

DEPARTMENT OF TAXATION

2012 Fiscal Impact Statement

1. **Patron** Robert D. Orrock, Sr.

3. **Committee** House Finance

4. **Title** Real Property Tax; Assessment of Wetlands

2. **Bill Number** HB 80

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would require local commissioners of the revenue or other assessing officials, when requested by the property owner, to separately assess all wetlands at their fair market value whenever real property is assessed or reassessed. The commissioner of the revenue or assessing official would be required to enter the area and fair market value of each tract consisting of wetlands and the area and fair market value of the remaining portion of each tract into the land book. Under the terms of the bill, the local assessing official would not be prohibited from specially and separately assessing wetlands, or any other type of land, even if the property owner does not request the separate assessment.

Under current law, wetlands are not separately assessed for purposes of determining the rate of real property tax that will be imposed.

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 owners of property containing wetlands elect to have such property separately assessed, or local commissioners of the revenue elect to have any other property separately assessed, the bill would result in a decrease of local revenues, the magnitude of which is unknown.

9. Specific agency or political subdivisions affected:

All localities

10. Technical amendment necessary: No.

11. Other comments:

Current Law

Localities are authorized to levy taxes on real property, and must periodically conduct assessments of property in order to determine the rate of real property tax that will be imposed. All general reassessments or annual assessments must be at 100% of fair market value.

Under current law, there are several types of property that require separate assessment. For example, localities must separately assess at the fair market value all mineral lands on an annual basis and enter those assessments separately from assessments of other lands and improvements. Wetlands, such as swamps, marshes, bogs, and similar areas, are not separately assessed for purposes of determining the rate of real property tax that will be imposed.

Proposal

This bill would require local commissioners of the revenue or other assessing officials, when requested by the property owner, to separately assess all wetlands at their fair market value whenever real property is assessed or reassessed. The commissioner of the revenue or assessing official would be required to enter the area and fair market value of each tract consisting of wetlands and the area and fair market value of the remaining portion of each tract into the land book. Under the terms of the bill, the local assessing official would not be prohibited from specially and separately assessing wetlands, or any other type of land, even if the property owner does not request the separate assessment.

The effective date of this bill is not specified.

Similar Bills

House Bill 31 would require real property assessors to base their fair market value determinations for real property solely on permissible uses of such property, when the property's use is subject to federal, state or local restrictions.

Senate Bill 48, Senate Bill 73, and House Bill 1073 (identical) would establish criteria by which an assessor must determine fair market value for real estate used in whole or in part as residential rental property as defined by ordinance or the locality.

House Bill 81 would prohibit local assessing officials from considering prior, discontinued uses of property in determining its current use for land use valuation purposes.

House Bill 82 would provide a refund from any roll-back taxes imposed on real property that loses its designation as property devoted to agricultural or horticultural use due to the excavation of sand or gravel on the land.

House Bill 483 would provide that the current authority to increase the assessment of real property taxes for three preceding tax years by increasing the amount of the valuation of the property applies only to errors related to 1) new construction or improvements to the property; 2) a change in the use of the property; or 3) fraud on the part of the taxpayer.

cc : Secretary of Finance

Date: 1/21/2012 KP
DLAS File Name: HB80F161