

**DEPARTMENT OF TAXATION  
2023 Fiscal Impact Statement**

- 1. **Patron** Tara A. Durant
- 3. **Committee** House Finance
- 4. **Title** Real property tax; Notice of rate and assessment changes

- 2. **Bill Number** HB 1942  
**House of Origin:**  
  X   **Introduced**  
      **Substitute**  
      **Engrossed**  
  
**Second House:**  
      **In Committee**  
      **Substitute**  
      **Enrolled**

**5. Summary/Purpose:**

This bill would require that whenever a locality must notify a taxpayer of a reassessment or change in the assessed value of real estate because the new assessed value exceeds the old one, and the tax rate that will apply to the new assessed value has not been established, the notice must set out the lowered rate of tax that would be necessary to offset increased assessments in the locality, if applicable.

Under current law, whenever there is a reassessment or change in the assessed value of real estate, a locality must provide notice to each property owner whose assessment has been changed. Among the information included, the notice must show the new and immediately prior two final assessed values of the land and improvements. If the tax rate that will apply to the new assessed value has been established, then the notice must set out that rate, and in either case, must set out the tax rates for the immediately prior two tax years, the total amount of the new tax levy, the amounts of the total tax levies for the immediately prior two tax years, and the percentage changes in the new tax levy from those in the immediately prior two tax years. A locality may be required to lower the rate of tax where an assessment would result in greater than 101 percent of the previous year's real property tax being collected.

If enacted during the regular session of the 2023 General Assembly, this bill would become effective July 1, 2023.

- 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. This bill would not impact state administrative 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:**

#### Background

Current law requires that whenever there is a reassessment or change in the assessed value of real estate, a locality must provide notice by mail directly to each property owner whose assessment has been changed. Notice must be sent by postpaid mail at least 15 days prior to the date of the hearing to protest the change in assessment. The notice must show the magisterial or other district, if any, in which the real estate is located and the new and immediately prior two assessed values of land and improvements.

For changes in assessment that do not arise solely from the construction or addition of new improvements to real estate, if the tax rate that will apply to the new assessed value has been established, then the notice must set out that rate, and in either case, must set out the tax rates for the immediately prior two tax years, the total amount of the new tax levy, the amounts of the total tax levies for the immediately prior two tax years, and the percentage changes in the new tax levy from those in the immediately prior two tax years. If, however, the tax rate for the new assessed value has not been established, the notice must identify the time and place of the next local governing body meeting for public testimony on the real estate tax rate changes. Where changes in the local real property tax assessment are due to the construction or addition of new improvements to the property, the notice of change in assessment for the property need not set out this information.

Current law also requires that when any annual, biennial, or general assessment of real property by a county, city, or town would result in an increase of one percent or more in the total property tax levied, the locality must reduce its rate of levy for the forthcoming tax year so as to cause the rate of levy to produce no more than 101 percent of the previous year's real property tax levies. The locality may avoid this required rate reduction by holding a public hearing, separate from the annual budget hearing, wherein it deems an increase above the 101 percent threshold is necessary.

#### Proposal

This bill would require that whenever a locality must notify a taxpayer of a reassessment or change in the assessed value of real estate because the new assessed value exceeds the old one, and the tax rate that will apply to the new assessed value has not been established, the notice must set out the lowered rate of tax that would be necessary to offset increased assessments in the locality, if applicable.

If enacted during the regular session of the 2023 General Assembly, this bill would become effective July 1, 2023.

Similar Bills

**House Bill 1749** would provide that the governing body of a locality may increase the real property tax rate by using a tiered approach depending on the size of the percentage rate increase.

cc : Secretary of Finance

Date: 1/22/2023 VB  
HB1942F161