

DEPARTMENT OF TAXATION

2016 Fiscal Impact Statement

1. **Patron** Hyland F. "Buddy" Fowler

3. **Committee** Senate Finance

4. **Title** Real Property Tax; Board of Equalization
Members

2. **Bill Number** HB 1170

House of Origin:

 Introduced

 Substitute

 Engrossed

Second House:

 X **In Committee**

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would change that the maximum number of members appointed to certain boards of equalization from five members to the greater of five or the number of local election districts in the locality. The bill would apply to every board of equalization except for temporary boards of equalization created in counties operating under the county executive or county manager forms of government and permanent boards of equalization.

Under current law, circuit courts within most localities 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.

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 revenue.

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

All localities

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

11. Other comments:

Boards of Equalization, Generally

Circuit courts within most localities 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 the board hears these complaints, it is authorized to 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.

The composition of a board of equalization and the terms for board members depend upon the type of board that has been created. For example, in counties operating under county executive or county manager forms of government that appoint temporary boards of equalization, the board must be composed of not less than three or more than the number of districts for the election of members of the board of supervisors in the county. In counties operating under either form of government that have created permanent boards, the board is composed of the same number of members, but all members must serve three-year terms.

For all other counties that create 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.

Proposal

This bill would change that the maximum number of members appointed to certain boards of equalization from five members to the greater of five or the number of local election districts in the locality. The bill would apply to every board of equalization except for temporary boards of equalization created in counties operating under the county executive or county manager forms of government and permanent boards of equalization.

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cc : Secretary of Finance

Date: 2/5/2016 AM

DLAS File Name: HB1170FE161