

# DEPARTMENT OF TAXATION

## 2018 Fiscal Impact Statement

1. **Patron** Betsy B. Carr

3. **Committee** House Finance

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

2. **Bill Number** HB 1337

**House of Origin:**

X **Introduced**

       **Substitute**

       **Engrossed**

**Second House:**

       **In Committee**

       **Substitute**

       **Enrolled**

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

This bill would permit the City of Richmond to adopt a deferral program for real property taxes. The deferral program would apply to certain real property taxes if the property is owned and occupied as the sole dwelling of the taxpayer and the tax has increased by at least 25 percent since the date of purchase.

The taxpayer could elect to defer all or any portion of 95 percent of the amount by which the real property tax of the subject property increased from the year of purchase to the current year.

The amount deferred would be paid upon the sale or transfer of the property or within one year of the death of the owner or owners. The deferred taxes would be subject to simple 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:**

#### Administrative Costs

The City of Richmond could have unknown administrative costs as a result of this bill.

This bill would have no impact on state administrative costs.

#### Revenue Impact

There could be an unknown revenue impact to the City of Richmond as a result of this bill.

This bill would have no impact on state revenues.

**9. Specific agency or political subdivisions affected:** City of Richmond

**10. Technical amendment necessary:** No

**11. Other comments:**

Background

Counties, cities and towns are permitted to adopt a deferral program for taxes on real property in their jurisdiction.

The deferral program must allow the taxpayer the option of deferring all or any portion of the real estate tax that exceeds 105 percent of the real estate tax on such property owned by the taxpayer in the previous tax year.

The taxes deferred must be paid by the owner upon the sale or transfer of the property, or from the estate of the decedent within one year after the death of the owner.

If the real property is owned jointly, all accumulated deferred taxes and interest must be paid within one year of the date of death of the last qualifying owner.

The deferral program is not available on real property that participates in the real estate tax relief or deferral program for the elderly or permanently or totally disabled; or if the taxpayer or taxpayers are delinquent on any portion of real estate taxes for which deferral is sought; or if the property is assessed on the basis of use value.

Proposal

This bill would permit the City of Richmond to adopt a deferral program for real property taxes. The deferral program would apply to certain real property taxes if the property is owned and occupied as the sole dwelling of the taxpayer and the tax has increased by at least 25 percent since the date of purchase.

The taxpayer could elect to defer all or any portion of 95 percent of the amount by which the real property tax of the subject property increased from the year of purchase to the current year.

The amount deferred would be paid upon the sale or transfer of the property or within one year of the death of the owner or owners. The deferred taxes would be subject to simple interest.

The effective date of this bill is not specified.

Similar Legislation

**Senate Bill 228** would provide definitions and rules to clarify when deferred real estate taxes are due on a property in a tax deferral program for certain real estate owners at least 65 years of age or permanently and totally disabled.

cc : Secretary of Finance

Date: 1/20/2018 SK

DLAS File Name: HB1337F161