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HOUSE BILL NO. 2475

Offered January 20, 2017

A BILL to amend and reenact § 58.1-3401 of the Code of Virginia, relating to real property tax; service charge in lieu of taxes for certain exempt organizations.

Patron—LaRock (By Request)

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:**1. That § 58.1-3401 of the Code of Virginia is amended and reenacted as follows:****§ 58.1-3401. Valuation of property; calculation of service charge.**

A. The service charge authorized in § 58.1-3400 shall be based on the assessed value of the tax exempt real estate and the amount which the county, city or town expended, in the year preceding the year in which such charge is assessed, for the purpose of furnishing police and fire protection and for collection and disposal of refuse. The cost of public school education shall be included in such amount in determining the service charge imposed on faculty and staff housing of an educational institution. Any amount received from federal or state grants specifically designated for the above-mentioned purposes and assistance provided to localities pursuant to Article 8 (§ 9.1-165 et seq.) of Chapter 1 of Title 9.1 shall not be considered in determining the cost of providing such services for the real estate. The expenditures for services not provided for certain real estate shall not be considered in the calculation of the service charge for such real estate, nor shall such expenditures be considered when a service is currently funded by another service charge.

B. The service charge rate shall be determined by dividing the expenditures determined pursuant to subsection A of this section, by the assessed fair market value, expressed in hundreds of dollars, of all real estate located within the county, city or town imposing the service charge, including nontaxable property. The resulting rate shall then be applied to the assessed value of the tax exempt property.

Real estate owned by the United States government or any of its instrumentalities shall not be included in the assessed value of all property within the county, city or town.

For purposes of this section, artistic and historical significance shall not be taken into account in the valuation of exempt real estate.

C. In no event shall the service charge exceed twenty percent of the real estate tax rate of the county, city or town imposing the service charge or fifty percent in the case of faculty and staff housing of an educational institution.

D. *In lieu of imposing the service charge pursuant to subsections A, B, and C. a locality may enter into an agreement with any owner of property exempt pursuant to the provisions of Chapter 36 (§ 58.1-3600 et seq.) of Title 58.1 for a service charge at a mutually agreed upon annual rate.*

INTRODUCED

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