

DEPARTMENT OF TAXATION

2010 Fiscal Impact Statement

1. **Patron** Mary Margaret Whipple

2. **Bill Number** SB 271

3. **Committee** Senate Local Government

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

4. **Title** Real Property Tax; Board of Equalization,
County Manager Plan of Government

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would set forth the structure and duties of the Boards of Equalization that any county with a County Manager Plan of Government must appoint if it has established a department of real estate assessments. Under the terms of this bill, the Board of Equalization must be composed of no more than 11 members, whose terms must not exceed four years. The provisions of this bill would not apply to any real estate assessable by the State Corporation Commission.

The effective date of this bill is not specified.

6. **No Fiscal Impact**

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

8. **Fiscal implications:**

This bill would have no impact on state or local revenues.

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

Counties with a County Manager Plan of Government (Arlington County)

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

11. **Other comments:**

Any county with a County Manager Plan of Government is authorized to establish a department of real estate assessments, by referendum. The department is vested with the same powers and duties as commissioners of the revenue in relation to real estate assessments. The department must assess all real estate at its fair market value. If the assessment is increased in a subsequent year, the department must provide written notice to the owner of such real estate. Any county with a County Manager Plan of

Government that establishes a department of real estate assessments must annually appoint a board of equalization of real estate assessments.

Boards of Equalization

Circuit courts within each county or city are authorized to appoint a three-to-five member Board of Equalization, whose purpose is to hear complaints regarding a lack of uniformity or errors in acreage in a real property assessment, and complaints that real property is assessed at more than fair market value. Once the Board hears these complaints, it is authorized to increase or decrease assessments based on fairness.

Boards of Equalization members must be residents of the county or city in which they will serve, and must be appointed from the citizens of the county or city. Thirty percent of the members of the board must be commercial or residential real estate appraisers, other real estate professionals, builders, developers, or legal or financial professionals. Board members are required to attend and participate in a course given by TAX, and once every four years of service, each Board member must take continuing education instruction provided by the Tax Commissioner.

Proposal

This bill would set forth the structure and duties of the Boards of Equalization for counties with a County Manager Plan of Government. Under the terms of this bill, the Board of Equalization must be composed of no more than 11 members, whose terms must not exceed four years. The Board would be given the same powers and duties as the Boards of Equalization that are authorized in localities that do not have a County Manager Plan of Government. The Board would be authorized to sit in panels of at least three members each, under the following terms and conditions:

- All members of the panel would have to be present to constitute a quorum;
- The chairman of the Board would be required to assign the members to panels, and rotate the membership of the panels;
- The chairman would be required to preside over any panel of which he is a member and would have to designate the presiding members of the other panels
- Each panel would be required to perform its duties independently of the others; and
- The Board would be required to sit *en banc* (i) when there is a dissent in the panel to which the matter was originally assigned and an aggrieved party requests an *en banc* hearing or (ii) upon its own motion, when the Board deems it appropriate. The Board sitting *en banc* would be authorized to affirm, reverse, overrule or modify any previous decision by any panel.

The provisions of this bill would not apply to any real estate assessable by the State Corporation Commission.

The effective date of this bill is not specified.

Similar Legislation

House Bill 233 and Senate Bill 273 (identical) would: 1) authorize real estate assessors to require owners of affordable rental housing containing four or fewer residential units to furnish the assessor with statements of the income and expenses attributable to applicable parcels of real estate; 2) lower the evidentiary standard for a taxpayer seeking to show that the real estate assessor's valuation is erroneous; 3) prohibit assessors from reducing capitalization rates; and 4) deem Board of Equalization determinations on affordable rental housing presumptively correct for the succeeding two years or the remainder of the assessment cycle, whichever occurs first, unless the assessor can demonstrate that a substantial change in value of the property has occurred.

House Bill 430 would provide 1) that the fair market value of certain affordable housing be determined using income production assessment methodology, based on the property's current use and restrictions and 2) that a locality's real property sales assessment ratio higher than 110% is prima facie proof that the locality has failed to assess at 100% of fair market value 3) additional requirements for real estate assessors; . 4) taxpayer's access to certain information related to assessments; and 5) additional requirements related to Boards of Equalization.

House Bill 570 would change the burden of proof from the taxpayer to the assessor when a taxpayer appeals the assessment of real property to a board of equalization or to a circuit court.

cc : Secretary of Finance

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