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SENATE BILL NO. 424

Offered January 9, 2008

Prefiled January 8, 2008

A BILL to amend and reenact §§ 58.1-3219.4, 58.1-3220, 58.1-3220.01, 58.1-3220.1, and 58.1-3221 of the Code of Virginia, relating to real property tax relief for certain new or rehabilitated, renovated, or replacement structures.

Patrons—Barker; Delegate: Nichols

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That §§ 58.1-3219.4, 58.1-3220, 58.1-3220.01, 58.1-3220.1, and 58.1-3221 of the Code of Virginia are amended and reenacted as follows:

§ 58.1-3219.4. Partial exemption for structures in redevelopment or conservation areas or rehabilitation districts.

For purposes of this section, unless the context requires otherwise:

"Redevelopment or conservation area or rehabilitation district" means a redevelopment or conservation area or a rehabilitation district established in accordance with law.

A. The governing body of any county, city, or town may, by ordinance, provide for the partial exemption from taxation of (i) new structures located in a redevelopment or conservation area or rehabilitation district or (ii) other improvements to real estate located in a redevelopment or conservation area or rehabilitation district. The governing body of a county, city, or town may (a) establish criteria for determining whether real estate qualifies for the partial exemption authorized by this section, (b) establish requirements for the square footage of new structures that would qualify for the partial exemption, and (c) place such other restrictions and conditions on such new structures or improvements as may be prescribed by ordinance.

B. The partial exemption provided by the local governing body shall be provided in the local ordinance and shall be either (i) an amount equal to the increase in assessed value or a percentage of such increase resulting from the construction of the new structure or other improvement to the real estate as determined by the commissioner of the revenue or other local assessing officer, or (ii) an amount up to 50% of the cost of such construction or improvement, as determined by ordinance. The exemption may commence upon completion of the new construction or improvement or on January 1 of the year following completion of the new construction or improvement and shall run with the real estate for a period of no longer than 15 years. The governing body of a county, city, or town may place a shorter time limitation on the length of such exemption, or reduce the amount of the exemption in annual steps over the entire period or a portion thereof, in such manner as the ordinance may prescribe.

C. Nothing in this section shall be construed so as to permit the commissioner of the revenue to list upon the land book any reduced value due to the exemption provided in subsection B.

D. The governing body of any county, city, or town may assess a fee not to exceed \$125 for residential properties, or \$250 for commercial, industrial, and/or apartment properties of six units or more, for processing an application requesting the exemption provided by this section. No property shall be eligible for such exemption unless the appropriate building permits have been acquired and the commissioner of the revenue or assessing officer has verified that the new structures or other improvements have been completed.

E. Where the construction of a new structure is achieved through demolition and replacement of an existing structure, the exemption provided in subsection A shall not apply when any structure demolished is a registered Virginia landmark or is determined by the Department of Historic Resources to contribute to the significance of a registered historic district.

F. *The governing body of any county, city, or town may, by ordinance, require the person seeking an exemption to reasonably demonstrate that he has the right to be legally present in the United States in order to qualify for the exemption.*

§ 58.1-3220. Partial exemption for certain rehabilitated, renovated or replacement residential structures.

A. The governing body of any county, city or town may, by ordinance, provide for the partial exemption from taxation of real estate on which any structure or other improvement no less than fifteen years of age has undergone substantial rehabilitation, renovation or replacement for residential use, subject to such conditions as the ordinance may prescribe. The ordinance may, in addition to any other restrictions hereinafter provided, restrict such exemptions to real property located within described zones

59 or districts whose boundaries shall be determined by the governing body. The governing body of a
60 county, city or town may (i) establish criteria for determining whether real estate qualifies for the partial
61 exemption authorized by this provision, (ii) require such structures to be older than fifteen years of age,
62 (iii) establish requirements for the square footage of replacement structures, and (iv) place such other
63 restrictions and conditions on such property as may be prescribed by ordinance. Such ordinance may
64 also provide for the partial exemption from taxation of multifamily residential units that have been
65 substantially rehabilitated by replacement for multifamily use.

66 B. The partial exemption provided by the local governing body may be an amount equal to the
67 increase in assessed value or a percentage of such increase resulting from the rehabilitation, renovation
68 or replacement of the structure as determined by the commissioner of revenue or other local assessing
69 officer or an amount up to fifty percent of the cost of the rehabilitation, renovation or replacement, as
70 determined by ordinance. The exemption may commence upon completion of the rehabilitation,
71 renovation or replacement or on January 1 of the year following completion of the rehabilitation,
72 renovation or replacement and shall run with the real estate for a period of no longer than fifteen years.
73 The governing body of a county, city or town may place a shorter time limitation on the length of such
74 exemption, or reduce the amount of the exemption in annual steps over the entire period or a portion
75 thereof, in such manner as the ordinance may prescribe.

