

DEPARTMENT OF TAXATION

2015 Fiscal Impact Statement

1. **Patron** Joseph R. Yost

3. **Committee** House Finance

4. **Title** Real Property Tax; Notice of Assessments

2. **Bill Number** HB 1378

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would clarify the information that must be included on the required notice issued by localities when there is a reassessment or a change in the assessed value of real estate. The bill would provide that the required information on the notice regarding assessments in the immediately prior two tax years refers to the immediately prior two tax years' final assessments. Additionally, the bill would provide that the amount of the total tax levies for the immediately prior two tax years is computed by multiplying the final tax rates for the prior two tax years by the final assessed values of land and improvements for those tax years.

Under current law, whenever there is a reassessment or change in the assessed value of real estate, a locality must provide notice to each property owner whose assessment has been changed. Among the information included, the notice must show the new and immediately prior two assessed values of the land and improvements. If the tax rate that will apply to the new assessed value has been established, then the notice must set out that rate, and in either case, must set out the tax rates for the immediately prior two tax years, the total amount of the new tax levy, the amounts of the total tax levies for the immediately prior two tax years, and the percentage changes in the new tax levy from those in the immediately prior two tax years.

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 local or state revenues.

9. Specific agency or political subdivisions affected:

All localities

10. Technical amendment necessary: No.

11. Other comments:

Current law requires that whenever there is a reassessment or change in the assessed value of real estate, a locality must provide notice by mail directly to each property owner whose assessment has been changed. Notice must be sent by postpaid mail at least 15 days prior to the date of the hearing to protest the change in assessment. The notice must show the magisterial or other district, if any, in which the real estate is located and the new and immediately prior two assessed values of land and improvements.

For changes in assessment that do not arise solely from the construction or addition of new improvements to real estate, if the tax rate that will apply to the new assessed value has been established, then the notice must set out that rate, and in either case, must set out the tax rates for the immediately prior two tax years, the total amount of the new tax levy, the amounts of the total tax levies for the immediately prior two tax years, and the percentage changes in the new tax levy from those in the immediately prior two tax years. If, however, the tax rate for the new assessed value has not been established, the notice must identify the time and place of the next local governing body meeting for public testimony on the real estate tax rate changes. Where changes in the local real property tax assessment are due to the construction or addition of new improvements to the property, the notice of change in assessment for the property need not set out this information.

Proposal

This bill would clarify that the required information on the notice regarding assessments in the immediately prior two tax years refers to the immediately prior two tax years' final assessments. Additionally, the bill would provide that the amount of the total tax levies for the immediately prior two tax years is computed by multiplying the final tax rates for the prior two tax years by the final assessed values of land and improvements for those tax years.

Similar Legislation

House Bills 1291 and 1621 and Senate Bill 678 are identical to this bill.

House Bill 1576 would establish a binding arbitration process for owner-occupied residential dwellings and require that the notice of assessments issued whenever there is a reassessment or change in the assessed value of real estate, inform each property owner of their rights to seek relief through the board of equalization, arbitration, or appeal to the circuit court.

Senate Bill 872 would require assessing officers to provide written explanations for increases in the property's assessed value to any requesting taxpayer whose property has been assessed.

cc : Secretary of Finance

Date: 1/18/2015 KP
DLAS File Name: HB1378F161