

DEPARTMENT OF TAXATION

2008 Fiscal Impact Statement

1. **Patron** Ken T. Cuccinelli, II

3. **Committee** Senate Finance

4. **Title** Real Property Tax; Bills.

2. **Bill Number** SB 334

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would require localities to identify on real property tax bills each piece of property for which tax is owed by address and by the official tax map identification number. This bill would also require localities to include with all property tax bills comparative information regarding tax rates, assessed values, and tax amounts owed for the current year and the previous year, as well as information indicating how the revenue derived from the amount of the taxpayer's bill is apportioned among the various services and governmental functions provided by the locality, including debt service.

Currently, localities are required to provide to each taxpayer assessed for that year a bill or bills setting forth the amount due. Localities have the option to provide information on how the property tax is apportioned among government functions.

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 or local revenues. Localities may incur administrative expenses associated with obtaining and providing the additional information to taxpayers in their property tax bills.

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

10. Technical amendment necessary: No.

11. Other comments:

Current Law

The treasurer of every city and county must, no later than 14 days prior to the due date of the taxes, send a bill setting forth the amount due for that year or bills to each taxpayer, without regard to the amount owed for each property included on the bill. The locality may attach to or mail with all real estate and tangible personal property tax bills information indicating how the tax rate charged upon the property and revenue derived from the property is apportioned among the various services and governmental functions provided by the locality.

Proposal

This bill would require localities to identify on real property tax bills each piece of property for which the tax is owed by address and by the official tax map identification number.

This bill would also require localities to include the following information with all property tax bills:

- The current year's tax rates, assessed value of the property, and tax amounts that are owed;
- The previous year's tax rates, assessed value of the property, and tax amounts that were owed;
- If the current year's tax rate has changed from the previous year's tax rate, the total amount of tax that would be owed if the tax rate had not changed; and
- How the specific amount in each tax bill will be apportioned, both by percentage and monetary amounts, in the fiscal year to pay for the highest five major categories of expenditures of the locality for the applicable year, including debt service, with the remaining amount captured in a sixth category entitled "other."

Similar Legislation

House Bill 102 would provide that the total tax real estate tax revenue in a locality not exceed (1) 101% of the total real estate tax revenue in the locality in the immediately prior year unless approved by at least a majority vote of the local governing body and (2) 105% of the total real estate tax revenue in the locality in the immediately prior year unless approved by at least a two-thirds majority vote of the local governing body.

House Bill 74 would require a locality seeking to adopt a real estate tax rate that would generate more than the prior year's real estate tax revenue to (1) adopt a rate that would generate no more than the previous year's real property tax levies and (2) after 30 days, hold a hearing to increase the rate.

House Bill 927 would require each locality to adopt a tax rate for the forthcoming tax year at least 30 days prior to approval of the budget for the forthcoming year, with separate public notices and separate public hearings and to adopt a rate that would generate no more than the previous year's real property tax levies. A locality seeking to increase such

rate would need to hold a hearing to increase the rate no sooner than 30 days thereafter and at least 30 days prior to the annual budget hearing.

House Bill 1009 would (1) require localities to include in the assessment notice the tax rate that will apply to reassessed real property; (2) require localities to include in the bill comparative information regarding tax rates, assessed values, and tax amounts owed for the current year and the previous year; and (3) permit taxpayers to defer a portion of the increase in real property taxes on the primary dwelling owned and occupied by the taxpayer until the property is transferred or until the taxpayer's death.

House Bill 1036 would require localities to (1) fix tax rates for the forthcoming tax year at least 30 days prior to approval of the budget for the year, with separate public notices and separate public hearings; (2) attach to each real and personal property tax bill information showing how the amount of the tax bill has been apportioned in the current fiscal year on the major categories of spending; and (3) include in the bill comparative information regarding tax rates, assessed values, and tax amounts owed for the current year and the previous year.

cc : Secretary of Finance

Date: 1/18/2008 jkl
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