76 C. Nothing in this section shall be construed as to permit the commissioner of the revenue to list
77 upon the land book any reduced value due to the exemption provided in subsection B.

78 D. The governing body of any county, city or town may assess a fee not to exceed one hundred
79 twenty-five dollars for residential properties, or two hundred fifty dollars for commercial, industrial,
80 and/or apartment properties of six units or more for processing an application requesting the exemption
81 provided by this section. No property shall be eligible for such exemption unless the appropriate
82 building permits have been acquired and the commissioner of the revenue or assessing officer has
83 verified that the rehabilitation, renovation or replacement indicated on the application has been
84 completed.

85 E. Where rehabilitation is achieved through demolition and replacement of an existing structure, the
86 exemption provided in subsection A shall not apply when any structure demolished is a registered
87 Virginia landmark or is determined by the Department of Historic Resources to contribute to the
88 significance of a registered historic district.

89 *F. The governing body of any county, city, or town may, by ordinance, require the person seeking an*
90 *exemption to reasonably demonstrate that he has the right to be legally present in the United States in*
91 *order to qualify for the exemption.*

92 § 58.1-3220.01. Local real property tax credits on certain rehabilitated, renovated or replacement
93 residential structures.

94 A. The governing body of any county, city or town may, by ordinance, provide for a local real
95 property tax credit equal to certain property tax liens owed on real estate on which any structure or
96 other improvement no less than fifteen years of age has undergone substantial rehabilitation, renovation
97 or replacement for residential use, subject to such conditions as the ordinance may prescribe. The credit
98 shall be used by the owner of the property which has the real property tax liens and can be used to
99 offset real property taxes assessed against such property. The governing body of a county, city or town
100 may establish criteria for determining whether real estate qualifies for the credit authorized by this
101 provision and may require such structures to be older than fifteen years of age, or place such other
102 restrictions and conditions on such property as may be prescribed by ordinance. Such ordinance may
103 also provide for a credit for multifamily residential units which have been substantially rehabilitated by
104 replacement for multifamily use. Such replacement structures may exceed the total square footage of the
105 replaced structures by no more than thirty percent.

106 B. The local tax credit shall be available only to those property owners who have purchased a
107 structure which at the time of purchase contained property tax liens exceeding fifty percent of the
108 assessed value of the property. The tax credit granted by the locality shall not exceed the amount by
109 which the property tax liens exceeded fifty percent of the assessed value of the property at the time of
110 purchase. The credit may be applied upon completion of the rehabilitation, renovation or replacement or
111 on January 1 of the year following completion of the rehabilitation, renovation or replacement and may
112 be divided over a period of no longer than ten years.

113 C. The governing body of any county, city or town may assess a fee not to exceed one hundred
114 twenty-five dollars for residential properties, or two hundred fifty dollars for commercial, industrial,
115 and/or apartment properties of six units or more for processing an application requesting the credit
116 provided by this section. No property shall be eligible for such credit unless the appropriate building
117 permits have been acquired and the commissioner of the revenue or assessing officer has verified that
118 the rehabilitation, renovation or replacement indicated on the application has been completed.

119 D. Where rehabilitation is achieved through demolition and replacement of an existing structure, the
120 credit shall not apply when any structure demolished is a registered Virginia landmark or is determined

by the Department of Historic Resources to contribute to the significance of a registered historic district.

E. The governing body of any county, city, or town may, by ordinance, require the person seeking a local real property tax credit to reasonably demonstrate that he has the right to be legally present in the United States in order to qualify for the tax credit.

§ 58.1-3220.1. Partial exemption for certain rehabilitated, renovated or replacement hotel or motel structures.

A. The governing body of any county, city or town may, by ordinance, provide partial exemption from taxation of real estate on which a hotel or motel no less than thirty-five years of age has undergone substantial rehabilitation, renovation or replacement for residential use, subject to such conditions as the ordinance may prescribe. The ordinance may, in addition to any other restrictions hereinafter provided, restrict such exemptions to real property located within described zones or districts whose boundaries shall be determined by the governing body. The governing body of a county, city or town may establish criteria for determining whether real estate qualifies for the exemption authorized by this provision and may require such structures to be older than thirty-five years of age, or place such other restrictions and conditions on such property as may be prescribed by ordinance.

