

2018 Legislative Summary

Real Estate Tax

HB 71 Constitutional amendment; real property tax exemption for spouse of disabled veteran.

Chief patron: Miyares

An Act to provide for the submission to the voters of a proposed amendment to Section 6-A of Article X of the Constitution of Virginia, relating to real property tax; exemption.

Summary as passed:

Constitutional amendment (voter referendum); real property tax exemption for surviving spouses of certain disabled veterans. Provides for a referendum at the November 6, 2018, election to approve or reject an amendment to the real property tax exemption for a primary residence that is currently provided to the surviving spouses of veterans who had a one hundred percent service-connected, permanent, and total disability to allow the surviving spouse to move to a different principal place of residence. Similar real property tax exemptions provided in the Constitution of Virginia to (i) the surviving spouses of members of the armed forces killed in action and (ii) the surviving spouses of certain emergency services providers killed in the line of duty allow the surviving spouse to move to a different principal place of residence and still claim the tax exemption. This bill is the companion ballot legislation for HJR 6 and is identical to SB 900.

HB 190 Real property tax; boards of equalization.

Chief patron: Hope

An Act to amend and reenact § 58.1-3378 of the Code of Virginia, relating to real property tax; boards of equalization.

Summary as introduced:

Real property tax; boards of equalization. Provides that applications for relief from real property assessments sent electronically to boards of equalization are deemed received on the date applicants send the applications.

HB 590 Real property tax; determining fair market value of real property owned by a community land trust.

Chief patron: Carr

An Act to amend the Code of Virginia by adding in Article 7 of Chapter 32 of Title 58.1 a section numbered 58.1-3295.2, relating to real property tax; assessment or exemption of certain property conveyed or owned by a community land trust.

Summary as passed House:

Real property tax; assessment or exemption of property conveyed or owned by a community land trust. Requires the assessor, in determining the fair market value of structural improvements conveyed by a community land trust, subject to a ground lease having a term of at least 90 years, while retaining a preemptive option to purchase such structural improvements at a price determined by a formula that is designed to ensure that the improvements remain affordable to low-income and moderate-income families in perpetuity, to consider (i) certain restrictions on the price at which the improvements may be sold and (ii) the amount of loans of the owner of the improvements as evidenced by a deed of trust or leasehold deed of trust on the improvements or underlying real property owned by

the community land trust and that earns no interest and requires no repayment prior to satisfaction of any interest-earning promissory note or a subsequent transfer of the property, whichever comes first.

HB 591 Land bank entities; real property tax exemption for certain leasehold interests.

Chief patron: Carr

An Act to amend and reenact § 58.1-3203 of the Code of Virginia, relating to real property tax; exemption for certain leasehold interests held by land bank entities.

Summary as introduced:

Land bank entities; real property tax exemption for certain leasehold interests. Exempts from real property taxation leasehold interests in property acquired or used by a land bank entity.

HB 871 Real property tax; land use valuation.

Chief patron: Orrock

An Act to amend and reenact §§ 58.1-3230, 58.1-3231, and 58.1-3234 of the Code of Virginia, relating to real property tax; use value assessment.

Summary as passed House:

Real property tax; land use valuation. Provides that (i) land devoted to agricultural use includes land devoted to the sale of products made from plants and animals located on the property, (ii) land devoted to horticultural use includes land devoted to plants and the sale of products made from horticultural items, (iii) the agreement pursuant to soil and water conservation programs that qualifies land as devoted to agricultural or horticultural uses may be made with the Commonwealth, (iv) land designated for use value assessment shall not lose such designation solely because of its location in a newly created zoning district that was not requested by the property owner, and (v) if the state uniform standards for eligibility for real estate devoted to agricultural use or horticultural use require a minimum length of time of a specified use, then the use of other similar property by a lessee of the owner shall be included in calculating such time, and the Commissioner of Agriculture and Consumer Services shall include in the uniform standards a shorter length of time for real estate with no prior qualifying use, provided that the owner submits a written document of the owner's intent regarding use of the real estate containing elements set out in the uniform standards.

