

DEPARTMENT OF TAXATION

2008 Fiscal Impact Statement

1. **Patron** L. Scott Lingamfelter

3. **Committee** House Finance

4. **Title** Real Property Tax; Deferral Programs.

2. **Bill Number** HB 1560

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would require all localities to provide a real property tax deferral program for real property tax increases that exceed 105 percent of the previous year's tax on the property under terms and conditions set forth by local ordinance. This bill would also prohibit localities from adopting a higher minimum percentage increase figure.

Currently, localities have the option of providing, by ordinance, a real property tax deferral program for real property taxes attributable to an increase that exceeds 105 percent or such higher minimum as the locality may choose of the real property tax on the property in the previous year.

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. Localities would experience a revenue loss to the extent that additional real property taxes are deferred under the new mandatory deferral program required by this bill.

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

All localities

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

11. Other comments:

Deferral of Increase in Real Estate Tax

Currently, any locality may adopt, by ordinance, a deferral program for real estate taxes attributable to an increase that exceeds 105 percent, or such higher minimum as the locality may choose, of the real property tax on the property the previous year. The locality determines, by ordinance, the terms and conditions of the program and whether the deferral program applies only to real estate owned by and occupied as the sole dwelling of the taxpayer or to all property.

Proposal

This bill would require all localities to provide a real property tax deferral program for real property tax increases that exceed 105 percent of the previous year's tax on the property under the terms and conditions set forth by local ordinance. This bill would prohibit localities from adopting a higher minimum percentage increase figure.

Similar Legislation

Senate Bill 289 would allow localities to provide a 100 percent deferral of real property taxes on property covered under the locality's deferral program and owned by a taxpayer who is at least 65 years old.

House Bill 1118 and **Senate Bill 496** would permit localities to provide, by ordinance, for the exemption, deferral, or a combination thereof, from property taxes of up to 20% of the value of residential or farm property that is designed for continuous habitation as a home and is occupied as the primary dwelling of the owner or owners who are all individuals.

House Bill 681 and **Senate Bill 10** (Identical) would permit localities to provide, by ordinance, for the exemption, deferral, or a combination thereof, from property taxes of up to 20% of the value of residential or farm property that is designed for continuous habitation as a home and is occupied as the primary dwelling of the owner or owners who are all individuals. The bill mandates that the treasurer of any locality instituting the program must provide notice to taxpayers in each real estate bill.

House Bill 1045 would permit localities to provide, by ordinance, for the exemption, deferral, or a combination thereof, from property taxes of up to 20% of the value of residential or farm property that is designed for continuous habitation as a home and is occupied as the primary dwelling of the owner or owners who are all individuals, with restriction on the exemption or deferral amount. The maximum amount of the exemption must be the same for each property. In addition, the maximum dollar amount of the exemption must not exceed 20 percent of the median sales price for such properties sold within the locality during the immediately preceding calendar year

House Joint Resolution 3, House Joint Resolution 4, House Joint Resolution 121 and **Senate Joint Resolution 6** (Substantively Identical) would provide the necessary resolution for the 2008 General Assembly Session to approve the constitutional

amendment first proposed in Senate Joint Resolution 354 (*Acts of Assembly* 2007, Chapter 843).

House Bill 6, House Bill 272 and **Senate Bill 9** (Identical) would provide for a November, 2008 referendum necessary for the approval of the proposed constitutional amendment effective for tax years beginning on or after January 1, 2009.

House Bill 11 would provide for a November, 2009 referendum for the approval of the proposed constitutional amendment effective for tax years beginning on or after January 1, 2010.

cc : Secretary of Finance

Date: 1/28/2008 jkl
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