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SENATE BILL NO. 1073

Senate Amendments in [] — January 21, 2011

A *BILL to amend and reenact §§ 15.2-936, 15.2-2407, 21-118.4, 58.1-3211.1, 58.1-3212, 58.1-3213, and 58.1-3215 of the Code of Virginia and to repeal §§ 58.1-3211 and 58.1-3218 of the Code of Virginia, relating to establishing income or financial worth limitations for exemptions or deferrals of real property taxes of the elderly or permanently and totally disabled.*

Patron Prior to Engrossment—Senator Barker

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That §§ 15.2-936, 15.2-2407, 21-118.4, 58.1-3211.1, 58.1-3212, 58.1-3213, and 58.1-3215 of the Code of Virginia are amended and reenacted as follows:

§ 15.2-936. Garbage and refuse disposal; fee exemption.

Persons may be exempted, deferred, or charged a lesser amount by a locality from paying any charges and fees authorized by any law for the collection and disposal of garbage and refuse. Ordinances providing for such exemptions, deferrals or charges of lesser amounts may be conditioned upon only the income criteria as provided by § 58.1-3211 *as in effect on December 31, 2010*.

§ 15.2-2407. Assessments to be reported to collector of taxes; postponement of payment by certain property owners.

The amount assessed against each landowner, or for which he is liable by agreement, shall be reported as soon as practicable to the collector of taxes, who shall enter the same as provided for other taxes.

The governing body may provide for the postponement of the payment of such assessment by certain elderly or permanently and totally disabled property owners meeting certain conditions until the sale of the property or the death of the last eligible owner. Eligibility for postponement shall be subject to the conditions set forth in § 58.1-3211 *as in effect on December 31, 2010*, for such elderly or permanently and totally disabled persons. The governing body may provide for the postponement of the payment of such assessment until the property owner actually connects to the public utility system. However, if the property is conveyed between the time the assessment is made and the time the property owner actually connects to the public utility system, then the entire amount due under the assessment becomes due and payable on the day of the conveyance. In any event, the entire amount of assessment due shall be paid no later than ten years from the creation of the district.

The collector of taxes shall enter those assessments postponed by the governing body in accordance with the conditions prescribed as provided for other taxes, but the eligible property owner shall have the option of payment or postponement.

§ 21-118.4. Certain additional powers of governing body.

Notwithstanding any other provisions of law, when an order has been entered creating a sanitary district in such county, the board of supervisors or other governing body hereinafter referred to as "board of supervisors," shall have the following powers and duties, in addition to such powers and duties created by any law, subject to the conditions and limitations hereinafter prescribed:

(a) To construct, reconstruct, maintain, alter, improve, add to and operate motor vehicle parking lots, water supply, drainage, sewerage, garbage disposal, heat, light, power, gas, sidewalks, curbs, gutters, streets and street name signs and fire-fighting systems, for the use and benefit of the public in such sanitary district and as to such motor vehicle parking lots systems to make such charges for the use of such facilities as may be prescribed by said board or body;

(a1) To acquire, construct, maintain and operate, or to contract for such acquisition, construction, maintenance and operation, within such sanitary district, such community buildings, community centers, other recreational facilities and advisory community planning councils as the board may deem expedient or advisable, and to make such charges for the use of such facilities as may be prescribed by the board;

(b) To acquire by gift, condemnation, purchase, lease or otherwise, and to maintain and operate any such motor vehicle parking lots, water supply, drainage, sewerage, garbage disposal, heat, light, power, gas, sidewalks, curbs, gutters, streets and street name signs and fire-fighting systems in such district;

(c) To contract with any person, firm, corporation, municipality, county, authority or the federal government or any agency thereof to acquire, construct, reconstruct, maintain, alter, improve, add to and operate any such motor vehicle parking lots, water supply, drainage, sewerage, garbage removal and disposal, heat, light, power, gas, sidewalks, curbs, gutters, streets and street name signs and fire-fighting systems in such district, and to accept the funds of, or to reimburse from any available source, such

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59 person, firm, corporation, municipality, county, authority or the federal government or any agency
60 thereof for either the whole or any part of the costs, expenses and charges incident to the acquisition,
61 construction, reconstruction, maintenance, alteration, improvement, addition to and operation of any such
62 system or systems;

