

# DEPARTMENT OF TAXATION

## 2022 Fiscal Impact Statement

1. **Patron** Angelia Williams Graves
3. **Committee** House Finance
4. **Title** Refunds of local taxes; Authority of Treasurer

2. **Bill Number** HB 368  
**House of Origin:**  
  X   **Introduced**  
      **Substitute**  
      **Engrossed**  
  
**Second House:**  
      **In Committee**  
      **Substitute**  
      **Enrolled**

**5. Summary/Purpose:**

This bill would increase from \$5,000 to \$10,000 the maximum amount the governing body of a locality may authorize its treasurer to approve and issue for a refund of taxes paid as a result of an erroneous tax assessment.

Currently, local governing bodies are permitted to authorize the treasurer of the locality to approve and issue refunds for erroneous taxes paid up to a maximum of \$5,000. If the refund due exceeds that amount, the governing body must direct the treasurer of the locality to refund the excess to the specific taxpayer, with interest if authorized.

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

6. **Budget amendment necessary:** No.
7. **Fiscal Impact Estimates are:** Not available. (See Line 8.)
8. **Fiscal implications:**

Administrative Costs

This bill may have an unknown impact on local administrative costs. This bill would have no impact on state administrative costs.

Revenue Impact

This bill may have an unknown impact on local revenues. This bill 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 \$5,000 as a result of an erroneous assessment. House Bill 316 (2020 Acts of Assembly, Chapter 240) increased this threshold from \$2,500 to \$5,000.

Proposal

This bill would increase from \$5,000 to \$10,000 the maximum amount the governing body of a locality may authorize its treasurer to approve and issue for a refund of taxes paid as a result of an erroneous tax assessment.

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

Similar Legislation

**Senate Bill 12** grants localities permissive authority to return surplus personal property tax revenues to taxpayers.

cc : Secretary of Finance

Date: 1/18/2022 VB  
HB368F161