

**DEPARTMENT OF TAXATION
2024 Fiscal Impact Statement**

1. **Patron** Ian T. Lovejoy

2. **Bill Number** HB 1004

3. **Committee** House Finance

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

4. **Title** Real property tax; Notice of summary budget

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would require localities to send by mail, along with the annual real property tax bill, a summary of the locality's budget for each of the two previous fiscal years. If the property tax bill is not ordinarily mailed to the taxpayer, the bill would permit the budget summary to be mailed to them separately. The bill would also require the governing body of any locality to attach to or mail with all real estate and tangible personal property tax bills information indicating how the tax rate charged upon such property and revenue derived therefrom is apportioned among the various services and governmental functions provided by the locality.

Under current law, localities are authorized, but not required, to attach to or mail with all real estate and tangible personal property tax bills information indicating how the tax rate charged upon such property and revenue derived therefrom is apportioned among the various services and governmental functions provided by the locality.

If enacted during the regular session of the 2024 General Assembly this bill would become effective July 1, 2024.

6. **Budget amendment necessary:** No.

7. **Fiscal Impact Estimates are:** Not available. (See Line 8.)

8. Fiscal implications:

Administrative Costs

This bill would have an unknown impact on local administrative costs but no impact on state costs.

Revenue Impact

This bill would have no impact on state or local revenues.

9. Specific agency or political subdivisions affected:

All localities

10. Technical amendment necessary: No.

11. Other comments:

Current Law

Local tax officials are statutorily required to provide notices or tax documents to taxpayers by mail in certain situations. For example, localities are required to provide notices that real estate parcels are being removed from special assessment for land preservation because of unpaid delinquent taxes. Additionally, whenever there is a reassessment of real estate, or any change in the assessed value of any real estate, the officer charged with the assessment of real estate must provide notice by mail to each property owner whose assessment has been changed. The notice must currently be sent by mail at least 15 days prior to the date of a hearing to protest such change in assessment.

Local treasurers are generally required to send every taxpayer assessed with taxes and levies a bill setting forth the amount due no later than 14 days prior to the due date of the taxes. The treasurer may elect not to send a bill amounting to \$20 or less. If the taxes are not paid by the due date, the local treasurer must send the taxpayer a past-due tax bill.

Proposal

This bill would require localities to send by mail, along with the annual real property tax bill, a summary of the locality's budget for each of the two previous fiscal years. If the property tax bill is not ordinarily sent to the taxpayer, the budget summary may be mailed to them separately. This bill would also require the governing body of any locality to attach to or mail with all real estate and tangible personal property tax bills information indicating how the tax rate charged upon such property and revenue derived therefrom is apportioned among the various services and governmental functions provided by the locality.

The bill would require the budget document sent to taxpayers to summarize the major components of the locality's budget for each of the previous two fiscal years. Such summary would be required to include:

- A breakdown of total amounts expended,
- Total revenues collected, and
- Amounts expended in each major budget category, including education, public safety, transportation and infrastructure, and any other major areas of expenditure identified by the locality.

If enacted during the regular session of the 2024 General Assembly, this bill would become effective July 1, 2024.

Similar Legislation

House Bill 549 would require localities, after conducting a reassessment of real estate, to provide notice to property owners by mail of certain information prior to adopting a tax rate that would increase the amount of real property tax collected above 101 percent of the prior year's tax collections.

House Bill 639 would require that, in any locality that conducts an annual or biennial reassessment of real estate or in which the reassessment of real estate is conducted primarily by employees of the locality under direction of the commissioner of the revenue, if the total assessed value of real property in the locality, excluding certain additional assessments, (i) exceeds the prior year's total assessed value and (ii) would result in an increase in the total real property tax levied, notice must be given to the property owner that there would be an increase in the total real property tax levied absent a reduction in the current year's tax rate by the local governing body.

Senate Bill 294 would require localities to apply voluntary payments made by a taxpayer to the tax return that accompanies such payment. The bill would provide that no interest will accrue on any unpaid balances 90 days after the date on which a taxpayer files an application for correction by the locality, an administrative appeal, or an application to court for meals taxes, until such appeal is resolved. The bill would also create notice procedures prior to a locality making a levy on property due to delinquent tax payments.

cc : Secretary of Finance

Date: 1/18/2024 VB
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