

LD6962364

## HOUSE BILL NO. 846

Offered January 25, 1994

*A BILL to amend and reenact § 58.1-3603 of the Code of Virginia, relating to tax exempt property.*

Patron—Morgan

Referred to Committee on Finance

**Be it enacted by the General Assembly of Virginia:****1. That § 58.1-3603 of the Code of Virginia is amended and reenacted as follows:**

§ 58.1-3603. Exemptions not applicable when building is source of revenue.

A. Whenever any building or land, or part thereof, exempt from taxation pursuant to this chapter and not belonging to the Commonwealth is leased or is otherwise a source of revenue or profit, all of such buildings and land shall be liable to taxation as other land and buildings in the same county, city or town. When a part but not all of any such building or land, however, is leased or otherwise is a source of revenue or profit, and the remainder of such building or land is used by any organization exempted from taxation pursuant to this chapter for its purposes, only such portion as is so leased or is otherwise a source of profit or revenue shall be liable for taxation.

B. In assessing any building and the land it occupies pursuant to subsection A, the assessing officer shall only assess for taxation that portion of the property subject to any such lease or otherwise a source of profit or revenue and the tax shall be computed on the basis of the ratio of the space subject to any such lease or otherwise a source of profit or revenue to the entire property. When any such property is leased for portions of a year the tax shall be computed on the basis of the average use of such property for the preceding year.

C. To the extent the nonprofit owner of any building or land, not belonging to the Commonwealth, exempt from taxation in whole or part, has unrelated business taxable income as defined by § 512 of the Internal Revenue Code, it shall be presumed that such property is not being used exclusively for charitable purposes within the meaning of Article X, Section 6 (a) (6) of the Constitution of Virginia, and that portion of the property being used to generate such unrelated business taxable income shall be liable to taxation as other land and buildings in the same jurisdiction. Within ten days after the due date, including extensions, of the filing of the federal income tax return for the taxable year in which unrelated business taxable income has been generated, the nonprofit organization shall file copies of the organization's most recent federal tax return with the commissioner of the revenue, or other officer performing such duties for each jurisdiction in which property used to generate unrelated business taxable income is located. The provisions of this subsection shall not apply to any property if the owner of such property has unrelated business taxable income in an amount less than the real estate taxes which would be due from the tax exempt real estate, or portions thereof, if such real estate were otherwise taxable pursuant to this subsection.

INTRODUCED

HB846