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SENATE BILL NO. 526

Offered January 22, 1996

A BILL to amend and reenact § 58.1-3280 of the Code of Virginia, relating to the assessment of real estate for tax purposes.

Patrons—Hanger; Delegates: Landes and Wilkins

Referred to the Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That § 58.1-3280 of the Code of Virginia is amended and reenacted as follows:

§ 58.1-3280. Assessment of values.

~~Every~~A. Subject to the provisions of subsection B, every assessor or appraiser so designated under this chapter shall, as soon as practicable after being so designated, proceed to ascertain and assess the fair market value of all lands and lots assessable by them, with the improvements and buildings thereon. They shall make a physical examination thereof if required by the taxpayer, and in all other cases where they deem it advisable.

B. At the locality's option, it may elect to index its real property values annually as hereinafter provided and adjust its assessments accordingly. Such indexed and adjusted values shall be carried forward until the next general assessment. The tax assessments derived pursuant to such formula shall have the force and effect of a rebuttable presumption, and fair market value may be determined as follows:

1. By reference to the Department's annual assessment sales ratio study ("the state study"). The methodology of the state study shall be modified to yield an average percentage change in value for each distinct region of the Commonwealth.

2. The indexing for a local jurisdiction shall utilize the percentage change in the most recent state study applicable to the jurisdiction and apply it against the jurisdiction's real estate tax base to produce the assessments for the upcoming tax year.

3. The product of such application shall be presumed to reflect fair market value unless convincing evidence is presented which indicates that the specific property being assessed has changed in value at a rate different from that derived from the state study.

4. If there have been improvements, additions, or new buildings added or made to the taxpayer's property since the date of the last assessment, computation of the change in fair market value based on the state study shall be made without accounting for the value of the improvement, addition, or new building. The computation of change in value based on the state study shall be made first and the value of improvements, additions, or new buildings added thereto to determine fair market value.

5. Where there has been a change in ownership in a bona fide transaction involving unaffiliated parties, it shall be presumed that the purchase price is equivalent to fair market value.

6. Beginning with the 1996 tax year, assessments may be made based on this subsection.

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