63 (d) To require owners or tenants of any property in the district to connect with any such system or
64 systems, and to contract with the owners or tenants for such connections. In order to require owners or
65 tenants of any property in the district to connect with any such system or systems, the board of
66 supervisors shall have power and authority to adopt ordinances so requiring owners or tenants to connect
67 with such systems, and to use the same, and the board of supervisors shall have power to provide for a
68 punishment in the ordinance of not exceeding a fifty-dollar fine for each failure and refusal to so
69 connect with such systems, or to use the same. Before adopting any such ordinance the board of
70 supervisors shall give public notice of the intention to propose the same for passage by posting handbill
71 notices of such proposal in three or more public places in the sanitary district at least ten days prior to
72 the time the ordinance shall be proposed for passage. The ordinance shall not become effective after its
73 passage until ten days' like notice has been given by posting copies of such ordinance in three or more
74 public places in the district. The board of supervisors, in lieu of giving notice in such manner, may
75 cause notice to be published in the manner provided in § 15.2-1427 for imposing or increasing any tax
76 or levy. Violations of such ordinances shall be tried before the county court of the county as is provided
77 for trial of misdemeanors, and with like right of appeal;

78 (e) To fix and prescribe or change the rates of charge for the use of any such system or systems, the
79 rate of charge for connection to any such system or systems, a late charge not to exceed ten percent of
80 the amount due or ten dollars, whichever is the greater, and interest on outstanding bills at the rate
81 provided for in § 58.1-3918, after a public hearing upon notice as provided in subdivision (d) and to
82 provide for the collection of such charges. In fixing such rates the sanitary district may seek the advice
83 of the State Corporation Commission. The Commission may charge the district a reasonable fee for any
84 advice given pursuant to this section. The board of supervisors may provide for the exemption from,
85 deferral of or reduction of the rates of charge for the use of any garbage disposal system or systems by
86 persons at least sixty-five years of age or persons permanently and totally disabled as defined in
87 § 58.1-3217. Any such exemptions, deferrals or reductions may be conditioned upon only the income
88 criteria as provided by § 58.1-3211 *as in effect on December 31, 2010*. And to enable the board to
89 enforce the collection of charges for the use of any such system against the person or persons, firm or
90 corporation using the same, the charges when made for the use of any such system shall be collectible
91 by distress, levy, garnishment, attachment or otherwise without recourse to court procedure, except so
92 far as the selected procedure may require the same. And the board shall have power to designate as its
93 agent for the purpose of collection such officer or officers, person or persons as it may determine, and
94 the officer or officers, person or persons shall be vested with the same power and authority as a sheriff
95 or constable may have in like procedure.

96 Water and sewer connection fees established by any county, city, town or sanitary district shall be
97 fair and reasonable. Such fees shall be reviewed by the county, city, town or sanitary district
98 periodically and shall be adjusted, if necessary, to assure that they continue to be fair and reasonable.
99 Nothing herein shall affect existing contracts with bondholders which are in conflict with any of the
100 foregoing provisions.

101 If any rates, fees or charges for the use of and for the services furnished by any system acquired or
102 constructed by the sanitary district under the provisions of this chapter shall not be paid within thirty
103 days after the same shall become due and payable, and the person who incurred the debt is the occupant
104 of such premises, the board may at the expiration of such thirty-day period disconnect the premises from
105 the water and/or sewer system, or otherwise suspend services and the board may proceed to recover the
106 amount of any such delinquent rates, fees or charges, with interest, in a civil action.

107 If any rates, fees or charges for the use and services of any water or sewer system acquired or
108 constructed by the sanitary district under the provisions of this chapter shall not be paid within thirty
109 days after the same becomes due and payable, the occupant-debtor of such premises shall cease to
110 dispose of sewage or industrial wastes originating from or on such premises by discharge thereof
111 directly or indirectly into the sewer system until such rates, fees or charges with interest, shall be paid.
112 If such occupant-debtor does not cease such disposal at the expiration of such thirty-day period, the
113 political subdivision or district or other public corporation, board, or body supplying water to or selling
114 water for use on such premises may, within five days after the receipt of notice of such delinquency,
115 cease to supply water to or to sell water to such occupant-debtor. If such political subdivision or district
116 or public corporation, board or body shall not, at the expiration of such five-day period, cease supplying
117 water to or selling water for use by such occupant-debtor, then the governing body within whose
118 geographical boundaries such sanitary district lies may shut off the supply of water to such person.

