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SENATE BILL NO. 73

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on Finance
on February 20, 2012)

(Patron Prior to Substitute—Senator Watkins)

A *BILL* to amend the Code of Virginia by adding in Article 7 of Chapter 32 of Title 58.1 a section numbered 58.1-3295.1, relating to assessment of real property; residential rental housing.

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Article 7 of Chapter 32 of Title 58.1 a section numbered 58.1-3295.1 as follows:

§ 58.1-3295.1. *Assessment of real property; residential rental apartments.*

A. Notwithstanding any other provision of law, general or special, in any appeal of the real property assessment of real property defined below as residential rental apartments in excess of four units filed by a taxpayer pursuant to § 58.1-3379, the board of equalization shall consider:

1. The actual gross income generated from such real property and any resultant loss in income attributable to vacancies, collection losses, and rent concessions;

2. The actual operating expenses and expenditures and the impact of any additional expenses or expenditures; and

3. Any other evidence relevant to determining fair market value of such real property.

B. Real property subject to this section shall be limited to residential rental apartments containing more than four units. Individual attached or detached single-family dwelling units, regardless of whether such dwelling units are rented, shall not be subject to this section.

C. For real property governed by this section, where only a portion of the real property is operated as residential rental apartments, the portion of such real property not operated as residential rental apartments shall not be subject to this section.

D. The valuation of residential rental apartments governed by this section shall be made by the board using the income approach in accordance with this section, except when (i) such real property has been sold since the previous assessment, in which case the board may consider the sales price of such property; (ii) improvements on such real property are being constructed or renovated, in which case the board may consider the market value of such property; or (iii) the value arrived at by the income approach is not otherwise in accordance with generally accepted appraisal practices and standards prescribed by the International Association of Assessing Officers (IAAO), in which case the board may consider the market value of such property.

2. That the provisions of this act shall become effective for assessments for tax years beginning on or after January 1, 2012.

3. That an emergency exists and this act is in force from its passage.