COMMITTEE ON FINANCE

BILL NO. 32-0030

Thirty-Second Legislature of the Virgin Islands

February 27, 2017

An Act amending 33 VIC, section 2404 limiting increases in the assessed value of real property for purposes of property tax

PROPOSED BY: Senator Janette Millin Young

Be it enacted by the Legislature of the Virgin Islands:

SECTION 1. Title 33 Virgin Islands Code, subtitle 2, chapter 85, section 2404 is amended as follows:

(a) Subsection (a) is amended at the beginning of the subsection by inserting "Except as provided in subsections (e) and (f) of this section".

(b) Subsection (d) is amended by inserting "not later than 60 days from the filing of the appeal" after "competed" and by adding a sentence at the end of the subsection which reads: "If the Lieutenant Governor does not comply with this subsection, the taxpayer is deemed to have prevailed on appeal, and the Tax Assessor shall base the property taxes on the previously assessed value."

(c) Subsections (e), (f), (g) and (h) are added and read as follows:

"(e) Beginning with the 2013 property tax year, the total assessed value of any Virgin Islands property owned by a Virgin Islands resident is the lesser of the fair market value assessment of the property under subsection (a) of this section or 101 percent of the total assessed value of the property from the previous year, or a maximum increase per year of 1 percent, as long as one of the following conditions apply:

(1) The property is owned for the entire year of the assessment by the same person who owned the property for any period of time during the previous year of the assessment.

(2) The property is owned on December 31 of the year of the assessment by a family member of the previous owner who acquired the property by bequest, inter vivos gift or by virtue of being a beneficiary of the testament trust created by the previous owner of the property; or

(3) The property is administered on December 31 of the year of the assessment by the administrator or executor of the estate of the previous owner in the administrator's or executor's capacity as administrator or executor.

(f) Beginning with the 2013 property tax revaluation year, the assessed value of any real property that is sold in an arm's length, open market transaction, is calculated based upon the actual sales price of that property for the sale preceding January 1 of the revaluation year.

(g) A mass appraisal must be certified as accurate in accordance with IAAO standards set forth in the IAAO's Ratio Studies and the Standards of Mass Appraisal of Real Property and must be verified by independent experts who are not employees of the Government of the Virgin Islands or the company that conducted the mass appraisal. The mass appraisal must be made available to the public for review and inspections for 60 days prior to the assessment of the appraisal and objections must be submitted to the Lieutenant Governor's Office not later than 120 days after it is made available for public review. Prior to using the values on any tax bill, the Tax Assessor must defend in writing any objection filed using IAAO sanctioned ratio studies, calculations, and comparisons. If the Lieutenant Governor fails to comply with this subsection, the assessed values generated pursuant to the mass appraisal may not be used.

(h) As used in this section:

(1) 'A Virgin Islands resident' means a person who can claim a homestead exemption for any Virgin Islands property under section 2305 of this title.

(2) 'A family member of the previous owner' means husband, wife, parents, children, step-parents and step-children, legal guardians, wards, brothers and sisters, grandparents and grandchildren, great grandparents and great grandchildren, uncles and nieces and nephews, aunts and nieces and nephews, and cousins up to and including the second degree.

(3) 'Mass appraisal' means the process of valuing a group of properties as of a given date, using common data, employing standardized methods and conducting statistical tests to ensure uniformity and equity in valuations; that is, the use of standardized procedures for collecting data and appraising property to ensure that all property within the community are valued uniformly and equitably."

BILL SUMMARY

This bill amends title 33 Virgin Islands Code, section 2404, in the following instances: (1) in subsection (a) by including three exceptions when assessing the fair market value of real property; (2) in subsection (d) by including a 60 day time-period within which the Lieutenant Governor must complete a reassessment and add a sentence providing that if the Lieutenant Governor fails to comply with the provisions of subsection (d) the taxpayer is considered to have won the appeal and the real property taxes based upon the prior assessed value of the property. Adds subsection (e), which sets real property valuation maximum for residents who are eligible for the homestead exemption at 1% percent if three specific conditions are met. Adds a subsection (f) that sets a value for the real property arm's length, open market transaction; adds a subsection (g) that sets the requirements for a mass appraisal and adds a subsection (h) defining terms used in the section.

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