119 The water supply to or for any occupant-debtor shall not be shut off or stopped under the provisions
120 of this section, if the State Health Commissioner, upon application of the local board of health or health

officer of the county, city or town wherein such water is supplied or such real estate is located, shall have found and shall certify to the authorities charged with the responsibility of ceasing to supply or sell such water, or to shut off the supply of such water, that ceasing to supply or shutting off such water supply will endanger the health of such person or the health of others in such county, city or town.

Any unpaid charge shall become a lien superior to the interest of any owner, lessee or tenant, and next in succession to county taxes, on the real property on which the use of any such system was made and for which the charge was imposed. However, such lien shall not bind or affect a subsequent bona fide purchaser of such real estate for valuable consideration without actual notice of such lien, except and until from the time that the amount of such charge is entered in the Judgment Lien Docket kept in the office where deeds may be recorded in the political subdivision wherein the real estate or a part thereof is located. It shall be the duty of the clerk in whose office deeds may be recorded to keep and preserve and hold available for public inspection such Judgment Lien Docket and to cause entries to be made and indexed therein from time to time upon certification by the board for which he shall be entitled to a fee of five dollars per entry to be paid by the board and added to the amount of the lien.

No such lien shall be placed by the board unless the board or its billing and collection agent (i) shall have advised the owner of such real estate at the time of initiating service to a lessee or tenant of such real estate that a lien will be placed on such real estate if the lessee or tenant fails to pay any fees, rents or other charges when due for services rendered to such lessee or tenant; (ii) shall have mailed to the owner of such real estate a duplicate copy of the final bill rendered to such lessee or tenant at the time of rendering the final bill to such lessee or tenant; and (iii) shall employ the same collection efforts and practices to collect amounts due the board from a lessee or a tenant as are employed with respect to collection of such amounts due from customers who are owners of the real estate for which service is provided.

Such lien on any real estate may be discharged by the payment to the board of the total amount of such lien, and interest accrued thereon to the date of such payment, and the entry fee of two dollars, and it shall be the duty of the board to deliver a certificate thereof to the person paying the same, and upon presentation thereof and the payment of the further fee of one dollar by such person, the clerk having the record of such lien shall mark the entry of such lien satisfied.

Jurisdiction to enforce any such lien shall be in equity and the court may decree the real estate subject to the lien, or any part thereof, to be sold and the proceeds applied to the payment of such lien and the interest which may accrue to the date of such payment.

Nothing contained herein shall be construed to prejudice the right of the board to recover the amount of such lien, or of the charge, and the interest which may accrue, by action at law or otherwise, which relief shall be cumulative and not alternative;

(f) To employ and fix the compensation of any technical, clerical, or other force and help which from time to time, in their judgment, may be deemed necessary for the construction, operation or maintenance of any such system or systems;

(g) To negotiate and contract with any person, firm, corporation, county, authority or municipality with regard to the connection of any system or systems with any other system or systems now in operation or hereafter to be established, and with regard to any other matter necessary and proper for the construction or operation and maintenance of any such system within the sanitary district;

(h) To contract for the extension of any such system into territory outside of the district, and for the use thereof, upon such terms and conditions as the board may from time to time determine upon;

(i) With respect to the maintenance and operation of said motor vehicle parking lots system, the board is authorized to purchase, install, maintain and operate, and to fix and charge parking meter fees for the use of, such parking lot or lots;

(j) Insofar as is permitted by Article VIII, Section 5 and Article VIII, Section 7 of the Constitution of Virginia, to construct or contract to construct within such sanitary district, at the request of the school board and subject to all provisions of law applicable to the construction of school buildings, and additions thereto;

(k) To borrow not earlier than January 1 of any year, or the first day of the fiscal year of the district, for the purpose of meeting casual deficits in the revenue of the district or creating a debt in anticipation of the collection of the revenue of the district, a sum of money not to exceed one-half of the amount reasonably anticipated to be produced by the revenues of the district, including taxes levied pursuant to § 21-119, for the year in which the loan is negotiated; provided, there shall be excluded from the amount reasonably anticipated to be produced by the revenue of the district any anticipated tax revenues of the district which have not actually been levied and assessed against property within the district.

