

# DEPARTMENT OF TAXATION

## 2008 Fiscal Impact Statement

1. **Patron** S. Chris Jones

2. **Bill Number** HB 1123

3. **Committee** House Finance

**House of Origin:**

  X   **Introduced**

       **Substitute**

       **Engrossed**

4. **Title** Public Service Corporations; Taxation of  
Real and Personal Property

**Second House:**

       **In Committee**

       **Substitute**

       **Enrolled**

### 5. **Summary/Purpose:**

This bill would provide that the real estate and tangible personal property of public service corporations is subject to local taxation at the rate of taxation applicable to the general class of real estate and not the rate of taxation that localities are permitted to apply to the new special classification of real estate consisting of certain energy-efficient buildings.

Under current law, all local taxes on the real estate and tangible personal property of public service corporations must be at the real estate rate applicable in the respective locality. The 2007 General Assembly session passed legislation that created a separate classification of real property for certain energy efficient buildings. Localities are authorized to assess the real property tax on energy efficient buildings at a lower tax rate than that imposed on the general class of real property.

The effective date of this bill is not specified.

6. **Fiscal Impact Estimates are:** Not available. (See Line 8.)

7. **Budget amendment necessary:** No.

### 8. **Fiscal implications:**

This bill would have no impact on state revenues. The impact on local revenues is unknown because it is not known how many properties of public service corporations would qualify for the special classification of real property for energy-efficient buildings or whether any locality has provided a different rate of taxation for properties within this special classification.

### 9. **Specific agency or political subdivisions affected:**

All localities

10. **Technical amendment necessary:** No.

## 11. Other comments:

### Public Service Corporations

In the Commonwealth, public service corporations include electric power and distribution companies, gas and product pipeline transmission companies, public service water companies, telephone and telegraph companies, and railroads. Currently, the State Corporation Commission and the Department of Taxation are tasked with assessing the properties owned by public service corporations. Under current law, all local taxes on the real estate and tangible personal property of public service corporations must be at the real estate rate applicable in the respective locality.

The 2007 General Assembly session passed legislation that created a separate classification of real property for certain energy efficient buildings. Buildings that exceed the energy efficiency standards prescribed in the Virginia Uniform Statewide Building Code by at least 30 percent are deemed energy-efficient buildings, and the certification of energy efficiency is performed by an engineer or contractor that is not related to the taxpayer. Localities are authorized to assess the real property tax on energy efficient buildings at a lower tax rate than that imposed on the general class of real property. The land on which energy efficient buildings are located is not part of the separate classification.

### Proposal

This bill would provide that the real estate and tangible personal property of public service corporations is subject to local taxation at the rate of taxation applicable to the general class of real estate and not the rate of taxation that localities are permitted to apply to the new special classification of real estate consisting of certain energy-efficient buildings.

### Similar Legislation

**House Bill 239** and **Senate Bill 174** would change the performance guidelines and standards that energy efficient buildings must meet or exceed to be classified as a separate class of real property.

cc : Secretary of Finance

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