

DEPARTMENT OF TAXATION

2011 Fiscal Impact Statement

1. **Patron** John C. Miller

3. **Committee** House Finance

4. **Title** Real Property Tax; City of Poquoson
Improvements

2. **Bill Number** SB 957

House of Origin:

 Introduced

 Substitute

 Engrossed

Second House:

 X **In Committee**

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill 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, 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 and is not zero. The bill would authorize Poquoson to levy the real property tax on improvements after publishing a notice in a newspaper having general circulation in the locality at least seven days before the levy is made and giving the citizens an opportunity to appear before, and be heard by, the local governing body on the subject.

Under current law, in the City of Fairfax and the City of Roanoke, improvements to real property constitute a separate class of property for purposes of imposing the real property tax. The governing bodies of these cities are authorized to levy a tax on the property at a different rate than that imposed on all other real property provided that the rate of tax on the property is not zero, and provided the rate is equal to or lower than the rate of tax on all other real property.

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. The immediate impact on revenues in Poquoson is uncertain because it may or may not exercise the authority to impose a lower rate of tax on improvements than imposed on all other real property. The revenue impact on Poquoson would be dependent upon the assessed value of improvements subject to the lower rate of tax and the rate of tax imposed.

9. Specific agency or political subdivisions affected:

City of Poquoson

10. Technical amendment necessary: No.

11. Other comments:

Background

Article X, § 1 of the *Constitution of Virginia* authorizes the General Assembly to define and classify taxable subjects.

In the 2002 General Assembly session, the City of Fairfax was granted the authorization to reclassify improvements to real property located in the City of Fairfax as a separate class of real property, effective July 1, 2003. In the 2003 General Assembly session, the City of Roanoke was also granted this authorization, effective July 1, 2004. As a result of this reclassification, the governing bodies of these cities are authorized to levy a tax on improvements to real estate at a different rate than that imposed on all other real property provided that the rate of tax on improvements is not zero, and provided the rate is equal to or lower than the rate of tax on all other real property.

Proposal

This bill 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, 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 and is not zero. The bill would authorize Poquoson to levy the real property tax on improvements after publishing a notice in a newspaper having general circulation in the locality at least seven days before the levy is made and giving the citizens an opportunity to appear before, and be heard by, the local governing body on the subject.

The effective date of this bill is not specified.

Similar Legislation

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.

House Bill 1851 and **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 it at a lower rate than other real estate.

House Bill 1899 and **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.

cc : Secretary of Finance

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