Notwithstanding any provisions of law to the contrary, any sanitary district is empowered to borrow in advance of grants and reimbursements due the district from the federal and state governments for the purpose of meeting appropriations for the then current fiscal year. "Grants" and "reimbursements" as used herein shall mean grants which the district has been formally advised in writing it will receive, and

reimbursements on moneys which the federal or state governments are obligated to pay the district on account of expenditures made in anticipation of receiving such payment from the federal or state government. The district may borrow the full amount of the grant or reimbursement that the federal or state government is obligated to pay at the time the loan is issued. The loan shall be repaid within sixty days of the time the grant or reimbursement is received, but in any event, the loan shall be repaid within one year from the date of its issue.

Such temporary loans shall be evidenced by notes or bonds, negotiable or nonnegotiable as the board of supervisors may determine; shall bear interest at a rate as provided in § 2.2-5000; and shall be repaid not later than either December 15 of the year in which they are borrowed or fifteen days before the last day of the fiscal year of the district. No extension of any such loan shall be valid. No additional loan under this subsection shall be made until all temporary loans of preceding years shall have been paid. No election shall be required for the issuance of any bond pursuant to the provisions of this subsection. Except as this subsection otherwise provides, any bonds issued pursuant to this subsection may be issued in accordance with the provisions of §§ 21-130 through 21-136;

(I) Notwithstanding any other provision of this chapter to the contrary, where the use of any water or sewer systems described in this section is contracted for by an occupant who is not the owner of the premises and where such occupant's premises are separately metered for service, the owner of any such premises shall be liable only for the payment of delinquent rates or charges applicable to three delinquent billing periods but not to exceed a period of ninety days for such delinquency. No board shall refuse to service other premises of the owner not occupied by an occupant who is delinquent in the payment of such rates or charges on account of such delinquency provided that such owner has paid in full any delinquent charges for which he would be responsible for paying. No board shall refuse to service or unreasonably delay reinstatement of service to premises where such occupant who is delinquent has vacated the premises and a new party has applied for service provided such owner has paid in full such delinquent charges as he would be responsible for paying.

§ 58.1-3211.1. Prorated tax exemption or deferral of tax.

A. The governing body of the county, city, or town may, by ordinance, also provide for an exemption from or deferral of (or combination program thereof) real estate taxes for dwellings jointly held by two or more individuals not all of whom are at least age 65 or (if provided in the ordinance) permanently and totally disabled, provided that (i) the dwelling is occupied as the sole dwelling by all such joint owners; and (ii) the net combined financial worth of all such joint owners, including the present value of all equitable interests and computed without any exclusion for the dwelling or for any other asset notwithstanding the provisions of § 58.1-3211, as of December 31 of the immediately preceding calendar year, does not exceed the following:

1. \$500,000 for joint owners living in Arlington County, Clarke County, Fairfax County, Fauquier County, Loudoun County, Prince William County, Stafford County, any incorporated town located in any such county, the City of Alexandria, the City of Fairfax, the City of Falls Church, the City of Manassas, or the City of Manassas Park;

2. \$324,075 for joint owners living in Chesterfield County, Goochland County, Hanover County, Henrico County, Powhatan County, the City of Charlottesville, the City of Chesapeake, the City of Hampton, the City of Newport News, the City of Norfolk, the City of Portsmouth, the City of Richmond, the City of Suffolk, or the City of Virginia Beach; and

3. \$185,200 for joint owners living in any other county or city of the Commonwealth.

The tax exemption or deferral for the dwelling that otherwise would have been provided under the local ordinance shall be prorated by multiplying the amount of the exemption or deferral by a fraction that has as a numerator the percentage of ownership interest in the dwelling held by all such joint owners who are at least age 65 or (if provided in the ordinance) permanently and totally disabled, and as a denominator, 100%. As a condition of eligibility for such tax exemption or deferral, the joint owners of the dwelling shall be required to furnish to the relevant local officer sufficient evidence of each joint owner's ownership interest in the dwelling.

B. As provided in § 58.1-3211, the local governing body may elect to annually increase the net combined financial worth limit by an amount equivalent to the percentage increase in the Consumer Price Index.