HB 894 Real property tax; exemption for single member limited liability company.

Chief patron: Webert

An Act to amend and reenact § 58.1-3651 of the Code of Virginia, relating to real property tax; exemptions.

Summary as introduced:

Real property tax; exemption. Specifies that a single member limited liability company whose sole member is a nonprofit organization is eligible to be considered for a property exemption by a locality the same as other nonprofit organizations.

HB 1204 Real property tax; special and separate assessment of open space in certain counties.

Chief patron: Hugo

An Act to amend the Code of Virginia by adding a section numbered 58.1-3284.4, relating to real property tax; special and separate assessment of open space in certain localities.

Summary as passed:

Real property tax; open space; special and separate assessment in certain counties. Requires the assessing official in any county that experienced at least a 14 percent increase in population from 2010 to 2016 to specially and separately assess real property that is devoted to open space use and that contains at least 20 acres on the basis of the actual physical use of the property, if requested to do so by the owner. The measure is effective for taxable years beginning on or after January 1, 2018.

HB 1442 Real property tax; assessment of wetlands.

Chief patron: Orrock

An Act to amend and reenact § 58.1-3284.3 of the Code of Virginia, relating to real property tax; assessment of wetlands.

Summary as passed House:

Real property tax; assessment of wetlands. Directs the commissioner of revenue, when separately and specially assessing wetlands at the request of the property owner and if the assessing official disagrees with the property owner as to the presence of wetlands, to recognize (i) the National Wetlands Inventory Map prepared by the U.S. Fish and Wildlife Service, (ii) a wetland delineation map confirmed by a Preliminary Jurisdictional Determination, or (iii) an Approved Jurisdictional Determination issued by the U.S. Army Corps of Engineers and provided by the property owner.

HB 1495 Real property tax; increases term of boards of equalization.

Chief patron: Orrock

An Act to amend and reenact §§ 58.1-3370 and 58.1-3378 of the Code of Virginia, relating to real property tax; boards of equalization.

Summary as passed House:

Real property tax; boards of equalization. Provides that if a taxpayer applies to the commissioner of the revenue or other official performing the duties imposed on commissioners of the revenue for relief from a real property tax assessment prior to the expiration of the board of equalization's term, and the term of the board of equalization expires prior to a final determination on such application for relief, and the taxpayer advises the circuit court that he wishes to appeal the determination to the board of equalization, then the circuit court may reappoint the board of equalization to hear and act on such appeal.

HJ 6 Constitutional amendment; real property tax exemption for spouse of disabled veteran.

Chief patron: Miyares

Proposing an amendment to Section 6-A of Article X of the Constitution of Virginia, relating to real property tax; exemption.

Summary as introduced:

Constitutional amendment (second resolution); real property tax; exemption for surviving spouse of a disabled veteran. Provides that the real property tax exemption for the principal residence of the surviving spouse of a disabled military veteran applies without any restriction on the surviving spouse's moving to a different principal place of residence.

SB 228 Real estate taxes; clarifies when amount of taxes deferred pursuant to a local ordinance become due.

Chief patron: Howell

An Act to amend and reenact § 58.1-3216 of the Code of Virginia, relating to recapture of deferred real estate taxes.

Summary as introduced:

Recapture of deferred real estate taxes. Clarifies when the amount of real estate taxes deferred pursuant to a local ordinance become due.

SB 430 Real property tax; disabled veterans.

Chief patron: Wexton

An Act to amend and reenact § 58.1-3219.5 of the Code of Virginia, relating to real property tax exemption; disabled veterans.

Summary as introduced:

Real property tax exemption; veterans. Removes an extraneous reference to deferral in a provision relating to real property tax exemption.

SB 900 Constitutional amendment; real property tax exemption for spouse of disabled veteran.

Chief patron: Stuart

An Act to provide for the submission to the voters of a proposed amendment to Section 6-A of Article X of the Constitution of Virginia, relating to real property tax; exemption.

