

**DEPARTMENT OF TAXATION  
2024 Fiscal Impact Statement**

1. **Patron** Tara A. Durant

2. **Bill Number** SB 677

3. **Committee** House Finance

**House of Origin:**  
 Introduced  
 Substitute  
 Engrossed

4. **Title** Real property tax; Notice of rate and assessment changes

**Second House:**  
 In Committee  
 Substitute  
 Enrolled

**5. Summary/Purpose:**

The bill would require that, in any locality that conducts an annual or biennial reassessment of real estate or if the tax rate to be applied to the new assessed value has not been established, if the overall total assessed value of real property in the locality, excluding certain additional assessments, would result in an increase in one percent or more in the total real property tax levied in the locality, notice given to the taxpayer must set forth the tax rate that would levy the same amount of real estate tax as the previous year when multiplied by the new total assessed value of real estate, excluding additional assessments due to new construction or improvements to real property.

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 2024 General Assembly, this bill would become effective July 1, 2024.

**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.

Current law also requires that, in any county, city, or town that conducts an annual or biennial reassessment of real estate or in which the reassessment of real estate is conducted primarily by employees of the locality under direction of the commissioner of the revenue, if the proposed real estate tax rate exceeds the “lowered tax rate” that would result in the locality collecting no greater than 101 percent of the previous year’s real property taxes, the notice shall set out the effective tax rate increase.

Legislation enacted during the regular session of the 2023 General Assembly required that, in any locality that conducts an annual or biennial reassessment of real estate or in which the reassessment of real estate is conducted primarily by employees of the locality under direction of the commissioner of the revenue, if the proposed real estate tax rate exceeds the “lowered tax rate” that would result in the locality collecting no greater than 101 percent of the previous year’s real property taxes, the notice shall set out the effective tax rate increase.

### Proposal

The bill would require that, in any locality that conducts an annual or biennial reassessment of real estate or if the tax rate to be applied to the new assessed value has not been established, if the overall total assessed value of real property in the locality, excluding additional assessments due to new construction or improvements to real property, would result in an increase in one percent or more in the total real property tax levied in the locality, notice given to the taxpayer must set forth the tax rate that would levy the same amount of real estate tax as the previous year when multiplied by the new total assessed value of real estate, excluding additional assessments due to new construction or improvements to real property.

If enacted during the regular session of the 2024 General Assembly, this bill would become effective July 1, 2024.

### Similar Legislation

**House Bill 639** is identical to this bill.

cc : Secretary of Finance

Date: 2/13/2024 VB  
SB677FS1161