

City of Alexandria, Virginia

MEMORANDUM

DATE: JUNE 4, 2003

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER *PS*

SUBJECT: ORDINANCE TO ASSESS REAL ESTATE TAX ON NEW BUILDINGS THAT ARE SUBSTANTIALLY COMPLETE OR FIT FOR USE AND OCCUPANCY, REGARDLESS OF THE DATE OF COMPLETION

ISSUE: Ordinance to assess real estate tax on new buildings that are substantially complete or fit for use and occupancy, regardless of the date of completion.

RECOMMENDATION: That City Council pass on first reading and schedule for public hearing, second reading and final passage on June 14, 2003, an ordinance to assess real estate tax on new buildings that are substantially complete or fit for use and occupancy, regardless of the date of completion.

BACKGROUND: State law historically has allowed specific localities to make a supplemental assessment on any building that is ready for occupancy, as long as the completion date for the building falls before the first of November. If such a building was completed between November 1 and December 31, the locality had to wait until the following year to revise the assessment on the building to reflect its new value. Under new State law, initiated by the City as part of its 2003 legislative package, the City may now reassess during a calendar year a building completed after November 1.

The Department of Real Estate Assessments has historically issued supplemental assessments on a quarterly basis. With the computer software capability now available to the City today, any property can easily be reassessed at any time during the calendar year, therefore, beginning July 1, 2003, supplemental assessments will be issued on a monthly basis. With the adoption of this ordinance there will be the ability to include all twelve months of each calendar year.

FISCAL IMPACT: The fiscal impact will fluctuate from year to year depending on the amount of new construction. There will be additional tax revenues collected. At the time the City's 2003 legislative package was prepared, the annual additional tax revenues were estimated at \$225,000 per year.

ATTACHMENT: Proposed Ordinance to Assess Real Estate Tax on New Buildings that are Substantially Complete or Fit for Use and Occupancy, Regardless of the Date of Completion

STAFF:

Mark Jinks, Assistant City Manager

Karen Snow, Assistant City Attorney

Cindy Smith-Page, Director, Real Estate Assessments

31
6-14-03

~~27~~
~~6-10-03~~

Introduction and first reading:	6/10/03
Public hearing:	6/14/03
Second reading and enactment:	6/14/03

INFORMATION ON PROPOSED ORDINANCE

Title

AN ORDINANCE to amend and reordain Section 3-2-187 (ASSESSMENT OF NEW BUILDINGS SUBSTANTIALLY COMPLETED) of Division 1 (REAL ESTATE), ARTICLE M (LEVY AND COLLECTION OF PROPERTY TAXES), Chapter 2 (TAXATION), Title 3 (FINANCE, TAXATION AND PROCUREMENT) of The Code of the City of Alexandria, Virginia 1981, as amended.

Summary

The proposed Ordinance will permit the supplemental real estate tax assessment of new buildings substantially completed after November 1 of the tax year.

Sponsor

Department of Real Estate Assessments

Staff

Cindy Smith-Page, Director, Department of Real Estate Assessments
Karen S. Snow, Assistant City Attorney

Authority

§ 58.1-3292.1 of the Code of Virginia (1950), as amended by 2003 Acts, Chapter 581.

Estimated Costs of Implementation

None

Attachments in Addition to Proposed Ordinance and its Attachments (if any)

None

SEARCHED
SERIALIZED
INDEXED
FILED

31
6-14-03

~~27~~
~~6-10-03~~

ORDINANCE NO. _____

AN ORDINANCE to amend and reordain Section 3-2-187 (ASSESSMENT OF NEW BUILDINGS SUBSTANTIALLY COMPLETED) of Division 1 (REAL ESTATE), ARTICLE M (LEVY AND COLLECTION OF PROPERTY TAXES), Chapter 2 (TAXATION), Title 3 (FINANCE, TAXATION AND PROCUREMENT) of The Code of the City of Alexandria, Virginia 1981, as amended.

THE CITY COUNCIL OF ALEXANDRIA HEREBY ORDAINS:

Section 1. That Section 3-2-187 of The Code of the City of Alexandria, Virginia, 1981, as amended, be, and the same hereby is, amended and reordained to read as follows:

Sec. 3-2-187 Assessment of new buildings substantially completed.

All new buildings ~~substantially completed or fit for use and occupancy prior to November 1 of the year of completion~~ shall be assessed when so substantially completed or fit for use and occupancy, regardless of the date of completion or fitness, and the director or real estate assessments shall enter in the books the fair market value of such building. No partial assessment as provided herein shall become effective until information as to the date and amount of such assessment is recorded in the department of real estate assessments and made available for public inspection. The total tax on any such new building for that year shall be the sum of (i) the tax upon the assessment of the completed building, computed according to the ratio which the portion of the year such building is substantially completed or fit for use and occupancy bears to the entire year, and (ii) the tax upon the assessment of such new building as it existed on January 1 of that assessment year, computed according to the ratio which the portion of the year such building was not substantially complete or fit for use and occupancy bears to the entire year. With respect to any assessment made under this section after ~~September~~ November 1 of any year, the no penalty for nonpayment by December 5 shall be imposed ~~extended to February 5 of the succeeding year until the last to occur of (i) December 5 of such year or (ii) 30 days following the date of the official billing.~~

Section 2. That this ordinance shall become effective upon the date and at the time of its final passage.

KERRY J. DONLEY
Mayor

Introduction: 6/10/03
First Reading: 6/10/03
Publication: 6/12/03
Public Hearing: 6/14/03
Second Reading: 6/14/03
Final Passage: 6/14/03

N.B. Redlining is not part of the ordinance but denotes material that is new or amended. Strike-outs or dashes are not part of the ordinance but denote material that is being deleted.

ORDINANCE NO. 4306

AN ORDINANCE to amend and reordain Section 3-2-187 (ASSESSMENT OF NEW BUILDINGS SUBSTANTIALLY COMPLETED) of Division 1 (REAL ESTATE), ARTICLE M (LEVY AND COLLECTION OF PROPERTY TAXES), Chapter 2 (TAXATION), Title 3 (FINANCE, TAXATION AND PROCUREMENT) of The Code of the City of Alexandria, Virginia 1981, as amended.

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Section 1. That Section 3-2-187 of The Code of the City of Alexandria, Virginia, 1981, as amended, be, and the same hereby is, amended and reordained to read as follows:

Sec. 3-2-187 Assessment of new buildings substantially completed.

All new buildings shall be assessed when substantially completed or fit for use and occupancy, regardless of the date of completion or fitness, and the director or real estate assessments shall enter in the books the fair market value of such building. No partial assessment as provided herein shall become effective until information as to the date and amount of such assessment is recorded in the department of real estate assessments and made available for public inspection. The total tax on any such new building for that year shall be the sum of (i) the tax upon the assessment of the completed building, computed according to the ratio which the portion of the year such building is substantially completed or fit for use and occupancy bears to the entire year, and (ii) the tax upon the assessment of such new building as it existed on January 1 of that assessment year, computed according to the ratio which the portion of the year such building was not substantially complete or fit for use and occupancy bears to the entire year. With respect to any assessment made under this section after November 1 of any year, no penalty for nonpayment shall be imposed until the last to occur of (i) December 5 of such year or (ii) 30 days following the date of the official billing.

Section 2. That this ordinance shall become effective upon the date and at the time of its final passage.

KERRY J. DONLEY
Mayor

Final Passage: June 14, 2003