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HOUSE BILL NO. 681

Offered January 9, 2008

Prefiled January 8, 2008

A BILL to amend the Code of Virginia by adding in Chapter 32 of Title 58.1 an article numbered 2.01, consisting of a section numbered 58.1-3218.1, relating to exemptions from and deferrals of local real estate taxes for certain residential or farm property designed for continuous habitation.

Patrons—Miller, P.J. and Brink

Referred to Committee on Finance**Be it enacted by the General Assembly of Virginia:**

1. That the Code of Virginia is amended by adding in Chapter 32 of Title 58.1 an article numbered 2.01, consisting of a section numbered 58.1-3218.1, as follows:

*Article 2.01.**Exemptions and Deferrals of Real Estate Tax for Residential or Farm Property Designed for Continuous Habitation.*

§ 58.1-3218.1. Exemptions from and deferrals of real estate taxes; certain residential or farm property.

A. Pursuant to Article X, Section 6 (k) of the Constitution of Virginia, for tax years beginning on or after January 1, 2009, the governing body of each county, city, and town may, by ordinance (i) exempt or partially exempt from real property taxation, (ii) provide for the deferral of real property taxes, or (iii) provide for a combination program of exemptions from and deferrals of taxation of real property of up to 20 percent of the fair market value of real property (or any portion thereof) that is (a) residential or farm property designed for continuous habitation and (b) occupied as the primary dwelling of the owner or owners who shall all be individuals. For purposes of this section, real property shall include any "manufactured home" as defined in § 36-85.3.

As provided in Article X, Section 6 (k), the restrictions and conditions of the tax relief program described under this section shall be provided by the local ordinance.

B. The treasurer of the county, city, or town shall enclose written notice, in each real estate tax bill, of the terms and conditions of any local real estate tax exemption or deferral program established in the jurisdiction pursuant to this section. The treasurer shall also employ any other reasonable means necessary to notify residents of the county, city, or town about the terms and conditions of such real estate tax exemption or deferral program.

C. In the event of a deferral of real estate taxes granted by ordinance pursuant to this section, the accumulated amount of taxes deferred shall be paid to the applicable county, city, or town by the vendor upon the sale of the dwelling, or from the estate of the decedent within one year after the death of the last owner thereof who qualifies for tax deferral under the local ordinance. Such deferred real estate taxes shall constitute a lien upon the said real property as if it had been assessed without regard to the deferral permitted under the local ordinance. Any such lien shall, to the extent that it exceeds in the aggregate 10 percent of the price for which such real property may be sold, be inferior to all other liens of record.

2. That the provisions of this act shall not become effective unless an amendment to the Constitution of Virginia, providing that the General Assembly may allow the governing body of any county, city, or town to exempt or partially exempt from real property taxation or provide for the deferral of real property taxes, within such restrictions and upon such conditions as may be prescribed by the governing body by ordinance, of up to 20 percent of the value of residential or farm property that is designed for continuous habitation and is occupied as the primary dwelling of the individual owners, is affirmed by a majority of those voting at the election and upon such question in November 2008.

INTRODUCED

HB681