CB. The provisions of this section shall not apply to dwellings jointly held by a husband and wife, with no other joint owners.

DC. The income limitation provisions of § 58.1-3211 shall be applicable to joint owners described under this section. Nothing in this section shall be interpreted or construed to provide for an exemption from or deferral of tax for any dwelling jointly held by nonindividuals.

§ 58.1-3212. Local restrictions and exemptions.

Notwithstanding the provisions of subdivisions 1 and 2 of § 58.1-3211, the Pursuant to Article X, Section 6 (b) of the Constitution of Virginia the General Assembly hereby authorizes the governing body of a county, city or town may by ordinance specify lower (i) income and financial worth figures, (ii)

disability compensation reduction figures, if applicable, and (iii) reductions for income of relatives living in the dwelling, other than those set forth in ~~§ 58.1-3211~~ to establish by ordinance net financial worth or annual income limitations as a condition of eligibility for any exemption or deferral of tax allowed pursuant to this article. If the governing body establishes an annual income limitation, annual income shall be computed by adding together the total income received during the preceding calendar year, without regard to whether a tax return is actually filed, by (i) owners of the dwelling who use it as their principal residence, (ii) owners' relatives who live in the dwelling, and (iii) at the option of each locality, nonrelatives of the owner who live in the dwelling except for bona fide tenants or bona fide paid caregivers of the owner. Income shall include only those sources of [gross] income that are subject to tax under federal income tax laws, regulations, rules, or policies. If the governing body establishes a net financial worth limitation, net financial worth shall be computed by adding together the total net financial worth, including the present value of all equitable interests, as of December 31 of the immediately preceding calendar year, of the owners, and of the spouse of any owner, of the dwelling.

Nothing in this section shall be construed or interpreted as to preclude or prohibit the governing body of a county, city or town from excluding certain sources of income, or a portion of the same, for purposes of its annual income limitation or excluding certain assets, or a portion of the same, for purposes of its net financial worth limitation.

No local ordinance shall require that a citizen reside in the jurisdiction for a designated period of time as a condition for qualifying for any real estate tax exemption or deferral program established pursuant to § 58.1-3210.

§ 58.1-3213. Application for exemption.

A. The person claiming such exemption shall file annually with the commissioner of the revenue of the county, city or town assessing officer or such other officer as may be designated by the governing body in which such dwelling lies, on forms to be supplied by the county, city or town concerned, an affidavit or written statement setting forth (i) the names of the related persons occupying such real estate and (ii) that the total combined net worth, including equitable interests and the combined income from all sources, of the persons specified in ~~§ 58.1-3211 or 58.1-3211.1~~, as the case may be § 58.1-3212, does not exceed the limits, if any, prescribed in ~~the local ordinance~~.

B. In lieu of the annual affidavit or written statement filing requirement, a county, city or town may prescribe by ordinance for the filing of the affidavit or written statement on a three-year cycle with an annual certification by the taxpayer that no information contained on the last preceding affidavit or written statement filed has changed to violate the limitations and conditions provided herein.

C. Notwithstanding the provisions of subsections A, B, and E of this section, any county, city or town may, by local ordinance, prescribe the content of the affidavit or written statement described in subsection A, subject to the requirements established in ~~§ 58.1-3211 and 58.1-3211.1~~ §§ 58.1-3210, 58.1-3211.1, and 58.1-3212, and the local ordinance; the frequency with which an affidavit, written statement or certification as described in subsection B of this section must be filed; and a procedure for late filing of affidavits or written statements.

D. If such person is under 65 years of age, such form shall have attached thereto a certification by the Social Security Administration, the Department of Veterans Affairs or the Railroad Retirement Board, or if such person is not eligible for certification by any of these agencies, a sworn affidavit by two medical doctors who are either licensed to practice medicine in the Commonwealth or are military officers on active duty who practice medicine with the United States Armed Forces, to the effect that the person is permanently and totally disabled, as defined in § 58.1-3217; however, a certification pursuant to 42 U.S.C. § 423 (d) by the Social Security Administration so long as the person remains eligible for such social security benefits shall be deemed to satisfy such definition in § 58.1-3217. The affidavit of at least one of the doctors shall be based upon a physical examination of the person by such doctor. The affidavit of one of the doctors may be based upon medical information contained in the records of the Civil Service Commission which is relevant to the standards for determining permanent and total disability as defined in § 58.1-3217.

