

DEPARTMENT OF TAXATION

2020 Fiscal Impact Statement

1. **Patron** Lashrecse D. Aird

3. **Committee** House Finance

4. **Title** Real Property Taxes; Blighted and Derelict Properties; City of Petersburg

2. **Bill Number** HB 755

House of Origin:

X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would provide that, in the City of Petersburg ("the City"), blighted properties and derelict structures will constitute a separate class of property for local taxation of real property.

The bill would give the City the authority to levy a tax on blighted properties and derelict structures at a rate that exceeds the general real property tax rate by five and ten percent, respectively.

This bill would also give the City the authority to sell delinquent tax lands six months after the City has incurred abatement costs for buildings that have been condemned, constitute a nuisance, are derelict buildings, or are declared to be blighted. Under current law, such sales can be conducted on the first anniversary of the date on which such taxes have become due.

If enacted during the regular session of the 2020 General Assembly, 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 Petersburg's 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: City of Petersburg

10. Technical amendment necessary: No

11. Other comments:

The *Constitution of Virginia* and the *Virginia Code* establish that taxable real estate is segregated for and made subject to local taxation only. All real estate, except that exempted by law, is subject to annual taxation. Certain types of real estate, however, are declared to be a separate class of property and constitute a classification for local taxation separate from other classifications of real property.

State law provides that when any taxes on any real estate in a locality are delinquent on December 31 following the second anniversary of the date on which such taxes have become due the property may be sold for the purpose of collecting all delinquent taxes on such property, or, in the case of real property upon which is situated (i) any structure that has been condemned by the local building official pursuant to applicable law or ordinance; (ii) any nuisance; (iii) any derelict building; or (iv) any property that has been declared to be blighted as the term is defined in state law, the first anniversary of the date on which such taxes have become due.

Proposal

This bill would provide that, in the City of Petersburg blighted properties and derelict structures will constitute a separate class of property for local taxation of real property.

The bill would give the City the authority to levy a tax on blighted properties and derelict structures at a rate that exceeds the general real property tax rate by five and ten percent, respectively.

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cc : Secretary of Finance

Date: 1/12/2020 SK
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