

DEPARTMENT OF TAXATION

2022 Fiscal Impact Statement

1. **Patron** Tara A. Durant

2. **Bill Number** HB 1010

3. **Committee** Senate Finance and Appropriations

House of Origin:

 Introduced

 Substitute

 Engrossed

4. **Title** Real Property Taxes; Rate of Increase

Second House:

 X **In Committee**

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would amend the notice provisions applicable to public hearings required when a county, city, or town seeks to impose a real property tax rate that would produce more than 101 percent of the amount of real property taxes collected for the previous year. In a locality that conducts its reassessment more than once every four years, the notice for the public hearing would be required to be published on a different day and in a different notice from any notice published for the annual budget hearing.

Under current law, the governing body of a locality is required to limit their real property tax rate to a rate that would collect no more than 101 percent of the amount of real property taxes collected for the previous year. Increases above this rate may only be imposed if the locality holds a public meeting.

If enacted during the regular session of the 2022 General Assembly, this bill would become effective July 1, 2022.

This is Executive Legislation.

6. **Budget amendment necessary:** No

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

8. **Fiscal implications:**

Administrative Costs

This bill could result in administrative costs to localities based on the new notice requirements. This bill would have no impact on state administrative costs.

Revenue Impact

This bill should have no impact on local or state revenue.

9. Specific agency or political subdivisions affected: All localities

10. Technical amendment necessary: No

11. Other comments:

Background

Under current law, taxes for each year on real estate subject to assessment or reassessment are extended on the basis of the last general reassessment or biennial assessment made prior to such year. When any annual assessment, biennial assessment or general reassessment of real property would result in an increase of one percent or more in the total real property tax levied, such county, city, or town is required to reduce its rate of levy for the forthcoming tax year so as to cause such rate of levy to produce no more than 101 percent of the previous year's real property tax levies, unless the locality holds a public hearing.

The governing body of a county, city, or town may, after conducting a public hearing, increase the rate above the reduced rate required if any such increase is deemed to be necessary by such governing body.

Notice of any such public hearing must be given at least 30 days before the date of the hearing in (i) at least one newspaper of general circulation in such county or city and (ii) a prominent public location at which notices are regularly posted.

Proposal

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cc : Secretary of Finance

Date: 2/17/2022 SK
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