E. Such affidavit, written statement or certification shall be filed after January 1 of each year, but before April 1, or such later date as may be fixed by ordinance. Such ordinance may include a procedure for late filing by first-time applicants or for hardship cases.

F. The commissioner of the revenue or town assessing officer or another officer designated by the governing body of the county, city or town shall also make any other reasonably necessary inquiry of persons seeking such exemption, requiring answers under oath, to determine qualifications as specified herein, including qualification as permanently and totally disabled as defined in § 58.1-3217 and qualification for the exclusion of life insurance benefits paid upon the death of an owner of a dwelling, or as specified by county, city or town ordinance. The local governing body may, in addition, require the production of certified tax returns to establish the income or financial worth of any applicant for tax

305 relief or deferral.

306 § 58.1-3215. Effective date; change in circumstances.

307 A. An exemption or deferral enacted pursuant to § 58.1-3210 or 58.1-3211.1 may be granted for any
308 year following the date that the qualifying individual occupying such dwelling and owning title or
309 partial title thereto reaches the age of 65 years or for any year following the date the disability occurred.
310 Changes in income, financial worth, ownership of property or other factors occurring during the taxable
311 year for which an affidavit is filed and having the effect of exceeding or violating the limitations and
312 conditions provided ~~herein~~ or by county, city or town ordinance shall nullify any exemption or deferral
313 for the remainder of the current taxable year and the taxable year immediately following. However, any
314 locality may by ordinance provide a prorated exemption or deferral for the portion of the taxable year
315 during which the taxpayer qualified for such exemption or deferral.

316 B. An ordinance enacted pursuant to this article may provide that a change in ownership to a spouse
317 or a nonqualifying individual, when such change resulted solely from the death of the qualifying
318 individual, or a sale of such property shall result in a prorated exemption or deferral for the then current
319 taxable year. The proceeds of the sale which would result in the prorated exemption or deferral shall not
320 be included in the computation of net worth or income as provided in subsection A. Such prorated
321 portion shall be determined by multiplying the amount of the exemption or deferral by a fraction
322 wherein the number of complete months of the year such property was properly eligible for such
323 exemption or deferral is the numerator and the number 12 is the denominator.

324 C. An ordinance enacted pursuant to this article may provide that an individual who does not qualify
325 for the exemption or deferral under this article based upon the previous year's income limitations and
326 financial worth limitations, may nonetheless qualify for the current year by filing an affidavit that clearly
327 shows a substantial change of circumstances, that was not volitional on the part of the individual to
328 become eligible for the exemption or deferral, and will result in income and financial worth levels that
329 are within the limitations of the ordinance. The ordinance may impose additional conditions and require
330 other information under this subsection. The locality may prorate the exemption or deferral from the
331 date the affidavit is submitted or any other date.

332 Any exemption or deferral under this subsection must be conditioned upon the individual filing
333 another affidavit after the end of the year in which the exemption or deferral was granted, within a
334 period of time specified by the locality, showing that the actual income and financial worth levels were
335 within the limitations set by the ordinance. If the actual income and financial worth levels exceeded the
336 limitations any exemption or deferral shall be nullified for the current taxable year and the taxable year
337 immediately following.

338 **2. That any local ordinance adopted pursuant to Article 2 (§ 58.1-3210 et seq.) of Chapter 32 of**
339 **Title 58.1 of the Code of Virginia that is in effect as of January 1, 2011, is hereby validated [**
340 **(including any ordinance adopted pursuant to § 58.1-3211 prior to its repeal under the fourth**
341 **enactment of this act)], and any income or financial worth limitation included in such ordinance**
342 **shall be deemed to have been established by the local governing body pursuant to authorization**
343 **granted by the General Assembly.**

344 **3. That the provisions of this act shall be effective for tax years beginning on or after January 1,**
345 **2011.**

346 **4. That §§ 58.1-3211 and 58.1-3218 of the Code of Virginia are repealed for tax years beginning**
347 **on or after January 1, 2011.**

348 **5. That an emergency exists and this act is in force from its passage.**