

**SENATE APPROPRIATIONS COMMITTEE
FISCAL NOTE**

BILL NO. Senate Bill 899

PRINTER NO. 1065

AMOUNT

No Fiscal Impact

FUND

General Fund

DATE INTRODUCED

June 18, 2015

PRIME SPONSOR

Senator Hutchinson

DESCRIPTION AND PURPOSE OF BILL

Senate Bill 899 amends Chapter 88 of Title 53, known as the Consolidated County Assessment Law, to expand the anti-windfall provisions to cover any special tax created through a referendum under the Taxpayer Relief Act of 2006.

The legislation provides clarification on provisions that require the adjustment of rates of taxes on real property following a countywide reassessment. Currently, the Consolidated County Assessment Law contains language commonly referred to as "anti-windfall" provisions. The provisions specify that, if the outcome of a countywide reassessment of real property in the county will result in an increase in the revenues collected from the enacted tax rates, then the governing body of the political subdivision levying the tax must decrease the rate of tax to a rate that would be revenue neutral as compared to the previous year before any further action is taken on the tax. However, the governing body is permitted to increase the final tax rate such that the total amount of property tax revenue received can increase by up to 10% for the first year following reassessment, thus limiting the "windfall" of revenue following a reassessment.

Senate Bill 899 amends the Consolidated County Assessment Law to specify that "each" tax must be made revenue neutral after a countywide reassessment, which clarifies that multiple tax rates cannot be adjusted differently so long as total revenue neutrality is the final outcome.

Additionally, the bill requires that tax rates previously set by referendum must also be adjusted in a revenue neutral manner, notwithstanding the fact that the rate was established by referendum. However, subsequent changes in the rate of those referendum taxes must be made according to the procedure established in the enabling act.

This act shall take effect in 60 days.

FISCAL IMPACT:

Senate Bill 899 will have no adverse fiscal impact on Commonwealth funds.