

HOUSE BILL NO. 68  
AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on Finance  
on \_\_\_\_\_)

(Patron Prior to Substitute—Delegate McNamara)

*A BILL to amend and reenact §§ 58.1-3321 and 58.1-3330 of the Code of Virginia, relating to local taxation of real property; effect on rate when assessment results in tax increase; consideration of inflation.*

**Be it enacted by the General Assembly of Virginia:**

**1. That §§ 58.1-3321 and 58.1-3330 of the Code of Virginia are amended and reenacted as follows:**

**§ 58.1-3321. Effect on rate when assessment results in tax increase; public hearings; referendum.**

A. When any annual assessment, biennial assessment, or general reassessment of real property by a county, city, or town would result in an increase of one percent or more in the total real property tax levied, such county, city, or town shall reduce its rate of levy for the forthcoming tax year so as to cause such rate of levy to produce no more than 101 percent of the previous year's real property tax levies *after adjusting the total of the value of the real property assessed by excluding any increase in the total that is attributable to inflation by referring to the greater of (i) the change in the United States Average Consumer Price Index for all items, all urban consumers (CPI-U), as published by the Bureau of Labor Statistics for the U.S. Department of Labor, since the fiscal year of the last assessment or (ii) zero*, unless subsection B is complied with, which rate shall be determined by multiplying the previous year's total real property tax levies by 101 percent and dividing the product by the forthcoming tax year's total real property assessed value. *If reassessments are not performed annually, inflation shall be taken into account by combining the rate of inflation for each fiscal year since the last assessment was performed, as calculated by the CPI-U.* An additional assessment or reassessment due to the construction of new or other improvements, including those improvements and changes set forth in § 58.1-3285, to the property shall not be an annual assessment or general reassessment within the meaning of this section, nor shall the assessed value of such improvements be included in calculating the new tax levy for purposes of this section. Special levies shall not be included in any calculations provided for under this section.

B. The governing body of a county, city, or town may, after conducting a public hearing, which shall not be held at the same time as the annual budget hearing, increase the rate above the reduced rate required in subsection A if any such increase is deemed to be necessary by such governing body.

C. Notice of any public hearing held pursuant to this section shall be given at least seven days before the

date of such hearing by the publication of a notice in (i) at least one newspaper of general circulation in such county or city and (ii) a prominent public location at which notices are regularly posted in the building where the governing body of the county, city, or town regularly conducts its business. Additionally, in a county, city, or town that conducts its reassessment more than once every four years, the notice for any public hearing held pursuant to this section shall be published on a different day and in a different notice from any notice published for the annual budget hearing. Any such notice shall be at least the size of one-eighth page of a standard size or a tabloid size newspaper, and the headline in the advertisement shall be in a type no smaller than 18-point. The notice described in clause (i) shall not be placed in that portion, if any, of the newspaper reserved for legal notices and classified advertisements. The notice described in clauses (i) and (ii) shall be in the following form and contain the following information, in addition to such other information as the local governing body may elect to include:

#### NOTICE OF PROPOSED REAL PROPERTY TAX INCREASE

The (name of the county, city or town) proposes to increase property tax levies.

1. Assessment Increase: Total assessed value of real property, excluding *any increase in value attributable to the change in the United States Average Consumer Price Index for all items, all urban consumers, since the fiscal year of the last assessment* and additional assessments due to new construction or improvements to property, exceeds last year's total assessed value of real property by \_\_\_\_ percent.

2. Lowered Rate Necessary to Offset Increased Assessment: The tax rate which would levy the same amount of real estate tax as last year, when multiplied by the new total assessed value of real estate with the exclusions mentioned above, would be \$ \_\_\_\_ per \$100 of assessed value. This rate will be known as the "lowered tax rate."

3. Effective Rate Increase: The (name of the county, city or town) proposes to adopt a tax rate of \$ \_\_\_\_ per \$100 of assessed value. The difference between the lowered tax rate and the proposed rate would be \$ \_\_\_\_ per \$100, or \_\_\_\_ percent. This difference will be known as the "effective tax rate increase."

Individual property taxes may, however, increase at a percentage greater than or less than the above percentage.

4. Proposed Total Budget Increase: Based on the proposed real property tax rate and changes in other revenues, the total budget of (name of the county, city or town) will exceed last year's by \_\_\_\_ percent.

A public hearing on the increase will be held on (date and time) at (meeting place).

61 D. All hearings shall be open to the public. The governing body shall permit persons desiring to be heard  
62 an opportunity to present oral testimony within such reasonable time limits as shall be determined by the  
63 governing body.

