

DEPARTMENT OF TAXATION

2022 Fiscal Impact Statement

1. **Patron** Michael J. Webert

2. **Bill Number** HB 199

3. **Committee** Passed House and Senate

House of Origin:

 Introduced

 Substitute

 Engrossed

4. **Title** Land preservation program; Delinquent taxes

Second House:

 In Committee

 Substitute

 X **Enrolled**

5. **Summary/Purpose:**

This bill would allow a locality, by ordinance, to provide that a parcel of real property that is specially assessed for land use shall not be removed from the land use taxation program for delinquent taxes owed on the property if such taxes are paid by December 31 of the year in which the taxes became delinquent. The bill also provides that no parcel of real property shall be removed from the land use taxation program for delinquent taxes if (i) such taxes become delinquent during a state of emergency declared by the Governor, (ii) the treasurer determines that the emergency has caused hardship for the taxpayer, and (iii) the taxes are paid no later than 90 days after the original deadline for removal from the land use program for delinquent taxes.

Under current law, a parcel that is specially assessed as part of the land use taxation program that has delinquent taxes as of April 1 that remain delinquent as of June 1, may be removed from such land use taxation program by the local commissioner of the revenue after sufficient notice to the property owner of the delinquency and risk of removal is provided by the local treasurer. Such removal is effective for the current tax year.

If enacted during the regular session of the 2022 General Assembly, this bill would become effective July 1, 2022.

6. **Budget amendment necessary:** No.

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

8. **Fiscal implications:**

Administrative Costs

This bill could result in an unknown impact to local administrative costs. This bill would have no impact on state administrative costs.

Revenue Impact

This bill could have an unknown impact to local revenues. This bill would have no impact to state revenues.

9. Specific agency or political subdivisions affected:

Localities that encompass parcels that are specially assessed for land use.

10. Technical amendment necessary: No.

11. Other comments:

Land-Use Taxation

Land-use valuation and taxation is intended to encourage conservation by providing tax relief to the owner of real estate devoted solely to agricultural, horticultural, forest, or open space use. Under land-use taxation programs, the land dedicated to the special use is valued based on its current use rather than its full fair market value. Owners of real property situated in a locality that has adopted a land-use plan and ordinance providing for use value assessments may apply to their local assessing officer for taxation of their real property on the basis of use value. Such owners must devote a minimum number of acres of real property to agricultural, horticultural, forest or open space use. Owners of such property may be required by the local governing to revalidate the land use of their property annually.

Delinquent Real Property Taxes on Specially Assessed Parcels

If on April 1 of any year the taxes for any prior year on any parcel of real property that is assessed for land use are delinquent, the local treasurer is required to send notice of that fact and a general notice of the risk of removal from the land use program for such delinquency to the property owner via first-class mail. If such delinquent taxes remain unpaid on June 1, the treasurer must notify the appropriate commissioner of the revenue of the delinquency and the commissioner must remove such parcel from the land use program with such removal being effective for the current tax year.

Proposal

This bill would allow a locality, by ordinance, to provide that a parcel of real property that is specially assessed for land use shall not be removed from the land use taxation program for delinquent taxes owed on the property if such taxes are paid by December 31 of the year in which the taxes became delinquent. The bill also provides that no parcel of real property shall be removed from the land use taxation program for delinquent taxes if (i) such taxes become delinquent during a state of emergency declared by the Governor, (ii) the treasurer determines that the emergency has caused hardship for the taxpayer, and (iii) the taxes are paid no later than 90 days after the original deadline for removal from the land use program for delinquent taxes.

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Similar Legislation

House Bill 180 and **Senate Bill 184** would create the Forest Sustainability Fund, to be administered by the State Forester. Localities that have adopted a use value assessment and taxation program for real estate devoted to forest use are eligible to apply for an allocation from the Fund.

House Bill 238 would provide that the forms used for revalidation of applications for land use assessment where the acreage or use of the land has changed shall be prepared by the Department of Taxation.

House Bill 996 would allow the owner of a majority interest in an undivided parcel of real estate that is eligible for land use assessment to file an application on behalf of himself and for owners of any minority interest.

cc : Secretary of Finance

Date: 3/10/2022 VB
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