

DEPARTMENT OF TAXATION

2018 Fiscal Impact Statement

1. **Patron** John A Cosgrove

3. **Committee** Passed House and Senate

4. **Title** Property Tax Exemption; Izaak Walton League

2. **Bill Number** SB 485

House of Origin:

 Introduced

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 X **Enrolled**

5. Summary/Purpose:

This bill would clarify that an exemption from taxation for property owned by the Norfolk Chapter of the Izaak Walton League of America, located at 2136 Trailsend Lane in Chesapeake, Virginia, has existed and continues to exist pursuant to the Constitution of Virginia.

Under current law, in order for property to be exempt from taxation, it must either be designated specifically or meet the requirements of an exempt classification.

The effective date of this bill is not specified.

6. Budget amendment necessary: No

7. Fiscal Impact Estimates are: Not available. (See Line 8.)

8. Fiscal implications:

Administrative Costs

There would be no administrative cost impact as a result of this bill.

Revenue Impact

The City of Chesapeake could experience an unknown revenue loss as a result of this bill. There would be no impact on state revenues.

9. Specific agency or political subdivisions affected:

City of Chesapeake
Izaak Walton League of America

10. Technical amendment necessary: No

11. Other comments:

Property Tax Exemptions by Classification or Designation

Prior to January 1, 2003, the *Constitution of Virginia* authorized the General Assembly to exempt from local taxation real and tangible personal property owned by certain nonprofit organizations and used for religious, charitable, patriotic, benevolent, cultural, or public park or playground purposes by classification or by designation by a three-quarters vote in each house. Property is exempt by classification if it fits within a class of property which the General Assembly has established as exempt. Property is exempt by designation when the law designates the property of a named organization as exempt.

On January 1, 2003, a constitutional amendment took effect that authorized local governing bodies to grant exemptions from local property taxation by ordinance, within the parameters established by the General Assembly. The property tax exemptions established by the General Assembly and existing prior to January 1, 2003 remain in effect, but can be revoked. Exemptions from taxation granted under the authority of the 1971 Constitution of Virginia are strictly construed.

Under current law, property, belonging to one of the classes listed as exempt, or which enjoyed an exemption by designation from taxation on July 1, 1971, continues to be exempt from taxation. Under Virginia Supreme Court case law, a liberal interpretation is given to property tax exemptions if the property was owned before July 1, 1971. If there is any doubt as to whether the property is exempt, then such doubt is resolved in favor of the one claiming the exemption. *City of Richmond v. United Givers Fund of Richmond, Henrico and Chesterfield, Inc.* 1964.

Proposal

This bill would clarify that an exemption from taxation for property owned by the Norfolk Chapter of the Izaak Walton League of America, located at 2136 Trailsend Lane in Chesapeake, Virginia, has existed and continues to exist pursuant to the Constitution of Virginia. This bill would also disallow any refund claim by the organization based on this exemption for taxes paid on this property prior to January 1, 2017.

The effective date of this bill is not specified.

cc : Secretary of Finance

Date: 3/2/2018 SK
DLAS File Name: SB485FER161