

**DEPARTMENT OF TAXATION
2017 Fiscal Impact Statement**

1. **Patron** Richard H. Stuart
3. **Committee** House Finance
4. **Title** Real Property Tax; Deferral; Stafford County

2. **Bill Number** SB 1248
House of Origin:
 Introduced
 Substitute
 Engrossed
- Second House:**
 In Committee
 Substitute
 Enrolled

5. Summary/Purpose:

This bill would authorize Stafford County to adopt, by ordinance, a program allowing deferral of real property tax for a taxpayer's sole occupied dwelling where that dwelling has seen at least a 25 percent increase in real property tax levy over the levy for 2015, and the increase is due to improvements completed by Stafford County in 2015 to real property that, together with any adjacent property owned by Stafford County, is adjacent to the taxpayer's real estate.

Under current law, localities are authorized to adopt, by ordinance, a deferral program allowing deferral of all or any portion of the real property tax that exceeds at least 105 percent of the real estate tax on such property owned by the taxpayer in the previous year. Localities may designate whether the deferral is allowed only for a taxpayer's sole occupied dwelling or all property.

The effective date of this bill is not specified.

6. **Budget amendment necessary:** No.
7. **Fiscal Impact:** Not Available (See Line 8.)

8. Fiscal implications:

If Stafford County enacts the deferral program authorized by this bill, it may incur administrative costs administering the program and it may experience a deferral of revenues.

This bill would have no impact on state revenues.

9. **Specific agency or political subdivisions affected:** Stafford County.

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

11. Other comments:

Under current law, localities are authorized to adopt, by ordinance, a program allowing deferral of all or any portion of the real property tax that exceeds at least 105 percent of the real estate tax on such property owned by the taxpayer in the previous year. In doing so, localities are also authorized to designate whether the deferral is allowed only for a taxpayer's sole occupied dwelling or all of the taxpayer's property.

The deferred amount shall be subject to interest set by the locality but not to exceed the rate established by § 6621 of the Internal Revenue Code. The deferred amount and interest shall be due to the locality upon the sale or transfer of the property or from the estate of the last surviving decedent owner within one year of that owner's death.

The deferral program does not apply to real estate which participates in the tax relief or deferral program for the elderly or totally disabled pursuant to § 58.1-3210, or persons who are delinquent on any portion of real estate taxes for which deferral is sought, or property assessed on the basis of use value pursuant to § 58.1-3230.

Proposal

This bill would authorize Stafford County to adopt, by ordinance, a program allowing deferral of real property tax for a taxpayer's sole occupied dwelling where that dwelling has seen at least a 25 percent increase in real property tax levy over the levy for 2015, and the increase is due to improvements completed by Stafford County in 2015 to real property that, together with any adjacent property owned by Stafford County, is adjacent to the taxpayer's real estate.

The bill would also require that the taxpayer be notified when the assessed value of the real property has been increased. The notification would also have to explain the taxpayer's rights under the local ordinance. The taxpayer would then be permitted to defer all or any portion of 95 percent of the amount of the increase in the tax over the amount levied in 2015 as calculated by the commissioner of the revenue or other assessing official for taxes accruing in 2016 and the same amount for taxes accruing in subsequent years. The deferred amount shall be subject to simple interest at an interest rate set by the locality not to exceed five percent per annum. The deferred amount and interest shall be due to the locality upon the sale or transfer of the property or from the estate of the last surviving decedent owner within one year of that owner's death.

The deferral program would not apply to real estate which participates in the tax relief or deferral program for the elderly or totally disabled pursuant to § 58.1-3210, or persons who are delinquent on any portion of real estate taxes for which deferral is sought, or property assessed on the basis of use value pursuant to § 58.1-3230.

Similar Legislation

House Bill 2219 would authorize Stafford County to adopt, by ordinance, a program allowing deferral of real property tax for a taxpayer's sole occupied dwelling where that dwelling has seen at least a five percent increase in assessed value over the previous year's assessment, and the increase is due to improvements made by Stafford County to

real property that, together with any adjacent property owned by Stafford County, is adjacent to the taxpayer's real estate.

cc : Secretary of Finance

Date: 2/7/2017 VB
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