided in this*
118 *subsection.*