

DEPARTMENT OF TAXATION

2017 Fiscal Impact Statement

1. **Patron** Adam P. Ebbin

2. **Bill Number** SB 1520

House of Origin:

 Introduced

 Substitute

 Engrossed

3. **Committee** House Finance

4. **Title** Increase in Property Tax; Public Hearing

Second House:

 X **In Committee**

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would require a locality to give notice of a public hearing regarding a property tax increase of more than one percent by publication in at least one newspaper of general circulation in that locality at least 25 days before the date of the hearing and, at least 30 days before the hearing, by posting in a prominent public location where notices are regularly posted in the building where the governing body of the locality regularly conducts its business.

Under current law, whenever an annual assessment, biennial assessment or general reassessment of real property by a locality would result in an increase of one percent or more in the total real property tax levied, the locality is required to reduce its rate of levy for the forthcoming tax year so that the rate of levy produces no more than 101 percent of the previous year's real property tax levies unless the locality conducts a properly timed and sufficiently announced public hearing. At least 30 days prior to the hearing date, notice of the public hearing must be published in at least one newspaper of general circulation in the county or city and posted in a prominent public location where notices are regularly posted in the building where the governing body of the locality regularly conducts its business.

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 administrative costs or revenues.

9. **Specific agency or political subdivisions affected:** All localities

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

11. Other comments:

Background

Whenever an annual assessment, biennial assessment or general reassessment of real property by a locality would result in an increase of one percent or more in the total real property tax levied, the locality is required to reduce its rate of levy for the forthcoming tax year so that the rate of levy produces no more than 101 percent of the previous year's real property tax levies unless the locality conducts a properly timed and sufficiently announced public hearing.

Governing bodies of localities are authorized to increase the rate above the reduced rate if such an increase is deemed necessary. In order to increase the rate, the governing body must conduct a public hearing, which may not be held at the same time as the annual budget hearing. Notice of the public hearing must be published in at least one newspaper of general circulation in the county or city and posted in a prominent public location where notices are regularly posted in the building where the governing body of the locality regularly conducts its business. Notice must be given at least thirty days prior to the date of the hearing.

Local Budget Due Dates

Department and agency heads of localities are required to prepare and submit to their local governing bodies an estimate of the amount of money needed during the ensuing fiscal year for their departments or agencies by April 1 of each year. Generally, local governing bodies must approve the budget and fix a tax rate for the budget year by July 1, the date on which the fiscal year begins. The local governing bodies will generally have from April 1st to June 30th to prepare and approve the locality's budget.

Because localities depend upon state appropriated funds as a major source of revenue, it is difficult for them to prepare a local budget without knowing how much money will be appropriated to the locality by the General Assembly. This information is necessary for localities to determine whether an increase in the real property tax is necessary.

Proposal

This bill would require a locality to give notice of a public hearing regarding a property tax increase of more than one percent by publication in at least one newspaper of general circulation in that locality at least 25 days before the date of the hearing and, at least 30 days before the hearing, posting in a prominent public location where notices are regularly posted in the building where the governing body of the locality regularly conducts its business.

The effective date of this bill is not specified.

Similar Legislation

Senate Bill 1268 would allow localities to hold hearings on tax rate increases at the same time as the annual budget meeting.

cc : Secretary of Finance

Date: 2/6/2017 VB
SB1520FE161