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HOUSE BILL NO. 786

Offered January 10, 2018

Prefiled January 9, 2018

A BILL to amend and reenact § 58.1-3984 of the Code of Virginia, relating to local taxes; appeal to court.

Patron—Keam

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:**1. That § 58.1-3984 of the Code of Virginia is amended and reenacted as follows:****§ 58.1-3984. Application to court to correct erroneous assessments of local levies generally.**

A. Any person assessed with local taxes, aggrieved by any such assessment, may, unless otherwise specially provided by law (including, but not limited to, as provided under (i) § 15.2-717 and (ii) § 3 of Chapter 261 of the Acts of Assembly of 1936 (which was continued in effect by § 58-769 of the Code of Virginia; and now continued in effect by § 58.1-3260), as amended by Chapter 422 of the Acts of Assembly of 1950, as amended by Chapter 339 of the Acts of Assembly of 1958, and as amended by the 2003 Regular Session of the General Assembly), (a) within three years from the last day of the tax year for which any such assessment is made, (b) within one year from the date of the assessment, (c) within one year from the date of the Tax Commissioner's final determination under § 58.1-3703.1 A 5 or § 58.1-3983.1 D, or (d) within one year from the date of the final determination under § 58.1-3981, whichever is later, apply for relief to the circuit court of the county or city wherein such assessment was made. The application shall be before the court when it is filed in the clerk's office. In such proceedings, except for proceedings seeking relief from real property taxes, the burden of proof shall be upon the taxpayer to show that the property in question is valued at more than its fair market value or that the assessment is not uniform in its application, or that the assessment is otherwise invalid or illegal, but it shall not be necessary for the taxpayer to show that intentional, systematic, and willful discrimination has been made *or for the taxpayer to show that the assessment is a result of manifest error or disregard of controlling evidence.*

In any appeal of an assessment of real or personal property, if the assessment that is the subject of the appeal is an increase of more than 20 percent over the assessment for the same property for the prior tax year, except in cases of buildings constructed in the previous five years, the assessor shall have the burden of proving by a preponderance of the evidence that the assessment is correct.

All proceedings pursuant to this section shall be conducted as an action at law before the court, sitting without a jury. The county or city attorney, or if none, the attorney for the Commonwealth, shall defend the application.

Prior to the release of any information that constitutes confidential tax information under § 58.1-3, pursuant to discovery or otherwise, for the purposes of a proceeding under this section, the court shall, no later than the issuance of the scheduling order, make the following order:

"Unless otherwise ordered by the court, no entity or person who has obtained confidential information protected by § 58.1-3 of the Code of Virginia regarding [property reference], directly or indirectly through any party to this action, shall disclose, exhibit, or discuss the confidential information except as provided herein. Confidential information protected by § 58.1-3 may be revealed to or discussed only with the following persons in connection with the review or litigation of the assessment of the above-referenced property:

1. The taxpayer or the local government (the "Parties");
2. Counsel for any Party to this action and employees of the counsel's firm, including attorneys other than counsel;
3. Outside experts retained by and assisting counsel for any Party in the preparation for or trial of this action;

4. The court or an administrative board reviewing the assessment on the above-referenced property, persons employed by the court or administrative board, and persons employed to transcribe or record the testimony or argument at a hearing, trial, or deposition regarding the assessment of the above-referenced property; and

5. Any person who may be called as a witness in a hearing, trial, or discovery that counsel believes in good faith to be necessary for the preparation or presentation of the case.

No person who is furnished with confidential information shall reveal it to, or discuss it with, any person who is not entitled to receive it under the terms of this order. Prior to their receipt of

59 confidential information, those persons described in subdivisions 3 and 5 shall be required to sign an
60 acknowledgement of this order and agree to be bound by the terms hereof and be subject to the
61 jurisdiction of the court for enforcement thereof. Any person who violates the provisions of this order
62 shall be subject to the penalty provided in subsection F of § 58.1-3."

63 Once the above-referenced order is entered, § 58.1-3 shall not be applicable to prevent the release of
64 any relevant information that is responsive to a request for discovery made in the course of an appeal
65 pursuant to this section.

66 B. In circuit court proceedings to seek relief from real property taxes, there shall be a presumption
67 that the valuation determined by the assessor or as adjusted by the board of equalization is correct. The
68 burden of proof shall be on the taxpayer to rebut such presumption ~~and show~~ by showing by a
69 preponderance of the evidence *either* (i) that the property in question ~~is~~ was valued at more than its fair
70 market value ~~or~~, (ii) that the assessment ~~is~~ was not uniform in its application, ~~and or~~ (iii) that ~~it~~ the
71 assessment was not arrived at in accordance with generally accepted appraisal practices, procedures,
72 rules, and standards as prescribed by nationally recognized professional appraisal organizations such as
73 the International Association of Assessing Officers (IAAO) and applicable Virginia law relating to
74 valuation of property. *Any of these three mistakes constitutes manifest error and rebuts the presumption*
75 *of correctness.* Mistakes of fact, including computation, that affect the assessment shall be deemed not
76 to be in accordance with generally accepted appraisal practice.

77 However, in any appeal of the assessment of residential property filed by a taxpayer as an owner of
78 real property containing less than four residential units, the assessing officer shall give the required
79 written notice to the taxpayer, or his duly authorized representative, under subsection E of § 58.1-3331,
80 and, upon written request, shall provide the taxpayer or his duly authorized representative copies of the
81 assessment records set out in subsections A, B, and C of § 58.1-3331 pertaining to the assessing officer's
82 determination of fair market value of the property under appeal. A written request by the taxpayer or his
83 duly authorized representative shall be made following the filing of the appeal to circuit court and no
84 later than 45 days prior to trial, unless otherwise provided by an order of the court before which the
85 appeal is pending. Provided the written request is made in accordance with this section or any applicable
86 court order, the assessing officer shall provide such records within 15 days of the written request to the
87 taxpayer or his duly authorized representative. If the assessing officer fails to do so, the assessing officer
88 shall present the following into evidence prior to the presentation of evidence by the taxpayer at the
89 hearing: ~~(i)~~ (a) copies of the assessment records maintained by the assessing officer under § 58.1-3331,
90 ~~(ii)~~ (b) testimony that explains the methodologies employed by the assessing officer to determine the
91 assessed value of the property, and ~~(iii)~~ (c) testimony that states that the assessed value was arrived at in
92 accordance with generally accepted appraisal practices, procedures, rules, and standards as prescribed by
93 nationally recognized professional appraisal organizations such as the International Association of
94 Assessing Officers (IAAO) and applicable Virginia law relating to valuation of property. Upon the
95 conclusion of the presentation of the evidence of the assessing officer, the taxpayer shall have the
96 burden of proof by a preponderance of the evidence to rebut such evidence presented by the assessing
97 officer as otherwise provided in this section.

98 C. The presumptions, burdens, and standards set out in subsection B shall not be construed to change
99 or have any effect upon the presumptions, burdens, and standards applicable to applications for the
100 correction of erroneous assessments of any local tax other than real property taxes.

101 D. In the event it comes or is brought to the attention of the commissioner of the revenue of the
102 locality that the assessment of any tax is improper or is based on obvious error and should be corrected
103 in order that the ends of justice may be served, and he is not able to correct it under § 58.1-3981, the
104 commissioner of the revenue shall apply to the appropriate court, in the manner herein provided for
105 relief of the taxpayer. Such application may include a petition for relief for any of several taxpayers.