

DEPARTMENT OF TAXATION

2022 Fiscal Impact Statement

1. **Patron** John A Cosgrove

2. **Bill Number** SB 620

3. **Committee** Senate Finance and Appropriations

House of Origin:

X **Introduced**

 Substitute

 Engrossed

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

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would require the governing body of a locality to hold a referendum before making increases in their real property tax rate of one percent or more in the total real property tax levied.

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 required to hold a referendum. This bill would have no impact on state administrative costs

Revenue Impact

This bill could have an unknown revenue impact to localities that are not able to raise their real estate tax rate. This bill would have no impact on 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.

Proposal

This bill would require the governing body of a locality to hold a referendum before making increases in their real property tax rate of one percent or more in the total real property tax levied.

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

Similar Legislation

House Bill 1010 is identical to this bill.

cc : Secretary of Finance

Date: 1/21/2022 SK
SB620F161