B. The "partial exemption" provided by the local governing body may not exceed either an amount equal to ninety percent of the total assessed value of the rehabilitated, renovated or replaced structure or an amount equal to the increase in assessed value resulting from the rehabilitation, renovation or replacement of the structure as determined by the commissioner of the revenue or other local assessing officer, as established by ordinance. The partial exemption may commence upon completion of the rehabilitation, renovation or replacement or on January 1 of the year following completion of the rehabilitation, renovation or replacement and shall run with the real estate for a period of no longer than twenty-five years. The governing body of a county, city or town may place a shorter time limitation on the length of such exemption, or reduce the amount of the exemption in annual steps over the entire period or a portion thereof, in such manner as the ordinance may prescribe.

C. Nothing in this section shall be construed as to permit the commissioner of the revenue to list upon the land book any reduced value due to the exemption provided in subsection B.

D. The governing body of any county, city or town may assess a fee for processing an application requesting the exemption provided by this section. No property shall be eligible for such partial exemption unless the appropriate building permits have been acquired and the commissioner of the revenue or assessing officer has verified that the rehabilitation, renovation or replacement indicated on the application has been completed.

E. Where rehabilitation is achieved through demolition and replacement of an existing structure, the exemption provided in subsection A shall not apply when any structure demolished is a registered Virginia landmark or is determined by the Department of Historic Resources to contribute to the significance of a registered historic district.

F. The governing body of any county, city, or town may, by ordinance, require the person seeking an exemption to reasonably demonstrate that he has the right to be legally present in the United States in order to qualify for the exemption.

§ 58.1-3221. Partial exemption for certain rehabilitated, renovated or replacement commercial or industrial structures.

A. The governing body of any county, city or town may, by ordinance, provide for the partial exemption from taxation of real estate on which any structure or other improvement no less than twenty years of age, or fifteen years of age if the structure is located in an area designated as an enterprise zone by the Commonwealth, has undergone substantial rehabilitation, renovation or replacement for commercial or industrial use, subject to such conditions as the ordinance may prescribe. The ordinance may, in addition to any other restrictions hereinafter provided, restrict such exemptions to real property located within described zones or districts whose boundaries shall be determined by the governing body. The governing body of a county, city or town may establish criteria for determining whether real estate qualifies for the partial exemption authorized by this provision and may require the structure to be older than twenty years of age, or fifteen years of age if the structure is located in an area designated as an enterprise zone by the Commonwealth, or place such other restrictions and conditions on such property as may be prescribed by ordinance. Such ordinance may also provide for the partial exemption from taxation of real estate which has been substantially rehabilitated by complete replacement for commercial and industrial use.

B. The partial exemption provided by the local governing body may not exceed an amount equal to the increase in assessed value resulting from the rehabilitation, renovation or replacement of the commercial or industrial structure as determined by the commissioner of revenue or other local assessing officer or an amount up to fifty percent of the cost of rehabilitation, renovation or replacement as determined by ordinance. The exemption may commence upon completion of the rehabilitation, renovation or replacement, or on January 1 of the year following completion of the rehabilitation,

182 renovation or replacement and shall run with the real estate for a period of no longer than fifteen years.
183 The governing body of a county, city or town may place a shorter time limitation on the length of such
184 exemption, or reduce the amount of the exemption in annual steps over the entire period or a portion
185 thereof, in such manner as the ordinance may prescribe.

186 C. Nothing in this section shall be construed as to permit the commissioner of the revenue to list
187 upon the land book any reduced value due to the exemption provided in subsection B.

188 D. The governing body of any county, city or town may assess a fee not to exceed one hundred
189 twenty-five dollars for residential properties, or two hundred fifty dollars for commercial, industrial,
190 and/or apartment properties of six units or more for processing an application requesting the exemption
191 provided by this section. No property shall be eligible for such exemption unless the appropriate
192 building permits have been acquired and the commissioner of the revenue or assessing officer has
193 verified that the rehabilitation, renovation or replacement indicated on the application has been
194 completed.

195 E. Where rehabilitation is achieved through demolition and replacement of an existing structure, the
196 exemption provided in subsection A shall not apply when any structure demolished is a registered
197 Virginia landmark or is determined by the Department of Historic Resources to contribute to the
198 significance of a registered historic landmark.

199 *F. The governing body of any county, city, or town may, by ordinance, require the person seeking an*
200 *exemption to reasonably demonstrate that he has the right to be legally present in the United States in*
201 *order to qualify for the exemption.*