64 E. The provisions of this section shall not be applicable to the assessment of public service corporation  
65 property by the State Corporation Commission.

66 F. Notwithstanding other provisions of general or special law, the tax rate for taxes due on or before June  
67 30 of each year may be fixed on or before May 15 of that tax year.

68 **§ 58.1-3330. Notice of change in assessment.**

69 A. Whenever in any county, city, or town there is a reassessment of real estate, or any change in the  
70 assessed value of any real estate, notice shall be given by mail directly to each property owner, as shown by  
71 the land books of the county, city, or town whose assessment has been changed. Such notice shall be sent by  
72 postpaid mail at least 15 days prior to the date of a hearing to protest such change to the address of the  
73 property owner as shown on such land books. The governing body of the county, city, or town shall require  
74 the officer of such county, city, or town charged with the assessment of real estate to send such notices or it  
75 shall provide funds or services to the persons making such reassessment so that such persons can send such  
76 notices.

77 B. Every notice shall, among other matters, show the magisterial or other district, if any, in which the real  
78 estate is located, the amount and the new and immediately prior two tax years' final assessed values of land,  
79 and the new and immediately prior two tax years' final assessed values of improvements. It shall further set  
80 out the time and place at which persons may appear before the officers making such reassessment or change  
81 and present objections thereto. The notice shall also inform each property owner of the right to view and  
82 make copies of records maintained by the local assessment office pursuant to §§ 58.1-3331 and 58.1-3332  
83 and inform each property owner that the records available and the procedure for accessing them are set out in  
84 §§ 58.1-3331 and 58.1-3332. In counties that have elected by ordinance to prepare land and personal property  
85 books in alphabetical order as authorized by § 58.1-3301 B, such notice may omit reference to districts, as  
86 provided herein.

87 The following requirements shall apply to any notice of change in assessment other than one in which the  
88 change arises solely from the construction or addition of new improvements to the real estate. If the tax rate  
89 that will apply to the new assessed value has been established, then the notice shall set out such rate. In  
90 addition, whether or not the tax rate applicable to the new assessed value has been established, the notice

91 shall set out the tax rates for the immediately prior two tax years, the total amount of the new tax levy, based  
92 on the current tax rate at the time the notices are prepared, and the amounts of the total tax levies for the  
93 immediately prior two tax years, based on the final tax rates for those tax years multiplied by the final  
94 assessed values of land and improvements for those tax years, and the percentage changes in the new tax levy  
95 from the tax levies in the immediately prior two tax years.

96 If the tax rate that will apply to the new assessed value has not been established, then the notice shall set  
97 out the time and place of the next meeting of the local governing body at which public testimony will be  
98 accepted on any real estate tax rate changes. Additionally, in any county, city, or town that conducts an  
99 annual or biennial reassessment of real estate or in which reassessment of real estate is conducted primarily  
100 by employees of the county, city, or town under direction of the commissioner of the revenue, if the overall  
101 total assessed value of real property in the locality, excluding *any increase in value attributable to the United*  
102 *States Average Consumer Price Index for all items, all urban consumers (CPI-U), as published by the Bureau*  
103 *of Labor Statistics for the U.S. Department of Labor, as described in subsection A of § 58.1-3321 and*  
104 *excluding* additional assessments due to new construction or improvements to real property, would result in  
105 an increase of one percent or more in the total real property tax levied in the locality, the notice shall set forth  
106 the tax rate that would levy the same amount of real estate tax as the previous year when multiplied by the  
107 new total assessed value of real estate, excluding additional assessments due to new construction or  
108 improvements to real property. If this meeting will be more than 60 days from the date of the reassessment  
109 notice, then instead of the date of the meeting, the notice shall include information on when the date of the  
110 meeting will be set and where it will be publicized.

111 C. Any person other than the owner who receives such reassessment notice shall transmit the notice to  
112 such owner, at his last known address, immediately on receipt thereof and shall be liable to such owner in an  
113 action at law for liquidated damages in the amount of \$25, in the event of a failure to so transmit the notice.  
114 Mailing such notice to the last known address of the property owner shall be deemed to satisfy the  
115 requirements of this section.

116 D. Notwithstanding the provisions of this section, if the address of the taxpayer as shown on the tax record  
117 is in care of a lender, the lender shall upon request furnish the county, city, or town a list of such property  
118 owners, together with their current addresses as they appear on the books of the lender, or the parties may by  
119 agreement permit the lender to forward such notices to the property owner, with the cost of postage to be paid  
120 by the county, city, or town.