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HOUSE JOINT RESOLUTION NO. 125

Offered January 11, 2006

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Establishing a joint subcommittee to study homestead exemptions and other alternatives for real property tax relief. Report.

Patrons—Rapp and Gear; Senator: Norment

Referred to Committee on Rules

WHEREAS, the local real property tax is the largest local tax paid by most residents to fund local government goods and services; and

WHEREAS, the local real property tax falls hardest on certain segments of the population; and

WHEREAS, the Constitution of Virginia grants localities the power to provide real property tax relief only to certain taxpayers age 65 or older and to those taxpayers who are permanently and totally disabled; and

WHEREAS, there are other types of taxpayers who are also bearing an extraordinary real property tax burden in relation to their income and net worth; and

WHEREAS, many other states have a homestead exemption that provides a modest amount of tax relief to all homeowners on their principal place of residence; and

WHEREAS, the obligation of the General Assembly is to ensure that all taxes are extended as fairly and equitably as possible; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That a joint subcommittee be established to study homestead exemptions and other alternatives for real property tax relief. The joint subcommittee shall have a total membership of 12 members that shall consist of eight legislative members, three nonlegislative citizen members, and one ex officio member. Members shall be appointed as follows: five members of the House of Delegates to be appointed by the Speaker of the House of Delegates in accordance with the principles of proportional representation contained in the Rules of the House of Delegates; three members of the Senate to be appointed by the Senate Committee on Rules; two nonlegislative citizen members familiar with the current homestead exemption and other forms of real estate tax relief to be appointed by the Speaker of the House of Delegates upon consideration of the recommendation of Virginia Association of Counties; and one nonlegislative citizen member familiar with the current homestead exemption and other forms of real estate tax relief to be appointed by the Senate Committee on Rules upon consideration of the recommendation of Virginia Municipal League. The Tax Commissioner or his designee shall serve ex officio with nonvoting privileges. Nonlegislative citizen members of the joint subcommittee shall be citizens of the Commonwealth of Virginia.

In conducting its study, the joint subcommittee shall study homestead exemptions and other alternatives for real property tax relief. The joint subcommittee shall also (i) review the Constitution of Virginia's provisions addressing real property taxation, (ii) review the current homestead exemptions found in Title 34 of the Code of Virginia, (iii) review the current real property tax relief provisions found in Title 58.1 of the Code of Virginia, and (iv) determine what, if any, other real property tax relief can be provided. While reviewing the current constitutional and statutory law, the joint subcommittee shall consider, but not be limited to, the following:

1. A real property tax homestead exemption equal to a specific value amount (i.e., \$25,000);

2. An exemption equal to 50 percent of future real estate tax increases for real property owners who have owned the property for at least 15 years; and

3. An exemption equal to 100 percent of future real estate tax increases for real property owners who are 65 years of age or older as of January 1 each year.

Administrative staff support shall be provided by the Office of the Clerk of the House of Delegates. Legal, research, policy analysis, and other services as requested by the joint subcommittee shall be provided by the Division of Legislative Services. All agencies of the Commonwealth shall provide assistance to the joint subcommittee for this study, upon request.

The joint subcommittee shall be limited to four meetings for the 2006 interim, and the direct costs of this study shall not exceed \$10,000 without approval as set out in this resolution. Approval for unbudgeted nonmember-related expenses shall require the written authorization of the chairman of the joint subcommittee and the respective Clerk. If a companion joint resolution of the other chamber is agreed to, written authorization of both Clerks shall be required.

No recommendation of the joint subcommittee shall be adopted if a majority of the House members or a majority of the Senate members appointed to the joint subcommittee (i) vote against the

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59 recommendation and (ii) vote for the recommendation to fail notwithstanding the majority vote of the
60 joint subcommittee.

61 The joint subcommittee shall complete its meetings by November 30, 2006, and the chairman shall
62 submit to the Division of Legislative Automated Systems an executive summary of its findings and
63 recommendations no later than the first day of the 2007 Regular Session of the General Assembly. The
64 executive summary shall state whether the joint subcommittee intends to submit to the General
65 Assembly and the Governor a report of its findings and recommendations for publication as a House or
66 Senate document. The executive summary and the report shall be submitted as provided in the
67 procedures of the Division of Legislative Automated Systems for the processing of legislative documents
68 and reports and shall be posted on the General Assembly's website.

69 Implementation of this resolution is subject to subsequent approval and certification by the Joint
70 Rules Committee. The Committee may approve or disapprove expenditures for this study, extend or
71 delay the period for the conduct of the study, or authorize additional meetings during the 2006 interim.