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HOUSE BILL NO. 1749

Offered January 11, 2023

Prefiled January 9, 2023

A BILL to amend and reenact § 58.1-3321 of the Code of Virginia, relating to real property taxes; rate of increase procedure.

Patron—Walker

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:**1. That § 58.1-3321 of the Code of Virginia is amended and reenacted as follows:****§ 58.1-3321. Effect on rate when assessment results in tax increase; referendum.**

A. When any annual assessment, biennial assessment, or general reassessment of real property by a county, city, or town would result in an increase of one percent or more in the total real property tax levied, such county, city, or town shall reduce its rate of levy for the forthcoming tax year so as to cause such rate of levy to produce no more than 101 percent of the previous year's real property tax levies, unless subsection B is complied with, which rate shall be determined by multiplying the previous year's total real property tax levies by 101 percent and dividing the product by the forthcoming tax year's total real property assessed value. An additional assessment or reassessment due to the construction of new or other improvements, including those improvements and changes set forth in § 58.1-3285, to the property shall not be an annual assessment or general reassessment within the meaning of this section, nor shall the assessed value of such improvements be included in calculating the new tax levy for purposes of this section. Special levies shall not be included in any calculations provided for under this section.

B. 1. The governing body of a county, city, or town may, ~~after conducting a public hearing, which shall not be held at the same time as the annual budget hearing,~~ increase the rate of levy above the reduced rate required in subsection A if any such increase is deemed to be necessary by such governing body and is in accordance with subdivision 2.

2. a. If a proposed increase to the rate of levy is below three percent, the governing body shall conduct a public hearing and such increase may only be approved by a majority vote of the governing body. Such public hearing may not be held on the same day as the annual budget hearing.

b. If a proposed increase to the rate of levy is three percent or greater, but less than five percent, the governing body shall conduct a public hearing and such increase may only be approved by a supermajority vote of no less than two-thirds of the governing body. Such public hearing may not be held on the same day as the annual budget hearing.

c. If a proposed increase to the rate of levy is five percent or greater, the increase may only be approved in a referendum within the locality, which shall be held in accordance with § 24.2-684 and initiated by a resolution of the local governing body. The clerk of the circuit court shall publish notice of the referendum in a newspaper of general circulation in the locality once a week for three consecutive weeks prior to the election. Such notice shall be in the form and shall include, at a minimum, the information required by subsection C for notice of any public hearing held pursuant this section. If the voters affirm the increased levy rate, the tax shall be effective in the amount and terms stated in the resolution. If such resolution of the governing body states the projects or purposes for which the revenues collected from the tax are to be used, then the question on the ballot for the referendum shall include language stating such projects or purposes for which the revenues collected from the tax are to be used.

C. Notice of any public hearing held pursuant to this section shall be given at least 30 days before the date of such hearing by the publication of a notice in (i) at least one newspaper of general circulation in such county or city and (ii) a prominent public location at which notices are regularly posted in the building where the governing body of the county, city, or town regularly conducts its business, except that such notice shall be given at least 14 days before the date of such hearing in any year in which neither a general appropriation act nor amendments to a general appropriation act providing appropriations for the immediately following fiscal year have been enacted by April 30 of such year. Additionally, in a county, city, or town that conducts its reassessment more than once every four years, the notice for any public hearing held pursuant to this section shall be published *prior to any increase to the rate of levy* and on a different day and in a different notice from any notice published for the annual budget hearing. Any such notice shall be at least the size of one-eighth page of a standard size or a tabloid size newspaper, and the headline in the advertisement shall be in a type no

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59 smaller than 18-point. The notice described in clause (i) shall not be placed in that portion, if any, of
60 the newspaper reserved for legal notices and classified advertisements. The notice described in clauses
61 (i) and (ii) shall be in the following form and *shall* contain the following information, in addition to
62 such other information as the local governing body may elect to include:

63 NOTICE OF PROPOSED REAL PROPERTY TAX INCREASE

64 The (name of the county, city or town) proposes to increase property tax levies.

65 1. Assessment Increase: Total assessed value of real property, excluding additional assessments due
66 to new construction or improvements to property, exceeds last year's total assessed value of real property
67 by _____ percent.

68 2. Lowered Rate Necessary to Offset Increased Assessment: The tax rate which would levy the same
69 amount of real estate tax as last year, when multiplied by the new total assessed value of real estate
70 with the exclusions mentioned above, would be \$ _____ per \$100 of assessed value. This rate will be
71 known as the "lowered tax rate."

72 3. Effective Rate Increase: The (name of the county, city or town) proposes to adopt a tax rate of \$
73 _____ per \$100 of assessed value. The difference between the lowered tax rate and the proposed rate
74 would be \$ _____ per \$100, or _____ percent. This difference will be known as the "effective tax rate
75 increase."

76 Individual property taxes may, however, increase at a percentage greater than or less than the above
77 percentage.

78 4. Proposed Total Budget Increase: Based on the proposed real property tax rate and changes in other
79 revenues, the total budget of (name of county, city or town) will exceed last year's by _____ percent.

80 A public hearing on the increase will be held on (date and time) at (meeting place).

81 D. All hearings shall be open to the public. The governing body shall permit persons desiring to be
82 heard an opportunity to present oral testimony within such reasonable time limits as shall be determined
83 by the governing body.

84 E. The provisions of this section shall not be applicable to the assessment of public service
85 corporation property by the State Corporation Commission.

86 F. Notwithstanding other provisions of general or special law, the tax rate for taxes due on or before
87 June 30 of each year may be fixed on or before May 15 of that tax year.