



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1582

PRINTERS NO. 2999

PRIME SPONSOR: Taylor

COST / (SAVINGS)

FUND	FY 2011/12	FY 2012/13
General Fund	\$0	\$0
Municipal Authority Funds	\$0	\$0

SUMMARY: Amends Chapter 56 of Title 53 (Municipalities Generally), known as the Municipality Authority Act.. This legislation would take effect in 60 days.

ANALYSIS: Amends Chapter 56 of Title 53 (Municipalities Generally), known as the Municipality Authority Act, regarding assessments imposed by business improvement districts.

Calculation of Assessments: If a business improvement district contains single-family residential properties, residential cooperative properties (coops) or condominium properties and other properties, the authority established to provide business improvements and administrative services may elect to calculate assessments based on all of the following:

- 1) The assessed value of each benefited single-family residential property or residential coop shall be 1/2 of the assessed value of the property for real estate tax purposes.
- 2) The assessed value of the condominium owners' association shall be the sum of the assessed value for real estate tax purposes of any real estate owned by the association and such assessed value of all individual units, including their undivided interests in the common elements and any limited common elements, except that the value of any single-family residential unit shall be 1/2 of such assessed value of the unit for real estate tax purposes. In the case of a condominium, the unit owners' association shall be assessed. Individual units may not be assessed. The authority shall provide the unit owner's association with the assessed value for the association and each individual unit. The unit owner's association shall add the district assessment to the fee charged to the unit. The district assessment shall be listed separately on any bill sent to the unit owner.
- 3) The district assessment shall be calculated by multiplying the total improvement and services cost by the ratio of the district assessed value of the benefited single family residential property, benefited coop or benefited unit owners' association to the sum of the district assessed value of all benefited single-family residential properties, the district assessed value of all residential coops, the district assessed

value of all benefited unit owners' associations and the assessed value of all remaining benefited properties in the business improvement district.

- 4) The remaining benefited properties shall be assessed by multiplying in each case the total improvement and services cost by the ratio of the assessed value of the remaining benefited property to the sum of the district assessed value of all benefited single-family residential properties, the district assessed value of all residential coops, the district assessed value of all benefited unit owners' associations and the assessed value of all remaining benefited properties in the business improvement district.

Exemptions: For purposes of determining these assessments, the assessed value of a benefited property shall not be reduced for any improvements for which an exemption or abatement has been granted.

Claims: Any claim entered to secure the payment of an assessment against a condominium owners' association shall be enforceable as a judgment for money against the association within the meaning of and under the provisions of Title 68 § 3319 (relating to other liens affecting the condominium). If assessments are not paid by an individual condominium unit owner, enforcement remedies shall be taken against that owner, not other unit owners or the entire association. An authority shall discharge a lien against an owners' association to the extent that it constitutes a lien on a particular unit upon proof of payment, either to the unit owners' association or to the authority, by the owner of the particular unit of his itemized share of the assessment on the unit owners' association.

Objections: In the case of an authority that has elected to make assessments under provisions proposed by this legislation, the objections in writing must be made by either:

- (i) one-third of the owners of benefited commercial properties; or
- (ii) owners of properties representing one-third of the amount of all business improvement district assessments for the first year of the proposed plan and budget after the reduction in district assessments under this proposal.

For purposes of calculating 1/3 of the benefited commercial properties, the term "benefited commercial properties" shall include all nonresidential property, each condominium association formed under Title 68 Pt. II, Subpt. B as one property and may not include any individual condominium so formed nor any single-family residential property.

FISCAL IMPACT: This legislation would have no adverse impact on Commonwealth funds. This legislation would have no adverse impact on municipal authority funds as it just changes the way assessments are calculated and not the aggregate amount of assessments receivable.

PREPARED BY: Tim Rodrigo
House Appropriations Committee (R)

DATE: February 7, 2012

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.