

DEPARTMENT OF TAXATION

2019 Fiscal Impact Statement

1. **Patron** Lynwood W. Lewis, Jr.

3. **Committee** Senate Finance

4. **Title** Real Property Tax; Partial Exemption from
Real Property Taxes for Flood Mitigation
Efforts.

2. **Bill Number** SB 1588

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

As authorized by an amendment to Article X, Section 6 of the Constitution of Virginia that was adopted by the voters on November 6, 2018, which enables a locality to provide by ordinance a partial exemption from real property taxes for flooding abatement, mitigation, or resiliency efforts for improved real estate that is subject to recurrent flooding, this bill would provide that exemptions may only be granted for qualifying flood improvements. "Qualifying flood improvements" would be defined as improvements that do not increase the size of any impervious area and are made to qualifying structures or to land. "Qualifying structures" would be defined as structures that were completed prior to July 1, 2018 or were completed more than 10 years prior to the completion of the improvements. For improvements made to land, the improvements would be required to be made primarily for the benefit of one or more qualifying structures. No exemption would be authorized for any improvements made prior to July 1, 2018.

The locality would be granted the authority to (i) establish flood protection standards that qualifying flood improvements must meet in order to be eligible for the exemption; (ii) determine the amount of the exemption; (iii) set income or property value limitations on eligibility; (iv) provide that the exemption shall only last for a certain number of years; (v) determine, based upon flood risk, areas of the locality where the exemption may be claimed; and (vi) establish preferred actions for qualifying for the exemption, including living shorelines.

If enacted during the 2019 Regular Session of the General Assembly, this bill would become effective July 1, 2019.

6. **Budget amendment necessary:** No

7. **Fiscal Impact Estimates are:** Not available. (See Line 8.)

8. Fiscal implications:

Administrative Cost

This bill could result in unknown administrative costs to localities that enact the real property tax exemption. It would have no impact on state administrative costs.

Revenue Impact

This bill could have an unknown revenue impact on localities that enact the exemption. It would have no impact on state revenues.

9. Specific agency or political subdivisions affected:

All localities

10. Technical amendment necessary: No

11. Other comments:

Real Property Taxation

The Constitution of Virginia mandates that all property shall be taxed unless specifically exempted. Constitution of Virginia, Article X, Section 1.

Constitutional Amendment

Legislation enacted in the 2017 General Assembly Session, Senate Joint Resolution 331 (Acts of Assembly 2017, Chapter 773) proposed a Constitutional Amendment to Section 6 of Article X of the Constitution of Virginia to authorize an exemption for flooding remediation, abatement, and resiliency.

Senate Joint Resolution 21 (Acts of Assembly 2018, Chapter 813) enacted by the 2018 General Assembly, provided the second enactment of the proposed amendment, allowing it to be submitted to voters on the ballot for the 2018 general election.

The amendment was adopted by the voters on November 6, 2018.

Proposal

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Similar Legislation

House Bill 1655 and **Senate Bill 1270** would enact as statutory law an amendment to subdivision (a) of Section 6-A of Article X of the Constitution of Virginia that was adopted by the voters on November 6, 2018, which applies the real property tax exemption for the surviving spouse of a disabled veteran to such spouse's principal place of residence regardless of whether such spouse moves to a different residence.

cc : Secretary of Finance

Date: 1/13/2019 SK
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