

DEPARTMENT OF TAXATION

2012 Fiscal Impact Statement

1. **Patron** Timothy D. Hugo

3. **Committee** House Finance

4. **Title** Real Property Tax; Removes Sunset Date for Partial Exemption for Commercial and Industrial Property in Certain Northern Virginia Localities

2. **Bill Number** HB 1068

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would remove the June 30, 2013 sunset date from the law that decreased the maximum rate of the local option real property tax imposed upon certain commercial and industrial property in the Northern Virginia Transportation Authority (NVTA) from \$0.25 cents per \$100 of assessed value to \$0.125 per \$100 of assessed value.

Under current law, counties and cities embraced by the Northern Virginia Transportation Authority are authorized to impose an additional real property tax at a rate of \$0.125 per \$100 of assessed value on all property in the locality specially classified as commercial or industrial. The additional tax may be imposed either 1) on all commercial and industrial property, with the generated revenues used exclusively for transportation purposes that benefit the locality imposing the tax, or 2) on the commercial and industrial property located in special regional transportation tax districts created within the locality

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. Currently, only the City of Fairfax and the counties of Arlington and Fairfax have imposed the special real property tax on certain commercial and industrial property. As this bill removes the sunset date for the existing real property tax rate, this bill would have no impact on local revenues.

9. Specific agency or political subdivisions affected:

Cities of: Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park

Counties of: Arlington, Fairfax, Loudoun, and Prince William

10. Technical amendment necessary: No.

11. Other comments:

Tax on Commercial and Industrial Real Property in Transportation Authorities

House Bill 3202 (*Acts of Assembly* 2007, Chapter 896) authorized the member localities of the NVTA and the Hampton Roads metropolitan planning area (HRMPA) to impose a real property tax on real property used for or zoned to permit commercial or industrial uses. The counties and cities embraced by the NVTA and the HRMPA could also, by ordinance, create one or more special regional transportation tax districts and impose the tax on such property in those transportation tax districts.

The NVTA embraces the Cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park and the Counties of Arlington, Fairfax, Loudoun, and Prince William. The member localities of the NVTA are currently authorized to impose an additional real property tax of \$0.125 per \$100 of assessed value on real property used for or zoned to permit commercial or industrial uses.

The HRMPA embraces the Cities of Chesapeake, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg and the Counties of Gloucester, Isle of Wright, James City, and York. The member localities of the HRMPA are currently authorized to impose an additional real property tax of \$0.10 per \$100 of assessed value on real property used for or zoned to permit commercial or industrial uses.

The revenues generated by the tax must be used solely for 1) new road construction, design, and right of way acquisition, 2) new public transit construction, design, and right of way acquisition, 3) capital costs related to new transportation projects, and 4) the issuance costs and debt service on any bonds issued to support capital costs.

Proposal

This bill would remove the June 30, 2013 sunset date from the law that decreased the maximum rate of the local option real property tax imposed upon certain commercial and industrial property in the NVTA from \$0.25 cents per \$100 of assessed value to \$0.125 per \$100 of assessed value.

cc : Secretary of Finance

Date: 1/31/2012 KP
DLAS File Name: HB 1068F161