

Department of Finance and Administration

Legislative Impact Statement

Bill: SB198

Bill Subtitle: TO AMEND THE FREQUENCY AT WHICH EACH COUNTY IS REQUIRED TO APPRAISE ALL REAL ESTATE AT ITS FULL FAIR MARKET VALUE.

Basic Change :

Sponsors: Sen. J. Dismang and Rep. Eaves

SB198 amends § 26-26-1902, the law governing the timing of cyclical reappraisal of real property under Act 1185 of 1999. Act 1185 created the present system of cyclical reappraisal of real property for taxation purposes. SB198 eliminates Act 1185's three-year versus five-year reappraisal cycle. Depending on the amount of growth in market value of real estate in the county, under Act 1185 as originally written, a county shall reappraise its real property every three or five years, consistent with the constitutional mandate in Section 4(d) of Amendment 79. Counties with rapidly-rising real estate values will reappraise every three years, whereas counties with a more stable market for real estate will reappraise every five years. The differing cycles requires Assessment Coordination Division (ACD) to calculate the change in real estate values in the counties and notify a county to plan on a three or five-year cycle.

SB198 would instead require every county to reappraise its real property on a four-year cycle notwithstanding market volatility. Every county would be on a four-year cycle.

SB198 grants to the Director of ACD discretion to temporarily grant a county an exception to the otherwise mandatory four-year reappraisal cycle to reach a substantially equal number of counties starting their reassessment cycle each year. ACD's Director would thus have authority to stagger the counties' reappraisal four-year cycle to ease the transition for county assessors, the contractors who work for the assessors, and ACD.

The counties shall begin their new four-year cycle the "day after the county completes its most recent county-wide reappraisal" subject to the discretion of ACD's Director intended to smooth the transition.

Revenue Impact :

None.

Taxpayer Impact :

Homeowners, business owners, and school districts will have better stability and ability to plan for the future. Due to Amendment 79 annual caps, for those properties increasing in value, the change in reappraisal cycle will have no impact on the amount taxpayers will pay.

Resources Required :

Unknown at this time.

Time Required :

Adequate time is provided for implementation.

Department of Finance and Administration

Legislative Impact Statement

Bill: SB198

Bill Subtitle: TO AMEND THE FREQUENCY AT WHICH EACH COUNTY IS REQUIRED TO APPRAISE ALL REAL ESTATE AT ITS FULL FAIR MARKET VALUE.

Procedural Changes :

ACD will need to revise its rules governing the three vs five year reappraisal cycles.

Other Comments :

Reappraisal cost reimbursed by the Real Property Reappraisal Fund will remain at \$7.00 per parcel per year.

Effective January 1, 2023, roughly half of the counties by parcel number were on a three-year reappraisal cycle composed of 23 counties and 1,056,976 parcels. The remaining 52 counties on a five-year reappraisal cycle contain 1,057,214 parcels.

Legal Analysis :

SB198 is consistent with Amendment 79's mandate that counties reappraise real property at least once every five years.

SB198 provides that a county shall begin its new reappraisal cycle the day after the county completes its most recent county-wide reappraisal after the effective date of the act. § 26-26-1905(b)(1) requires a county to file a reappraisal management plan with the Division no later than November 1 of the year preceding the commencement of the reappraisal. A county whose current reappraisal cycle is nearing completion would need sufficient time to prepare and file a reappraisal management plan that is consistent with the changes required by SB198.