

19102326D

HOUSE BILL NO. 2575

Offered January 9, 2019

Prefiled January 9, 2019

A BILL to amend and reenact § 58.1-3221.3 of the Code of Virginia, relating to additional real property tax on commercial and industrial property in certain localities.

Patron—LaRock

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That § 58.1-3221.3 of the Code of Virginia is amended and reenacted as follows:

§ 58.1-3221.3. Classification of certain commercial and industrial real property and taxation of such property by certain localities.

A. Beginning January 1, 2008, and solely for the purposes of imposing the tax authorized pursuant to this section, in the counties and cities that are wholly embraced by the Northern Virginia Transportation Authority and the Hampton Roads metropolitan planning area as of January 1, 2008, pursuant to § 134 of Title 23 of the United States Code, all real property used for or zoned to permit commercial or industrial uses is hereby declared to be a separate class of real property for local taxation. Beginning January 1, 2019, and solely for the purposes of imposing the tax authorized pursuant to this section, in the counties and cities that are wholly embraced by Planning District 3, 4, 5, 6, or 7, or any combination of such planning districts, all real property used for or zoned to permit commercial or industrial use is hereby declared to be a separate class of real property for local taxation. Such classification of real property shall exclude all residential uses and all multifamily residential uses, including but not limited to single family residential units, cooperatives, condominiums, townhouses, apartments, or homes in a subdivision when leased on a unit by unit basis even though these units may be part of a larger building or parcel of real estate containing more than four residential units.

B. In addition to all other taxes and fees permitted by law, (i) the governing body of any locality embraced by the Northern Virginia Transportation Authority may, by ordinance, annually impose on all real property in the locality specially classified in subsection A: an amount of real property tax, in addition to such amount otherwise authorized by law, at a rate not to exceed \$0.125 per \$100 of assessed value as the governing body may, by ordinance, impose upon the annual assessed value of all real property used for or zoned to permit commercial or industrial uses; and (ii) the governing body of any locality wholly embraced by the Hampton Roads metropolitan planning area as of January 1, 2008, pursuant to § 134 of Title 23 of the United States Code may, by ordinance, annually impose on all real property in the locality specially classified in subsection A: an amount of real property tax, in addition to such amount otherwise authorized by law, at a rate not to exceed \$0.10 per \$100 of assessed value as the governing body may, by ordinance, impose upon the annual assessed value of all real property used for or zoned to permit commercial or industrial uses; and (iii) the governing body of any locality wholly embraced by Planning District 3, 4, 5, 6, or 7, or any combination of such planning districts, may, by ordinance, annually impose on all real property in the locality specially classified in subsection A an amount of real property tax, in addition to such amount otherwise authorized by law, at a rate not to exceed \$0.10 per \$100 of assessed value as the governing body may, by ordinance, impose upon the annual assessed value of all real property used for or zoned to permit commercial or industrial uses.

The authority granted in this subsection shall be subject to the following conditions:

(+) 1. (For contingent expiration date, see Acts 2018, cc. 854 and 856) Upon appropriation, all revenues generated from the additional real property tax imposed shall be used to benefit the locality imposing the tax solely for (i) new road construction and associated planning, design, and right-of-way acquisition, including new additions to, expansions, or extensions of existing roads that add new capacity, service, or access, (ii) new public transit construction and associated planning, design, and right-of-way acquisition, including new additions to, expansions, or extensions of existing public transit projects that add new capacity, service, or access, (iii) other capital costs related to new transportation projects that add new capacity, service, or access and the operating costs directly related to the foregoing, or (iv) the issuance costs and debt service on bonds that may be issued to support the capital costs permitted in subdivisions (i), (ii), or (iii); and

(+) 1. (For contingent effective date see Acts 2018, cc. 854 and 856) Upon appropriation, all revenues generated from the additional real property tax imposed shall be used to benefit the locality imposing the tax solely for (i) new road construction and associated planning, design, and right-of-way acquisition, including new additions to, expansions, or extensions of existing roads that add new

