

HOUSE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. House Bill 1913

PRINTER'S NO. 3211

AMOUNT

No Fiscal Impact

FUND

General Fund

DATE INTRODUCED

November 3, 2011

PRIME SPONSOR

Representative Culver

HISTORY OF BILL

Referred to FINANCE, Nov. 3, 2011

Reported as amended, March 13, 2012

First consideration, March 13, 2012

Laid on the table, March 13, 2012

Removed from table, March 14, 2012

Second consideration, March 26, 2012

Re-committed to APPROPRIATIONS, March 26, 2012

Re-reported as committed, March 27, 2012

Third consideration and final passage, March 27, 2012 (196-0)

In the Senate

Referred to FINANCE, April 10, 2012

Reported as committed, May 9, 2012

First consideration, May 9, 2012

Re-referred to APPROPRIATIONS, May 23, 2012

Re-reported as committed, June 4, 2012

DESCRIPTION AND PURPOSE OF BILL

House Bill 1913 establishes a freestanding act known as The Real Estate Tax Abatement for Properties Damaged by Hurricane Irene or Tropical Storm Lee Act. The taxing authorities of the various counties, municipalities and school districts may, by ordinance or resolution, abate real estate taxes imposed by them for the 2011 tax year, if the real property upon which the tax was imposed was damaged or destroyed by Hurricane Irene or Tropical Storm Lee.

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The legislation provides that the amount of any real estate tax abated shall be in proportion to the damage to the property as measured by a reduction in the assessed valuation of the property by the county assessment office. The county assessment office is authorized to reassess damaged properties retroactive to August 1, 2011, to reflect reductions in property value due to damage resulting from either of the storms. Furthermore, a damage assessment performed in conjunction with FEMA may be used to determine the abatement.

If the real estate tax has already been paid, a portion may be refunded or reflected as a credit for the succeeding tax year. The amount of real estate tax abated, credited or refunded by any taxing authority shall not exceed \$30,000 for any single property, notwithstanding any other exclusion applicable to the property.

No abatement, credit or refund may be allowed for the year 2011 unless the property owner was also the owner of the property at the time of either storm.

A taxing authority may exempt from real property taxation the assessed valuation of reconstruction or repairs made to properties damaged or destroyed by Hurricane Irene or Tropical Storm Lee. The eligible exemption shall be limited to the difference between the assessed valuation of the property prior to the damages and any increase in valuation of the property due to the actual cost of reconstruction or repairs to the original structure. The legislation sets forth a schedule such that for the first year of exemption, 100% of the eligible assessment shall be exempted; 50% shall be exempted in the second year; 25% shall be exempted in the third year; and the exemption shall terminate after the third year. In order to qualify for the exemption, reconstruction or repair must begin within three years of the date of the storm.

The exemption from taxation shall terminate upon the sale, transfer, conveyance or exchange of the property.

The Act shall take effect immediately.

FISCAL IMPACT:

It is presumed there would be no costs to the Commonwealth.

The legislation would allow local taxing authorities the option of abating or exempting certain real property taxes for a limited time period and in proportion to the amount of damage caused by the storms. Presumably, the taxing authorities will determine whether the potential impact on local funds is sustainable and in the best financial interests of their respective political subdivisions.