

**DEPARTMENT OF TAXATION  
2008 Fiscal Impact Statement**

1. **Patron** Jennifer L. McClellan

3. **Committee** House Finance

4. **Title** Real Property Tax; Damaged or Destroyed  
Buildings.

2. **Bill Number** HB 331

**House of Origin:**

  X   **Introduced**

      **Substitute**

      **Engrossed**

**Second House:**

      **In Committee**

      **Substitute**

      **Enrolled**

**5. Summary/Purpose:**

This bill would remove certain blighted property, derelict structures, and property on which drug blight exists from the categories of real property that have been damaged or destroyed that must be given a lower assessment before the next assessment date.

Under current law, the value of property that has been damaged or destroyed either by natural decay or other causes, violence, or the removal of timber may be reduced for the purposes of real estate assessments.

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. It would have a potential positive revenue impact on localities because it would prevent blighted and derelict property from qualifying for a reduced assessment.

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

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

**11. Other comments:**

Current Law

When a property is damaged either by natural decay or other causes and reduced in value below \$100, the Commissioner of Revenue may deduct the value at which the property was assessed and use the new value in the following year's assessment for property tax

purposes. When a property is damaged by violence costing more than \$100 in damage, the Commissioner of Revenue may assess the building in its present condition and use that value in the following year's assessment. When a property's value is reduced by \$200 or more caused by the removal of timber, the Commissioner of Revenue may assess the building in its present condition and use that value in the following year's assessment.

### Proposal

This bill would remove certain blighted property, derelict property, and property on which drug blight exists from the categories of real property that have been damaged or destroyed that must be given a lower assessment before the next assessment date.

"Blighted property" means any individual commercial, industrial, or residential structure or improvement that endangers the public's health, safety, or welfare because the structure or improvement upon the property is dilapidated, deteriorated, or violates minimum health and safety standards.

"Derelict structures" means residential, commercial or industrial structures which are no longer being used for a place of habitation, business or industry and which are in such poor condition as to cause a blight upon the neighborhood in which the structure is located.

"Drug blight" means a condition existing on real property which tends to endanger the public health or safety of residents of a locality and is caused by the regular presence on the property of persons under the influence of controlled substances or the regular use of the property for the purpose of illegally possessing, manufacturing or distributing controlled substances.

Removing these properties from the "damaged" property classification would mean that the property would be subject to taxation on its full market value.

cc : Secretary of Finance

Date: 1/24/2008 jkl  
HB331F161