

# Commission on Local Government

## Estimate of Local Fiscal Impact

2025 General Assembly Session | 1/27/2025

In accordance with the provisions of 30-19.03 of the Code of Virginia, the staff of the Commission on Local Government offers the following analysis of legislation impacting local governments.

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### **SB1305: Local taxes; change to zoning ordinances, etc. (Jeremy S. McPike:)**

**Bill Summary:** Local taxes; zoning; assessments; injunctions; ordinances. Provides that for purposes of real estate subject to a special tax assessment for land preservation by local ordinance, a change to the zoning ordinance shall only be effective following (i) the approval of the relevant modification in the zoning classification of real estate; (ii) the exhaustion of the challenge or appeal period; and (iii) if pending, the final determination of any challenge or appeal made within such period.

The bill also provides that for purposes of subdivided or rezoned lots, the assessment or reassessment required by law shall only be effective following (a) the approval of a modification in the zoning classification of the subject real estate, an exception to zoning or classification of the subject real estate, or a reclassification of the subject real estate; (b) the exhaustion of the challenge or appeal period for such approvals; or (c) if pending, the final determination of any such challenge or appeal made within such period.

The bill also authorizes the circuit court to issue an injunction to stay the collection of taxes during the pendency of any application to the circuit court for an assessment correction upon a showing of (1) a bona fide hardship caused by such assessment and (2) a bona fide financial inability to satisfy such assessed tax obligation. Any injunction so issued shall not remain in effect later than when a final determination is made on the merits of an assessment correction application. Under current law, no suit for the purpose of restraining the assessment or collection of any local tax shall be maintained in any court of the Commonwealth, except when the party has no adequate remedy at law.

Finally, the bill provides that any zoning ordinance enacted after December 1, 2023, shall not become effective until the later of either (A) the exhaustion of the period within which a decision of the local governing body may be contested or (B) if pending, the date of final determination for all actions related to a contested decision of the local governing body.

**Local Fiscal Impact:** Net Additional Expenditure: \_\_\_\_\_ Net Reduction of Revenues:   X

## **Commission on Local Government**

### **Summary Analysis:**

**Number of Localities Responding: 5 Cities, 9 Counties, 1 Towns, 1 Other**

Only one locality estimated a negative fiscal impact ranging from \$6.1 million to \$8.9 million over the biennium.

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Net Increase in Expenditures: Itemized Estimates by Responding Localities									
Locality	Nonrecurring Expense - Operating		Nonrecurring Expense - Capital		Nonrecurring Expense - Other		Total Increase in Expenses (Biennium Total)	Response Totals	
	FY26	FY27	FY26	FY27	FY26	FY27			
Albemarle County							0	Cities:	5
Alleghany County								Counties:	9
Chesterfield County								Towns:	1
City of Alexandria								Other:	1
City of Harrisonburg								Total:	16
City of Richmond									
City of Virginia Beach									
City of Winchester									
Fauquier County									
Montgomery County									
Northern Neck PDC									
Prince George County									
Rappahannock County									
Sussex County									
Town of Victoria									
Prince William County					6,700,000	7,400,000			

Locality	Expenditure Narrative by Responding Localities
Albemarle County	No impacts to expenditures are expected.
Alleghany County	
Chesterfield County	This bill may present challenges for enforcing new or updated zoning cases due to the ambiguous language regarding when a zoning case takes effect. This ambiguity could undermine local authority over zoning and create uncertainty over how a property may be used which could lead to unintended consequences. While the exact cost of SB1305 is difficult to specify due to the unique nature of each property and potential zoning-related value fluctuations, the impact is substantial and could pose a significant risk to the County.
City of Alexandria	No anticipate impact since interest would continue to accrue during appeal process.
City of Harrisonburg	
City of Richmond	
City of Virginia Beach™	
City of Winchester	
Fauquier County	No fiscal impact. may be a minor tweak to some processes.
Montgomery County	There is no anticipated fiscal impact to Montgomery County.
Northern Neck PDC	Planning districts exercise no jurisdiction nor receive funding through local zoning ordinances.
Prince George County	Negligible impact on expenditures to extend the effective date of a rezoning of property in land use.
Rappahannock County	
Sussex County	
Town of Victoria	The Town of Victoria currently has no ordinances on special land assessment for land preservation.

Locality	Expenditure Narrative by Responding Localities
Prince William County	<p data-bbox="422 228 1934 370">To date, this particular piece of legislation, if enacted, would appear to apply to the Digital Gateway rezoning. The Devlin Road rezoning occurred in November 2023 so we do not believe it would be impacted by this proposed legislation. Following is an estimate of the additional taxes already assessed and billed on properties in Digital Gateway that would need to be reversed/refunded (excluding interest):</p> <p data-bbox="422 418 705 448">Rollbacks <del>\$</del>1,105,047.57</p> <p data-bbox="422 456 722 485">2024 taxes <del>\$</del>4,583,753.93</p> <p data-bbox="422 534 1835 602">Following is an estimate of the lost revenues for the subsequent five-year period based on a certain set of appreciation assumptions for the out years.</p> <p data-bbox="422 651 646 680">2025 taxes <del>\$</del>6.1 M</p> <p data-bbox="422 688 646 717">2026 taxes <del>\$</del>6,7 M</p> <p data-bbox="422 725 653 755">2027 taxes <del>\$</del>7.4 M</p> <p data-bbox="422 763 653 792">2028 taxes <del>\$</del>8.1 M</p> <p data-bbox="422 800 653 829">2029 taxes <del>\$</del>8.9 M</p>