

**DEPARTMENT OF TAXATION
2009 Fiscal Impact Statement**

1. Patron John C. Watkins

2. Bill Number SB 1175

3. Committee Senate Finance

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

4. Title Real Property; Taxation of Property Owned
by Locality

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would authorize localities to levy a service charge upon any county, city, or town that owns real or personal property within the boundaries of the locality imposing the charge. The service charge would be equal to the amount that would be assessed as taxes on real property, as if the property were otherwise subject to tax valuation and assessment.

Under current law, localities are authorized to impose and collect a service charge on the owners of certain classes of real property situated within that locality that is exempt from property taxation.

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. This bill would authorize localities to impose a service charge upon other localities owning real or personal property within the boundaries of the locality imposing the charge. To the extent that localities exercise the authority granted by this bill, these localities would experience an increase in local revenue.

9. Specific agency or political subdivisions affected:

All localities

10. Technical amendment necessary: No.

11. Other comments:

Generally

Virginia law authorizes exemption from real and personal property taxation for several classes of property, including but not limited to:

- Property owned directly or indirectly by the Commonwealth or any political subdivision of the Commonwealth;
- Buildings and land occupied by churches or religious bodies and their personal property;
- Nonprofit private or public burying grounds or cemeteries;
- In limited circumstances, property owned by public libraries, law libraries, and medical libraries;
- Property belonging to and actually and exclusively occupied and used by the Young Men's Christian Associations and similar religious associations;
- Parks or playgrounds held by trustees for the perpetual use of the general public;
- Buildings and land occupied by any benevolent or charitable organization and used exclusively for lodge purposes or meeting rooms; and
- Property of any nonprofit corporation organized to establish and maintain a museum;

Despite the exemption available for these classes of property, localities are generally authorized to impose and collect a service charge upon the owners of certain properties, including property owned directly or indirectly by any political subdivision of the Commonwealth. The service charge is based on the assessed value of the tax exempt real estate and the amount which the county, city or town expended, in the year preceding the year in which the charge was assessed, on furnishing police and fire protection and for collection and disposal of refuse. The service charge rate is determined by dividing these expenditures by the assessed fair market value of all real estate located within the county, city or town imposing the service charge, including nontaxable property. The resulting rate is then applied to the assessed value of the tax exempt property. The service charge can only be imposed if the commissioner of revenue or other assessing officer for such locality publishes and lists all exempt real estate in the land books of such locality prior to imposing the service charge.

Proposal

This bill would authorize localities to levy a service charge upon a county, city or town that owns real or personal property that is located within the boundaries of the locality levying the charge. The service charge would be equal to the amount that would be assessed as taxes on real property if the property were otherwise subject to tax valuation and assessment.

The effective date of this bill is not specified.

Similar Legislation

Senate Bill 1373 is identical to this bill.

cc : Secretary of Finance

Date: 1/19/2009 KP

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