Summary as passed:

Constitutional amendment (voter referendum); real property tax exemption for surviving spouses of certain disabled veterans. Provides for a referendum at the November 6, 2018, election to approve or reject an amendment to the real property tax exemption for a primary residence that is currently provided to the surviving spouses of veterans who had a one hundred percent service-connected, permanent, and total disability to allow the surviving

spouse to move to a different principal place of residence. Similar real property tax exemptions provided in the Constitution of Virginia to (i) the surviving spouses of members of the armed forces killed in action and (ii) the surviving spouses of certain emergency services providers killed in the line of duty allow the surviving spouse to move to a different principal place of residence and still claim the tax exemption. This bill is the companion ballot legislation for SJR 76 and is identical to HB 71.

SJ 76 Constitutional amendment; real property tax exemption for spouse of disabled veteran.

Chief patron: Stuart

Proposing an amendment to Section 6-A of Article X of the Constitution of Virginia, relating to real property tax; exemption.

Summary as introduced:

Constitutional amendment (second resolution); real property tax; exemption for surviving spouse of a disabled veteran. Provides that the real property tax exemption for the principal residence of the surviving spouse of a disabled military veteran applies without any restriction on the surviving spouse's moving to a different principal place of residence.

Personal Property Tax

HB 828 Personal property tax; computer equipment and peripherals used in data centers.

Chief patron: Bagby

An Act to amend and reenact §§ 58.1-3503 and 58.1-3506 of the Code of Virginia, relating to personal property tax; computer equipment and peripherals used in data centers.

Summary as passed House:

Personal property tax; computer equipment and peripherals used in data centers. Creates a separate classification of tangible personal property, for valuation purposes, for computer equipment and peripherals used in a data center. The classification specifies that the computer equipment and peripherals shall be valued by means of a percentage or percentages of original cost or by any other method that reasonably may be expected to determine fair market value. This bill is identical to SB 268.

HB 1022 Personal property tax; definition of agricultural products.

Chief patron: Adams, L.R.

An Act to amend and reenact § 58.1-3505 of the Code of Virginia, relating to personal property tax; definition of agricultural products.

Summary as introduced:

Personal property tax; definition of agricultural products. Defines "agricultural products," for the purposes of the classification of tangible personal property for taxation, as any livestock, aquaculture, poultry, horticultural, floricultural, viticulture, silvicultural, or other farm crops. This bill is identical to SB 314.

HJ 98 Business property; Department of Taxation to study appeals concerning valuation.

Chief patron: Byron

Directing the Department of Taxation to study and make recommendations regarding the Commonwealth's appeals process for businesses disputing determinations of the fair market value of real and tangible personal property. Report.

Summary as passed House:

Study; Department of Taxation; appeals concerning valuation of business property; report. Directs the Department of Taxation to study and make recommendations on the appeals process for valuation of real and personal property of businesses.

SB 268 Personal property tax; computer equipment and peripherals used in data centers.

Chief patron: Dunnavant

An Act to amend and reenact §§ 58.1-3503 and 58.1-3506 of the Code of Virginia, relating to personal property tax; computer equipment and peripherals used in data centers.

Summary as passed Senate:

Personal property tax; computer equipment and peripherals used in data centers. Creates a separate classification of tangible personal property, for valuation purposes, for computer equipment and peripherals used in a data center. The classification specifies that the computer equipment and peripherals shall be valued by means of a percentage or percentages of original cost or by any other method that reasonably may be expected to determine fair market value. This bill is identical to HB 828.

SB 314 Personal property tax; definition of agricultural products.

Chief patron: Ruff

An Act to amend and reenact § 58.1-3505 of the Code of Virginia, relating to personal property tax; definition of agricultural products.

Summary as introduced:

Personal property tax; definition of agricultural products. Defines "agricultural products," for the purposes of the classification of tangible personal property for taxation, as any livestock, aquaculture, poultry, horticultural, floricultural, viticulture, silvicultural, or other farm crops. This bill is identical to HB 1022.

SB 902 Property tax; exemption for solar energy equipment and facilities.

