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## HOUSE BILL NO. 2341

Offered January 23, 1995

A *BILL to amend and reenact §§ 58.1-3220 and 58.1-3221 of the Code of Virginia, relating to exemptions or abatement of real estate taxes on certain residential and commercial property.*

Patrons—Jones, D.C., Ball, Cantor, Cunningham, Hall and Rhodes; Senators: Benedetti, Lambert and Marsh

Referred to Committee on Finance

**Be it enacted by the General Assembly of Virginia:****1. That §§ 58.1-3220 and 58.1-3221 of the Code of Virginia are amended and reenacted as follows:**

§ 58.1-3220. Partial exemption for certain rehabilitated, renovated or replacement residential structures.

A. The governing body of any county, city or town may, by ordinance, provide for the partial exemption from taxation of real estate on which any structure or other improvement no less than ~~twenty-five~~ fifteen years of age has undergone substantial rehabilitation, renovation or replacement for residential use, subject to such conditions as the ordinance may prescribe. The ordinance may, in addition to any other restrictions hereinafter provided, restrict such exemptions to real property located within described zones or districts whose boundaries shall be determined by the governing body. The governing body of a county, city or town may establish criteria for determining whether real estate qualifies for the partial exemption authorized by this provision and may require such structures to be older than ~~twenty-five~~ fifteen years of age, or place such other restrictions and conditions on such property as may be prescribed by ordinance. Such ordinance may also provide for the partial exemption from taxation of multifamily residential units which have been substantially rehabilitated by replacement for multifamily use. Such replacement structures may exceed the total square footage of the replaced structures by no more than thirty percent.

B. The partial exemption provided by the local governing body may be an amount equal to the increase in assessed value *or a percentage of such increase* resulting from the rehabilitation, renovation or replacement of the structure as determined by the commissioner of revenue or other local assessing officer or an amount up to fifty percent of the cost of the rehabilitation, renovation or replacement, as determined by ordinance. The exemption may commence upon completion of the rehabilitation, renovation or replacement or on January 1 of the year following completion of the rehabilitation, renovation or replacement and shall run with the real estate for a period of no longer than ~~ten~~ fifteen years. The governing body of a county, city or town may place a shorter time limitation on the length of such exemption, or reduce the amount of the exemption in annual steps over the entire period or a portion thereof, in such manner as the ordinance may prescribe.

C. Nothing in this section shall be construed as to permit the commissioner of the revenue to list upon the land book any reduced value due to the exemption provided in subsection B.

D. The governing body of any county, city or town may assess a fee not to exceed fifty dollars for processing an application requesting the exemption provided by this section. No property shall be eligible for such exemption unless the appropriate building permits have been acquired and the commissioner of the revenue or assessing officer has verified that the rehabilitation, renovation or replacement indicated on the application has been completed.

E. Where rehabilitation is achieved through demolition and replacement of an existing structure, the exemption provided in subsection A shall not apply when any structure demolished is a registered Virginia landmark or is determined by the Department of Historic Resources to contribute to the significance of a registered historic district.

§ 58.1-3221. Partial exemption for certain rehabilitated, renovated or replacement commercial or industrial structures.

A. The governing body of any county, city or town may, by ordinance, provide for the partial exemption from taxation of real estate on which any structure or other improvement no less than ~~twenty-five~~ twenty years of age, or fifteen years of age if the structure is located in an area designated as an enterprise zone by the Commonwealth, has undergone substantial rehabilitation, renovation or replacement for commercial or industrial use, subject to such conditions as the ordinance may prescribe. The ordinance may, in addition to any other restrictions hereinafter provided, restrict such exemptions to real property located within described zones or districts whose boundaries shall be determined by the governing body. The governing body of a county, city or town may establish criteria for determining whether real estate qualifies for the partial exemption authorized by this provision and may require the

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60 structure to be older than ~~twenty-five~~ *twenty* years of age, or fifteen years of age if the structure is  
61 located in an area designated as an enterprise zone by the Commonwealth, or place such other  
62 restrictions and conditions on such property as may be prescribed by ordinance. Such ordinance may  
63 also provide for the partial exemption from taxation of real estate which has been substantially  
64 rehabilitated by complete replacement for commercial and industrial use. Such replacement structures  
65 may exceed the total square footage of the replaced structures by no more than 110 percent in areas  
66 designated as enterprise zones by the Commonwealth, and by no more than 100 percent in all other  
67 areas.

68 B. The partial exemption provided by the local governing body may not exceed an amount equal to  
69 the increase in assessed value resulting from the rehabilitation, renovation or replacement of the  
70 commercial or industrial structure as determined by the commissioner of revenue or other local assessing  
71 officer or an amount up to fifty percent of the cost of rehabilitation, renovation or replacement as  
72 determined by ordinance. The exemption may commence upon completion of the rehabilitation,  
73 renovation or replacement, or on January 1 of the year following completion of the rehabilitation,  
74 renovation or replacement and shall run with the real estate for a period of no longer than ~~ten~~ *fifteen*  
75 years. The governing body of a county, city or town may place a shorter time limitation on the length  
76 of such exemption, or reduce the amount of the exemption in annual steps over the entire period or a  
77 portion thereof, in such manner as the ordinance may prescribe.

78 C. Nothing in this section shall be construed as to permit the commissioner of the revenue to list  
79 upon the land book any reduced value due to the exemption provided in subsection B.

80 D. The governing body of any county, city or town may assess a fee not to exceed fifty dollars for  
81 processing an application requesting the exemption provided by this section. No property shall be  
82 eligible for such exemption unless the appropriate building permits have been acquired and the  
83 commissioner of the revenue or assessing officer has verified that the rehabilitation, renovation or  
84 replacement indicated on the application has been completed.

85 E. Where rehabilitation is achieved through demolition and replacement of an existing structure, the  
86 exemption provided in subsection A shall not apply when any structure demolished is a registered  
87 Virginia landmark or is determined by the Department of Historic Resources to contribute to the  
88 significance of a registered historic landmark.