

# DEPARTMENT OF TAXATION

## 2014 Fiscal Impact Statement

1. **Patron** Henry L. Marsh III

2. **Bill Number** SB 66

3. **Committee** Passed House and Senate

**House of Origin:**

           **Introduced**

           **Substitute**

           **Engrossed**

4. **Title** Real Property Tax; Board of Equalization in the City of Richmond

**Second House:**

           **In Committee**

           **Substitute**

      X       **Enrolled**

### 5. **Summary/Purpose:**

This bill would authorize the City of Richmond to enact an ordinance providing for a temporary or permanent board of equalization to hear real property assessment complaints, in lieu of a board of review.

Under current law, the City of Richmond and any other city determined to have a population in excess of 175,000 in the 1930 census must use a board of review for the purpose of hearing complaints concerning real property assessments.

The effective date of this bill is not specified.

6. **Budget amendment necessary:** No.

7. No Fiscal Impact. (See Line 8.)

### 8. **Fiscal implications:**

This bill would have no impact on local or state revenues.

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

City of Richmond

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

### 11. **Other comments:**

#### Boards of Equalization

Circuit courts within each county or city are authorized to appoint a three-to-five member board of equalization, whose purpose is to hear complaints regarding a lack of uniformity or errors in acreage in a real property assessment and complaints that real property is assessed at more than fair market value. Once a board has heard these complaints, it



may increase, decrease, or confirm assessments based on fairness. If the board determines that an increase in the assessment amount is required, it must provide notice to the owner of the property and an opportunity to show cause against such increase before the increase is applied.

The circuit court of the city or county must appoint the board of equalization in the tax year immediately following the year of reassessment or annual or biennial assessment unless the locality has appointed a permanent board. The board expires one year after the effective date of the assessment for which the board was appointed.

For counties and cities that have created a permanent board, the board may consist of either three or five members. If the board is made up of three members, one member must serve a term of one year, one member must serve a term of two years, and one member must serve a term of three years. If the board is made up of five members, one member must serve a term of one year, one member must serve a term of two years, and three members must serve three-year terms.

Circuit courts are also authorized to appoint up to two alternate board members to serve on local boards of equalization if a member of the board is absent or abstains. Alternate members have the same terms, qualifications, and compensation as those of regular board members.

#### Board of Equalization Member Qualifications

Board of Equalization members must be residents of the county or city in which they will serve, and must be appointed from the citizens of the county or city. Thirty percent of the members of the board must be commercial or residential real estate appraisers, other real estate professionals, builders, developers, legal or financial professionals. A board of equalization member cannot be a member of the board of assessors for the same reassessment. Board members are required to attend and participate in a course given by the Department of Taxation, and once every four years of service, each board member must take continuing education instruction provided by the Tax Commissioner.

Special provisions apply for boards considering appeals of commercial or multi-family residential property in localities with populations that exceed 100,000. Thirty percent of the board members must be commercial or multi-family residential real estate appraisers licensed and certified by the Virginia Real Estate Appraiser Board to serve as general real estate appraisers, other commercial or multi-family real estate professionals or licensed commercial or multi-family real estate brokers, builders, developers, active and retired members of the Virginia State Bar, or other legal or financial professionals with knowledge of the valuation of property, real estate transactions, building costs, accounting, finance, or statistics.

#### Boards of Review

Cities determined to have a population in excess of 175,000 in the 1930 census (Richmond, Norfolk, and Newport News) are required to have annually appointed a board of review of real estate assessments by July 1 of each year. The board must consist of three members: 1) an assessor; 2) a real estate broker; and 3) a person with at least five



years' experience in appraising real estate. Each member's term begins on the day of his appointment and expires on the thirtieth day of November of that same year, unless the terms are extended by the Circuit Court.

The primary focus of the board of review is fair market value. All decisions of the board of review are binding on the property owner and the city for the relevant tax year unless the case is continued before the Circuit Court by either party. The board may decrease the assessment, maintain the current assessment, or increase the assessment. If the board renders a decision unfavorable to the taxpayer, the taxpayer may apply to the Circuit Court within one year from the 31<sup>st</sup> day of December of the year in which the assessment is made for relief.

### Proposal

This bill would authorize the City of Richmond to enact an ordinance providing for a temporary or permanent board of equalization to hear real property assessment complaints, in lieu of a board of review. The temporary or permanent board of equalization would be subject to the same rules as are all other boards of equalization under current law.

The effective date of this bill is not specified.

### Similar Legislation

**House Bill 225** is identical to this bill.

**House Bill 149** would provide for the appointment of an alternate member to a board of equalization if a regular member applies to the board for relief.

cc : Secretary of Finance

Date: 3/13/2014 KP  
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