

**DEPARTMENT OF TAXATION  
2011 Fiscal Impact Statement**

**1. Patron** Christopher P. Stolle

**2. Bill Number** HB 1851

**3. Committee** Senate Finance

**House of Origin:**

☐ Introduced

☐ Substitute

☐ Engrossed

**4. Title** Real Property Tax; Separate Classification  
for Certain Historical Buildings

**Second House:**

☒ In Committee

☐ Substitute

☐ Enrolled

**5. Summary/Purpose:**

This bill would classify buildings listed on the Virginia Landmarks Register, not including the real estate or land on which they are located, as a separate class of real property from all other real estate and authorize localities to tax such property at a lower rate than the general class of real property, so long as the building is maintained in a condition such that it retains the characteristics for which it was listed on the Virginia Landmarks Registry.

Under current law, generally all real estate is considered to be one class of property subject to the same rate of tax.

The effective date of this bill is not specified.

**6. Budget amendment necessary:** No.

**7. Fiscal Impact Estimates are:** Not available. (See Line 8.)

**8. Fiscal implications:**

This bill would have no impact on state revenues. To the extent that localities elect to tax buildings listed on the Virginia Landmarks Register at a lower rate than the general class of real property, the bill would have an unknown negative revenue impact on localities.

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

All localities.

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

**11. Other comments:**

Article X, § 1 of the *Constitution of Virginia* authorizes the General Assembly to define and classify taxable subjects. Under current law, all real estate is generally considered to be

one class of property subject to the same rate of tax. In the 2002 and 2003 General Assembly Sessions, however, separate classifications of real property were created composed of improvements to real property located in the Cities of Fairfax and Roanoke. These cities were authorized to tax improvements at a lower rate than that applicable to the land.

The 2007 General Assembly session created separate classifications of real property for energy efficient buildings and for real property used for or zoned to permit commercial or industrial uses in the counties and cities embraced by the Northern Virginia Transportation Authority and wholly embraced by the Hampton Roads metropolitan planning organization. The Northern Virginia Transportation Authority embraces the Cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park and the Counties of Arlington, Fairfax, Loudoun, and Prince William. The Hampton Roads metropolitan planning organization wholly embraces the Cities of Chesapeake, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg and the Counties of Isle of Wight, James City, and York.

The Virginia Landmarks Register, established in 1966 and managed by the Virginia Department of Historic Resources, is the state's official list of properties important to Virginia's history. Similar to the National Register of Historic Places managed by the National Park Service, the Virginia Landmarks register is designed to recognize Virginia's resources and to encourage their continued preservation. The same criteria are used to evaluate resources for inclusion in each register. Owners of registered properties may donate historic preservation easements (which can reduce real estate taxes) and qualify for the state and federal historic rehabilitation tax credits.

### Proposal

This bill would classify buildings listed on the Virginia Landmarks Register, not including the real estate or land on which they are located, as a separate class of real property from all other real estate and authorize localities to tax such property at a lower rate than other real estate, so long as the building is maintained in a condition such that it retains the characteristics for which it was listed on the Virginia Landmarks Registry.

The effective date of this bill is not specified.

### Similar Legislation

**Senate Bill 860** would classify buildings listed on the Virginia Landmarks Register, not including the real estate or land on which they are located, as a separate class of real property from all other real estate and authorize localities to tax such property at a lower rate than other real estate.

**House Bill 1672** would add James City County to the list of localities permitted to enact certain provisions regarding zoning classifications and special land use assessments for purposes of the real property tax.

**Senate Bill 784** would clarify that a real estate assessor may require an owner of real property with four or fewer residential units that is operated in whole or in part as

affordable rental housing to furnish to the assessor a statement of the income and expenses attributable to the property when owner applies to the locality to have the real property assessed as affordable housing.

**Senate Bill 785** would clarify that the partial exemption from the assessed value of real property subject to real property tax for improvements to rehabilitated, renovated, or replacement residential structures may not be reduced during the period of exemption and would clarify that the exemption runs with the land.

**Senate Bill 957** would reclassify improvements to real property located in the City of Poquoson as a separate class of real property. As a result of this reclassification, the City of Poquoson would be authorized to impose a real property tax on improvements to real property at a rate of tax which does not exceed the rate applicable to all other real property

cc : Secretary of Finance

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