



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 405

PRINTER'S NO. 1447

PRIME SPONSOR: Galloway

COST / (SAVINGS)

FUND	FY 2022/23	FY 2023/24
General Fund	\$0	See Fiscal Impact

SUMMARY:

House Bill 405, Printer's Number 1447 would clarify language allowing certain homeowners to choose the county or municipality in which their property will be assessed if county or municipal boundaries pass through their property.

ANALYSIS:

The bill amends Title 53 (Municipalities Generally) to establish a procedure for homeowners to formally select which county or municipality their property would be assessed in for taxation purposes if county or municipal boundary lines pass through their property. This procedure would also allow for future homeowners of the property to make their own selection for where they want their property to be assessed upon purchase of the property unless the county or municipality boundaries change.

The bill also clarifies language that if municipality boundary lines pass through a property and the owner refuses or neglects to select in which municipality they want to be assessed in, the land would be assessed in the municipality in which the larger portion of the property is located. This change would bring this provision in line with the existing procedure if county boundary lines pass through the property.

Finally, the bill adds a new provision to Title 68 (Real and Personal Property) to require that property disclosure statements prepared by a home seller for a home buyer include a notification that the buyer may have the option to determine the county or municipality in which their property will be assessed if the property is divided by a municipal boundary, and that their decision must be filed with the county assessment office.

This bill would take effect 60 days upon enactment.

FISCAL IMPACT:

This bill would have minimal fiscal impact on commonwealth funds in 2023/24.

Property assessments are completed at the county level, so state funds would not be impacted by homeowners choosing the county or municipality they want their property to be assessed in. However, this could impact county or municipality budgets if they lose a property within their jurisdiction to assess and tax. With that said, homeowners in these situations are already permitted to select where they want their property to be assessed. This bill establishes a formal procedure that homeowners would go through to make their selection, which may also impact county budgets if costs are incurred for the county assessment office to process selections made from homeowners.

The provision that would require property disclosure statements to include a notification that a new homeowner of a property with county or municipal boundary lines passing through it may choose the county or municipality that their property is assessed in would come at minimal cost to the state. Under current state law, individuals selling their property are required to complete a property disclosure statement for the buyers. The form that sellers are required to complete is promulgated by the State Real Estate Commission. This amendment would require the Commission to update the existing form. The Department of State estimates that this change would incur a cost to the department of about \$10,000-\$15,000 for staff costs to promulgate a regulation package with the updates, and there would be a minimal cost to update the form. This cost can likely be absorbed by the department within its existing budget.

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House Appropriations Committee (D)

DATE: June 6, 2023

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