INTRODUCED

HB2575

59 capacity, service, or access, (ii) new public transit construction and associated planning, design, and  
 60 right-of-way acquisition, including new additions to, expansions, or extensions of existing public transit  
 61 projects that add new capacity, service, or access, (iii) other capital costs related to new transportation  
 62 projects that add new capacity, service, or access and the operating costs directly related to the  
 63 foregoing, (iv) the issuance costs and debt service on bonds that may be issued to support the capital  
 64 costs permitted in subdivisions (i), (ii), or (iii), or (v) for a locality subject to § 33.2-3404, any other  
 65 transportation purposes, provided that the amount used does not exceed the amount such locality is  
 66 required to transfer pursuant to § 33.2-3404; and

67 (2) 2. The additional real property tax imposed shall be levied, administered, enforced, and collected  
 68 in the same manner as set forth in Subtitle III of Title 58.1 for the levy, administration, enforcement,  
 69 and collection of local taxes. In addition, the local assessor shall separately assess and set forth upon the  
 70 locality's land book the fair market value of that portion of property that is defined as a separate class of  
 71 real property for local taxation in accordance with the provisions of this section.

72 C. Beginning January 1, 2008, in lieu of the authority set forth in subsections A and B above and  
 73 solely for the purposes of imposing the tax authorized pursuant to this section, in the counties and cities  
 74 wholly embraced by the Northern Virginia Transportation Authority and the Hampton Roads  
 75 metropolitan planning area as of January 1, 2008, pursuant to 23 U.S.C. § 134 of Title 23 of the United  
 76 States Code, all real property used for or zoned to permit commercial or industrial uses is hereby  
 77 declared to be a separate class of real property for local taxation. *Beginning January 1, 2019, and solely*  
 78 *for the purposes of imposing the tax authorized pursuant to this section, in the counties and cities that*  
 79 *are wholly embraced by Planning District 3, 4, 5, 6, or 7, or any combination of such planning*  
 80 *districts, all real property used for or zoned to permit commercial or industrial use is hereby declared*  
 81 *to be a separate class of real property for local taxation.* Such classification of real property shall  
 82 exclude all residential uses and all multifamily residential uses, including but not limited to single family  
 83 residential units, cooperatives, condominiums, townhouses, apartments, or homes in a subdivision when  
 84 leased on a unit by unit basis even though these units may be part of a larger building or parcel of real  
 85 estate containing more than four residential units.

86 D. In addition to all other taxes and fees permitted by law, (i) the governing body of any locality  
 87 embraced by the Northern Virginia Transportation Authority may, by ordinance, create within its  
 88 boundaries, one or more special regional transportation tax districts and, thereafter, may, by ordinance,  
 89 impose upon the real property located in special regional transportation tax districts specially classified  
 90 in subsection C within such special regional transportation tax districts: an amount of real property tax,  
 91 in addition to such amounts otherwise authorized by law, at a rate not to exceed \$0.125 per \$100 of  
 92 assessed value as the governing body may, by ordinance, impose upon the annual assessed value of all  
 93 real property used for or zoned to permit commercial or industrial uses; ~~and~~; (ii) the governing body of  
 94 any locality wholly embraced by the Hampton Roads metropolitan planning area as of January 1, 2008,  
 95 pursuant to § 134 of Title 23 of the United States Code may, by ordinance, create within its boundaries,  
 96 one or more special regional transportation tax districts and, thereafter, may, by ordinance, impose upon  
 97 the real property specially classified in subsection C within such special regional transportation tax  
 98 districts: an amount of real property tax, in addition to such amounts otherwise authorized by law, at a  
 99 rate not to exceed \$0.10 per \$100 of assessed value as the governing body may, by ordinance, impose  
 100 upon the annual assessed value of all real property used for or zoned to permit commercial or industrial  
 101 uses; *and (iii) the governing body of any locality wholly embraced by Planning District 3, 4, 5, 6, or 7,*  
 102 *or any combination of such planning districts, may, by ordinance, annually impose on all real property*  
 103 *in the locality specially classified in subsection A an amount of real property tax, in addition to such*  
 104 *amount otherwise authorized by law, at a rate not to exceed \$0.10 per \$100 of assessed value as the*  
 105 *governing body may, by ordinance, impose upon the annual assessed value of all real property used for*  
 106 *or zoned to permit commercial or industrial uses.* The authority granted in this subsection shall be  
 107 subject to the following conditions:

