



FY 2022 Recommended Budget Budget Question

Board Question #: 5

BUDGET QUESTION: When is the next reassessment? Who determines the frequency of the reassessment? Can we move the next reassessment out a couple of years due to the COVID impact on commercial properties?

RESPONDING DEPARTMENT/OFFICE: Assessment/County Attorney

RESPONSE:

When is the next reassessment?

The next biennial reassessment is currently underway and will become effective for January 1, 2022.

Who determines the frequency of the reassessment?

The Board determines the frequency of reassessments within parameters set forth in the Virginia Code. Counties with a population exceeding 50,000 must conduct general reassessments every four years. A county with at least one full-time real estate appraiser may provide by ordinance for biennial or annual reassessments. By ordinance adopted in 1992 and amended in 1993, the County requires biennial reassessments. Failure to conduct a reassessment as required by law results in the State withholding certain funding. Also, if the State's sales assessment ratio for any County reassessment fails to fall within 70 percent to 130 percent, the County will lose State funding.

Can we move the next reassessment out a couple of years due to the COVID impact on commercial properties?

The Board cannot delay a reassessment without losing certain State funding. However, if there were a desire to make a change to the current timing of reassessments, the Board has two options both of which have attendant consequences that should be briefed beyond the brevity of this response.

1. The Board can repeal the ordinance adopting biennial reassessments. This would have the effect of returning to a four-year reassessment cycle, which could result in steeper value increases than the biennial reassessments or in the failure to recognize a *decrease* in the market value of commercial property.
2. The Board can adopt an ordinance establishing a deferral program regarding payment of an increase (above 105%) in real estate taxes. This would delay not the reassessment, but the payment of the increase resulting from the reassessment, until either the sale or transfer of the property or the death of the owner (the deferred taxes and accrued interest are payable from the estate of the decedent owner within one year of the death). There is no means of enforcing an earlier payment of the increase in taxes. A

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deferral program must apply to *all* real property (with certain exceptions to which it *cannot* apply) or to the sole dwelling of the taxpayer – it cannot apply only to commercial or income-producing property. The program does not apply automatically; it requires owners to apply. Finally, the unpaid sum accrues interest and becomes a lien against the real property.

ESTIMATE OF STAFF TIME SPENT ON RESPONSE: