

DEPARTMENT OF TAXATION

2020 Fiscal Impact Statement

1. **Patron** Wendy W. Gooditis

3. **Committee** Passed House and Senate

4. **Title** Refunds of Local Taxes; Authority of
Treasurers

2. **Bill Number** HB 316

House of Origin:

 Introduced

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 X **Enrolled**

5. Summary/Purpose:

This bill would increase to \$5,000 the maximum amount that a governing body of a county or city may authorize its treasurer to refund for taxes paid as a result of an erroneous tax assessment.

Under current law, \$2,500 is the maximum amount that a governing body of a locality may authorize its treasurer to approve for a refund resulting from an erroneous tax assessment. If the refund is over that amount, the governing body must direct the treasurer of the county, city or town to refund the excess to the specific taxpayer, with interest if authorized.

This bill would become effective July 1, 2020.

6. Budget amendment necessary: No

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

8. Fiscal implications:

Administrative Costs

This bill could have an unknown impact on localities' administrative costs. It would have no impact on state administrative costs.

Revenue Impact

This bill could have an unknown impact on local revenues. 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:

Current Law

Under current law, if a commissioner of the revenue, or other assessing official is satisfied that they have erroneously assessed any local tax, the commissioner can correct such assessment.

If the assessment has been paid, the governing body of the county or city directs the treasurer to refund the excess to the taxpayer, with interest upon the certificate of the commissioner with the consent of the town, city or county attorney, or the attorney for the Commonwealth, that such assessment was erroneous. However, the governing body of the county, city or town may authorize the treasurer to approve and issue any refund up to \$2,500 as a result of an erroneous assessment.

Proposal

This bill would increase to \$5,000 the maximum amount that a governing body of a county city, or town may authorize its treasurer to refund for taxes paid as a result of an erroneous tax assessment.

This bill would become effective July 1, 2020.

cc : Secretary of Finance

Date: 2/27/2020 SK
HB316FER161