108 (1) 1. (For contingent expiration date, see Acts 2018, cc. 854 and 856) Notwithstanding any other  
 109 provisions of law to the contrary, upon appropriation, all revenues generated from the additional real  
 110 property taxes imposed in accordance with subsection C and this subsection shall be used for  
 111 transportation purposes that benefit the special regional transportation tax district to which such revenue  
 112 is attributable and solely for (i) new road construction and associated planning, design, and right-of-way  
 113 acquisition, including new additions to, expansions, or extensions of existing roads that add new  
 114 capacity, service, or access, (ii) new public transit construction and associated planning, design, and  
 115 right-of-way acquisition, including new additions to, expansions, or extensions of existing public transit  
 116 projects that add new capacity, service, or access, (iii) other capital costs related to new transportation  
 117 projects that add new capacity, service, or access and the operating costs directly related to the  
 118 foregoing, or (iv) the issuance costs and debt service on bonds that may be issued to support the capital  
 119 costs permitted in subdivisions (i), (ii), or (iii);

120 (2) 2. (For contingent effective date see Acts 2018, cc. 854 and 856) Notwithstanding any other

121 provisions of law to the contrary, upon appropriation, all revenues generated from the additional real  
 122 property taxes imposed in accordance with subsection C and this subsection shall be used for  
 123 transportation purposes that benefit the special regional transportation tax district to which such revenue  
 124 is attributable and solely for (i) new road construction and associated planning, design, and right-of-way  
 125 acquisition, including new additions to, expansions, or extensions of existing roads that add new  
 126 capacity, service, or access, (ii) new public transit construction and associated planning, design, and  
 127 right-of-way acquisition, including new additions to, expansions, or extensions of existing public transit  
 128 projects that add new capacity, service, or access, (iii) other capital costs related to new transportation  
 129 projects that add new capacity, service, or access and the operating costs directly related to the  
 130 foregoing, (iv) the issuance costs and debt service on bonds that may be issued to support the capital  
 131 costs permitted in subdivisions (i), (ii), or (iii), or (v) for a locality subject to § 33.2-3404, any other  
 132 transportation purposes, provided that the amount used does not exceed the amount such locality is  
 133 required to transfer pursuant to § 33.2-3404;

134 (2) 2. Any local ordinance adopted in accordance with the provisions of subsection C and this  
 135 subsection shall include the requirement that the additional real property taxes so authorized are to be  
 136 imposed annually in accordance with applicable law;

137 (3) 3. Any locality that imposes the additional real property taxes set forth in subsections A and B  
 138 shall not be permitted to also impose the additional real property taxes set forth in subsection C and this  
 139 subsection. In addition, any locality electing to impose the additional real property taxes on all real  
 140 property located in such locality that is specially classified in subsections A and B must do so in the  
 141 manner prescribed in subsections A and B and not by creation of a special transportation tax district as  
 142 set forth in subsection C and this subsection. The creation of such special regional transportation tax  
 143 districts shall not, however, affect the authority of a locality to establish tax districts pursuant to other  
 144 provisions of law;

145 (4) 4. The total revenues generated from the additional real property taxes imposed in accordance  
 146 with subsection C and this subsection shall not be less than 85% of the revenues estimated to be  
 147 generated when imposing the additional real property taxes in accordance with subsections A and B at  
 148 the rate of: \$0.125 per \$100 of assessed value in any locality embraced by the Northern Virginia  
 149 Transportation Authority ~~and at the rate of~~; \$0.10 per \$100 of assessed value in any locality wholly  
 150 embraced by the Hampton Roads metropolitan planning area as of January 1, 2008, pursuant to § 134 of  
 151 Title 23 of the United States Code; *and \$0.10 per \$100 of assessed value in any locality wholly*  
 152 *embraced by Planning District 3, 4, 5, 6, or 7, or any combination of such planning districts;* and

153 (5) 5. The additional real property taxes imposed pursuant to subsection C and this subsection shall  
 154 be levied, administered, enforced, and collected, in the same manner as set forth in Subtitle III of Title  
 155 58.1 for the levy, administration, enforcement, and collection of all local taxes. In addition, the local  
 156 assessor shall separately assess and set forth upon the locality's land book the fair market value of that  
 157 portion of property that is defined as separate class of real property for local taxation in accordance with  
 158 the provisions of this section.