

DEPARTMENT OF TAXATION

2022 Fiscal Impact Statement

1. **Patron** Mark L. Keam

3. **Committee** House Finance

4. **Title** Stormwater management service districts;
Rate of taxation

2. **Bill Number** HB 697

House of Origin:

X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would provide that if a locality located within a stormwater management service district requires, by ordinance, that certain property owners maintain private stormwater management facilities, the rate of tax imposed by such service district on such property owners shall be half of the amount imposed on property owners not required to maintain private stormwater management facilities.

Under current law, owners of property located within a stormwater management service district that are required by their locality to maintain private stormwater management facilities do not enjoy a separate rate of taxation.

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

Revenue Impact

This bill could have a negative impact on local revenues the extent of which is unknown. This bill would have no impact on state revenues.

9. **Specific agency or political subdivisions affected:**

Localities encompassing stormwater management service districts

10. Technical amendment necessary: No.

11. Other comments:

Service Districts

Localities are authorized to, by ordinance, create service districts within their boundaries, including stormwater management service districts. The purpose of service districts is to provide additional, more complete or more timely services of government than are desired in the locality or localities as a whole. Localities seeking to create a service district must conduct a public hearing prior to the district's creation.

The ordinance establishing the service district must include the name and boundaries of the proposed district; specify any areas within the district that are to be excluded; describe the purposes of the district and the facilities and services proposed within the district; describe a proposed plan for providing such facilities and services within the district; and describe the benefits which can be expected from the provision of the proposed facilities and services within the district.

Annual Tax

Upon passage of an ordinance creating a service district, localities are statutorily granted several powers with respect to these districts. Among these powers, localities may levy and collect an annual tax on any property in the service district that is subject to local taxation to pay for the expenses and charges for providing certain governmental services to the district, such as water supply, garbage removal and disposal, and transportation. The tax may be levied on taxable real estate zoned for residential, commercial, industrial or other uses, or any combination of such use classification, within the boundaries of the service district. The annual tax may not be levied to pay for schools, police, or general government services. Proceeds from the tax must be allocated to the district in which the funds were raised.

Proposal

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

cc : Secretary of Finance

Date: 1/20/2022 VB
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