

## Oppose problematic tax assessment bill [HB 1588 \(Iaquinto\)](#)

### Action

VACo members, please call and e-mail your [legislators](#) and ask them to oppose legislation that alters the assessment appeal procedure administratively (commissioner/assessor and board of equalization) and in circuit court.

### Key Information

[HB 1588](#) would shift the burden of proof in real estate tax assessments from a citizen or corporation to the local government, creating a dangerous and costly precedent. The valuation process used by local government assessors is developed through well documented, market-based methods which are completely open to the taxpayer upon request. In fact, taxpayer access to assessment information was strengthened just last year in the 2010 Session.

### Talking Points

- [HB 1588](#) actually requires the local assessor to prove the assessment is correct, i.e. the assessment is presumed to be wrong unless the local government proves otherwise. **This will create a direct and immediate incentive for every taxpayer to challenge every assessment thereby overwhelming local governments and requiring significant staffing increases and additional local funds for unnecessary litigation.**
- In addition, [HB 1588](#) **COMPLETELY** strikes the standard by which these appeals are to be resolved at a Board of Equalization. This provision leaves a Board of Equalization with absolutely NOTHING on which to weigh evidence and base its decision. The current statute provides an explicit standard of nationally recognized and accepted appraisal standards—but HB 1588 deletes these provisions. **THE RESULT IS A COMPLETE RE-ASSESSMENT BY AN APPEAL BOARD WITH NEITHER A PRESUMPTION NOR A STANDARD TO APPLY TO AN APPEAL.** The professional appraisal work done by localities would be rendered completely meaningless by this legislation. HB 1588 would remove any incentive to take an intermediate step like contacting a local assessor to request an adjustment—virtually every citizen and corporation would be incentivized to appeal their assessment.
- In urban localities, HB 1588 will result in the need to hire additional staff at taxpayer expense as well as the need to allocate additional resources to litigation. In rural localities, HB 1588 will cause many jurisdictions to shift unnecessarily from multi-year assessments to more frequent assessments at a time when many rural localities are struggling. Funding for more frequent assessments will have to come from the local taxpayer.
- [HB 1588](#) would also create a dangerous precedent for judicial review of governmental decision making, which, by necessity, usually presumes that the government decision was valid unless the opposing party can prove error. Reversing this long-standing rule sets the stage for additional burden shifting legislation that would completely

overwhelm local governments in Virginia and would require large staffing and litigation expense increases at taxpayer expense.

- Last year's legislation on this topic, [HB 430 \(Griffith\)](#), significantly strengthened the taxpayer's access to information on assessments and represented a reasonable approach to the issue. This legislation, which required open access to all assessment information (failure to provide the information results in the information not being considered on appeal), will result in a greatly improved system and renders HB 1588 unnecessary.
- **Similar bad legislation:** [SB 1350 \(Norment\)](#)  
This bill would provide that the evidentiary standard on a taxpayer when appealing an assessment of real property to a Board of Equalization or to a circuit court is a preponderance of the evidence that the property is valued at more than its fair market value or that the assessment is not uniform in its application. The bill would also provide that any determination of an assessment by any Board of Equalization shall be presumptively correct for the succeeding two years unless the assessor can demonstrate by clear and convincing evidence that a substantial change in value of the property has occurred. Currently, this provision only applies to the City of Virginia Beach. Under current law, a property owner may appeal to a Board of Equalization or a circuit court seeking relief from an erroneous real property assessment. In all such cases, the taxpayer has the burden of proving that the property in question is valued at more than its fair market value, that the assessment is not uniform in its application, or that the assessment is otherwise not equalized. In order to receive relief, the taxpayer must produce substantial evidence that the valuation determined by the assessor is erroneous. This bill would be effective for tax years beginning on or after January 1, 2011.

#### **Key contacts**

Contact [House Finance members](#) and members of [Senate Finance](#) ASAP.

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