DEPARTMENT OF TAXATION
2025 Fiscal Impact Statement

1. **Patron** R. Creigh Deeds

2. **Bill Number** SB 1202
House of Origin:
_____ **Introduced**
_____ **Substitute**
_____ **Engrossed**

Second House:
__X__ **In Committee**
_____ **Substitute**
_____ **Enrolled**

3. **Committee** House Finance

4. **Title** Real Property Tax; Exemption for public libraries and nonprofit institutions of learning

5. **Summary/Purpose:**

This bill would clarify the definitions of "educational purposes" and "institutions of learning" for purposes of the real property tax exemption for public libraries or institutions of learning not conducted for profit.

This bill contains an emergency clause which states that it would be in force from its passage.

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

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

8. **Fiscal implications:**

<u>Administrative Costs</u>

This bill could result in administrative costs to localities based on the clarification of the exemption. It would have no impact on state administrative costs.

<u>Revenue Impact</u>

This bill could result in an unknown revenue impact to localities. It would have no impact on state revenues.

9. **Specific agency or political subdivisions affected:**

All localities

10. **Technical amendment necessary:** No.

11. Other comments:

Exemption for public libraries and nonprofit institutions of learning

Article X, Section 6 (a) (4) of the *Constitution of Virginia* exempts from state and local taxation real estate property owned by public libraries or by institutions of learning not conducted for profit, so long as such property is primarily used for literary, scientific, or educational purposes or purposes incidental thereto. The *Constitution* allows this property to be classified or designated as exempt by an ordinance adopted by the local governing body, subject to any restrictions and conditions provided by the General Assembly. While the General Assembly may restrict or condition these exemptions, it is constitutionally prohibited from extending them.

Proposal

This bill would clarify the definitions of "educational purposes" and "institutions of learning" for purposes of the real property tax exemption for public libraries or institutions of learning not conducted for profit.

"Educational purposes" would include any special education and related services as those terms are defined in the Individuals with Disabilities Education Act (IDEA).

"Institutions of learning" would include any institutions licensed by the Department of Education that provide services pursuant to the IDEA, or any school for students with disabilities in the Commonwealth that is licensed by the Board of Education.

This bill contains an emergency clause which states that it would be in force from its passage.

Similar Legislation

House Bill 1970 would clarify the definitions of "educational purposes" and "institutions of learning" for purposes of the real property tax exemption for public libraries or institutions of learning not conducted for profit; and contains the emergency clause which states that it would be in force from its passage.

cc : Secretary of Finance

Date: 02/05/2025 KS
SB1202FE161