Chief patron: Lucas

An Act to amend and reenact § 58.1-3660 of the Code of Virginia, relating to property tax exemption for solar energy equipment and facilities.

Summary as passed:

Property tax exemption for solar energy equipment and facilities. Limits the property tax exemption for solar equipment and facilities owned and operated by a business, which exemption currently applies to 80 percent of the assessed value of certain projects, to those projects equaling less than 150 megawatts.

Other Taxes

HB 119 Merchants' capital tax; classification.

Chief patron: Thomas

An Act to amend the Code of Virginia by adding a section numbered 58.1-3510.02, relating to merchants' capital tax; classification.

Summary as introduced:

Merchants' capital tax; classification. Creates a separate class for merchants' capital of any wholesaler reported as inventory that is located, and is normally located, in a structure that contains at least 100,000 square feet, with at least 100,000 square feet used solely to store such inventory. Any locality may impose a tax rate on such inventory that is lower than that applicable generally to merchants' capital.

HB 495 Secrecy of tax information; local officials to disclose information to non-governmental entities.

Chief patron: Hodges

An Act to amend and reenact § 58.1-3 of the Code of Virginia, relating to secrecy of tax information; authorizes localities to disclose information to third-party contractors.

Summary as passed House:

Secrecy of tax information; authorizes localities to disclose information to third-party contractors. Authorizes local commissioners of the revenue, treasurers, directors of finance, or other similar local officials to disclose tax information to nongovernmental entities with which their locality has contracted to provide services that assist in the administration of refund processing or other non-audit services related to the administration of taxes. The bill prohibits such third-party contractors from disclosing the tax information to other parties.

Under current law, only the Department of Taxation is authorized to disclose tax information to nongovernmental entities with which it has contracted to provide services.

HB 552 Bed-and-breakfast operations; definition of restaurant.

Chief patron: Freitas

An Act to amend and reenact §§ 35.1-1, 35.1-25, and 58.1-3833 of the Code of Virginia, relating to definition of restaurant; exception; bed-and-breakfast operation.

Summary as passed:

Definition of restaurant; exception; bed-and-breakfast operations. Exempts from requirements related to restaurants, including licensure requirements, any bed-and-breakfast operation that prepares food for and offers food to guests, regardless of the time the food is prepared and offered, so long as (i) the premises of the bed-and-breakfast operation is a home that is owner occupied or owner-agent occupied, (ii) the bed-and-breakfast operation prepares food for and offers food to guests only, (iii) the number of guests served by the bed-and-breakfast operation does not exceed 18 on any single day, and (iv) guests for whom food is prepared and to whom food is offered are informed in a manner established by the State Board of Health in regulations that the food is prepared in a kitchen that is not licensed as a restaurant and is not subject to regulations governing restaurants. This bill contains technical amendments.

HB 824 Short-term rentals; local ordinances regulating rentals in Cities of Lexington and Virginia Beach.

Chief patron: Knight

A BILL to address local ordinances concerning the regulation of short-term rentals in the City of Lexington.

Summary as passed House:

Regulation of short-term rentals; City of Lexington. Requires the City of Lexington to comply with various statutory provisions related to the short-term rental of property. The bill provides that (i) any business license that was required by any ordinance in effect regulating short-term rentals shall be null and void, (ii) any license taxes collected for short-term rentals subject to any ordinance in effect shall be refunded, and (iii) any taxpayer who was required to pay transient occupancy taxes for rental of real property for more than 30 days shall be refunded such payment. The bill mandates a deadline of September 30, 2018, for refunds and for the city to amend its existing ordinance.

SB 531 Accelerated refund program; Department of Taxation to reestablish.

Chief patron: Mason

An Act to require the Department of Taxation to reinstitute an accelerated refund program.

Summary as introduced:

Department of Taxation; accelerated refund program. Requires the Department of Taxation to reestablish an accelerated refund program for taxpayers filing income tax returns in person or via the United States mail with a commissioner of the revenue for taxable years beginning on and after January 1, 2018.