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HOUSE BILL NO. 545

Offered January 19, 2000

A BILL to amend and reenact § 58.1-3503 of the Code of Virginia, relating to personal property tax classifications for valuation purposes.

Patrons—Marshall, Black, Callahan, O'Brien, Parrish and Rollison; Senator: Colgan

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That § 58.1-3503 of the Code of Virginia is amended and reenacted as follows:

§ 58.1-3503. General classification of tangible personal property.

A. Tangible personal property is classified for valuation purposes according to the following separate categories which are not to be considered separate classes for rate purposes:

1. Farm animals, except as exempted under § 58.1-3505.

2. Farm machinery, except as exempted under § 58.1-3505.

3. Automobiles, except those described in subdivisions 7, 8 and 9 of this subsection and in subdivision A 8 of § 58.1-3504, which shall be valued by means of a recognized pricing guide or if the model and year of the individual automobile are not listed in the recognized pricing guide, the individual vehicle may be valued on the basis of percentage or percentages of original cost. In using a recognized pricing guide, the commissioner shall use either of the following two methods. The commissioner may use all applicable adjustments in such guide to determine the value of each individual automobile, or alternatively, if the commissioner does not utilize all applicable adjustments in valuing each automobile, he shall use the base value specified in such guide which may be either average retail, wholesale, or loan value, so long as uniformly applied within classifications of property. If the model and year of the individual automobile are not listed in the recognized pricing guide, the taxpayer may present to the commissioner proof of the original cost, and the basis of the tax for purposes of the motor vehicle sales and use tax as described in § 58.1-2405 shall constitute proof of original cost. If such percentage or percentages of original cost do not accurately reflect fair market value, or if the taxpayer does not supply proof of original cost, then the commissioner may select another method which establishes fair market value. *Notwithstanding the foregoing, the basis of the tax shall not exceed the purchase price, less applicable depreciation percentages, for a taxpayer who has purchased the automobile from a Virginia motor vehicle dealer as described in § 46.2-1500, and the purchase has been made pursuant to an arm's length transaction.*

4. Trucks of less than two tons, which may be valued by means of a recognized pricing guide or, if the model and year of the individual truck are not listed in the recognized pricing guide, on the basis of a percentage or percentages of original cost.

5. Trucks and other vehicles, as defined in § 46.2-100, except those described in subdivisions 4, and 6 through 10 of this subsection, which shall be valued by means of either a recognized pricing guide using the lowest value specified in such guide or a percentage or percentages of original cost.

6. Manufactured homes, as defined in § 36-85.3, which may be valued on the basis of square footage of living space.

7. Antique motor vehicles, as defined in § 46.2-100, which may be used for general transportation purposes as provided in subsection C of § 46.2-730.

8. Taxicabs.

9. Motor vehicles with specially designed equipment for use by the handicapped, which shall not be valued in relation to their initial cost, but by determining their actual market value if offered for sale on the open market.

10. Motorcycles, campers and other recreational vehicles, which shall be valued by means of a recognized pricing guide or a percentage or percentages of original cost.

11. Boats weighing under five tons and boat trailers, which shall be valued by means of a recognized pricing guide or a percentage or percentages of original cost.

12. Boats or watercraft weighing five tons or more, which shall be valued by means of a percentage or percentages of original cost.

13. Aircraft, which shall be valued by means of a recognized pricing guide or a percentage or percentages of original cost.

14. Household goods and personal effects, except as exempted under § 58.1-3504.

15. Tangible personal property used in a research and development business, which shall be valued by means of a percentage or percentages of original cost.

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60 16. Programmable computer equipment and peripherals used in business which shall be valued by
61 means of a percentage or percentages of original cost to the taxpayer, or by such other method as may
62 reasonably be expected to determine the actual fair market value.

63 17. All tangible personal property employed in a trade or business other than that described in
64 subdivisions 1 through 16 of this subsection, which shall be valued by means of a percentage or
65 percentages of original cost.

66 18. All other tangible personal property.

67 B. Methods of valuing property may differ among the separate categories, so long as each method
68 used is uniform within each category, is consistent with requirements of this section and may reasonably
69 be expected to determine actual fair market value as determined by the commissioner of revenue or
70 other assessing official; however, assessment ratios shall only be used with the concurrence of the local
71 governing body. A commissioner of revenue shall upon request take into account the condition of the
72 property. The term "condition of the property" includes, but is not limited to, technological obsolescence
73 of property where technological obsolescence is an appropriate factor for valuing such property. The
74 commissioner of revenue shall make available to taxpayers on request a reasonable description of his
75 valuation methods. Such commissioner, or other assessing officer, or his authorized agent, when using a
76 recognized pricing guide as provided for in this section, may automatically extend the assessment if the
77 pricing information is stored in a computer.