

# DEPARTMENT OF TAXATION

## 2013 Fiscal Impact Statement

1. **Patron** Salvatore R. Iaquinto

3. **Committee** Senate Finance

4. **Title** Real Property Tax; Limitation of Assessments

2. **Bill Number** HB 1687

**House of Origin:**

           **Introduced**

           **Substitute**

           **Engrossed**

**Second House:**

  X   **In Committee**

           **Substitute**

           **Enrolled**

**5. Summary/Purpose:**

This bill would reduce the statute of limitations for assessing real property taxes from three years to one year in situations where the real property was never assessed or was assessed at less than the law required for that year.

Under current law, if the assessing officer discovers that any local tax was never assessed or assessed at less than the law required for any of the three preceding tax years, the assessing officer may assess the tax at the rate prescribed for the year in question, and, where applicable, may add penalty and interest.

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 revenue.

As this bill would reduce by two years the number of prior tax years for which local official may assess omitted real property taxes or increase the assessed value of real property, this bill would result in a decrease in local real property tax revenues, the magnitude of which is unknown.

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

All localities

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

## 11. Other comments:

Local commissioners of the revenue of counties and cities and tax-assessing officers of towns are authorized to assess taxes as far back as the three preceding tax years if they discover that a local tax was never assessed or was assessed at less than the law required. Penalty and interest can be added to the assessment from the first day following the due date in the year when the taxes should have been paid, and accrue from that date until payment. If the assessment was required through no fault of the taxpayer, the penalty and interest accrue after 30 days from the date of assessment until payment.

The statute of limitations for assessing state and federal taxes is generally three years

### Proposal

This bill would reduce the statute of limitations for assessing real property taxes from three years to one year in situations where the real property was never assessed or was assessed at less than the law required for that year.

Under the terms of the bill, the local assessing officer would be permitted to assess the tax at the rate or rates prescribed for that year, and add penalties and interest. Interest would be computed on the taxes and penalty from the first day following the due date in the preceding tax year by which taxes should have been paid, and would accrue until payment. If the omitted or increased assessment, however, was not the fault of the taxpayer, penalty and interest would accrue after 30 days from the date of assessment until payment.

The effective date of this bill is not specified.

cc : Secretary of Finance

Date: 2/1/2013 KP  
DLAS File Name: HB1687FE161