

**DEPARTMENT OF TAXATION  
2014 Fiscal Impact Statement**

1. **Patron** Richard H. Black

2. **Bill Number** SB 175

3. **Committee** House Finance

**House of Origin:**  
 **Introduced**  
 **Substitute**  
 **Engrossed**

4. **Title** Real Property Tax and Tangible Personal  
Property Tax; Exemption for Religious  
Bodies

**Second House:**  
 **In Committee**  
 **Substitute**  
 **Enrolled**

**5. Summary/Purpose:**

This bill would specify that the real property tax exemption for churches and religious bodies includes real property used primarily for outdoor worship activities.

Under current law, buildings with land they actually occupy and personal property owned by churches or religious bodies are exempt from local taxes when exclusively occupied or used either for religious worship or for the residence of the minister of the church or religious body. Additional adjacent land reasonably necessary for the convenient use of any such building is also exempt from state and local tax.

The effective date of this bill is not specified.

6. **Budget amendment necessary:** No.

7. **Fiscal Impact Estimates are:** Not available. (See Line 8.)

**8. Fiscal implications:**

As this bill would expand the pool of property used by churches and religious bodies that is exempt from real property tax, the bill would result in a decrease in revenue for localities, the magnitude of which is unknown. This bill would have no impact on state revenues.

**9. Specific agency or political subdivisions affected:**

All localities

10. **Technical amendment necessary:** No.

**11. Other comments:**

Article X, Section 6 of the *Constitution of Virginia* exempts from state and local taxation real estate and personal property owned and exclusively occupied or used by churches or

religious bodies for religious worship or for the residences of their ministers. In addition, the *Constitution* exempts property used by its owner for religious, charitable, patriotic, historical, benevolent, cultural or public park and playground purposes. The *Constitution* allows this property to be classified or designated as exempt by an ordinance adopted by the local governing body, subject to any restrictions and conditions provided by the General Assembly. While the General Assembly may restrict or condition these exemptions, it is constitutionally prohibited from extending them.

Pursuant to these constitutional provisions, the General Assembly has enacted statutes providing for these exemptions. One such statute exempts by classification buildings, with land they actually occupy, and the personal property owned by churches or religious bodies, and exclusively occupied or used for religious worship or for the residence of the minister of any church or religious body, as well as any additional adjacent land reasonably necessary for the convenient use of any such building. Local commissioners of the revenue have interpreted this provision to exempt, for example, church buildings, as well as attached parking lots. Vacant lots or lots not attached to the church building are not exempt.

### Proposal

This bill would specify that the real property tax exemption for churches and religious bodies includes real property used primarily for outdoor worship activities. The bill would exempt, for example, vacant lots used primarily for open air or tent services, even if the property is used occasionally for other purposes.

The effective date of this bill is not specified.

### Similar Legislation

**House Bill 156** would specify that the real property tax exemption for churches and religious bodies includes real property that 1) is used primarily for outdoor worship activities or 2) supports or augments the principal religious worship use, as allowed under the local zoning ordinance or required by law.

cc : Secretary of Finance

Date: 02/10/2014 KP  
DLAS File Name: SB175FE161