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HOUSE BILL NO. 2582

Offered January 10, 2001

Prefiled January 10, 2001

A BILL to amend and reenact §§ 58.1-3503, 58.1-3505, and 58.1-3606 of the Code of Virginia, relating to personal property tax exemption for farm equipment.

Patrons—Phillips, Abbott, Jackson, Johnson, Pollard, Stump and Tate

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That §§ 58.1-3503, 58.1-3505, and 58.1-3606 of the Code of Virginia are 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.

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.

16. Programmable computer equipment and peripherals used in business which shall be valued by

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59 means of a percentage or percentages of original cost to the taxpayer, or by such other method as may
60 reasonably be expected to determine the actual fair market value.

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

64 18. All other tangible personal property.

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

76 § 58.1-3505. Classification of farm animals, certain grains, and agricultural products; governing body
77 may exempt.

78 A. Farm animals, grains and other feeds used for the nurture of farm animals, *and* agricultural
79 products; ~~farm machinery and farm implements~~ are hereby defined as separate items of taxation and
80 classified as follows:

81 1. Horses, mules and other kindred animals.

82 2. Cattle.

83 3. Sheep and goats.

84 4. Hogs.

85 5. Poultry.

86 6. Grains and other feeds used for the nurture of farm animals.

87 7. Grain; tobacco; wine produced by farm wineries as defined in § 4.1-100 and other agricultural
88 products in the hands of a producer.

89 8. ~~Farm machinery other than the farm machinery described in subdivision 10, and farm implements,~~
90 ~~which shall include equipment and machinery used by farm wineries as defined in § 4.1-100 in the~~
91 ~~production of wine.~~

92 9. ~~Equipment used by farmers or farm cooperatives qualifying under § 521 of the Internal Revenue~~
93 ~~Code to manufacture industrial ethanol, provided that the materials from which the ethanol is derived~~
94 ~~consist primarily of farm products.~~

95 10. ~~Farm machinery designed solely for the planting, production or harvesting of a single product or~~
96 ~~commodity.~~

97 B. The governing body of any county, city or town may, by ordinance duly adopted, exempt in
98 whole or in part from taxation, or provide a different rate of tax upon, all or any of the above classes of
99 farm animals; *or* grains and feeds used for the nurture of farm animals; ~~farm machinery, implements or~~
100 ~~equipment~~ set forth in subsection A.

101 C. Grain; tobacco; wine produced by farm wineries as defined in § 4.1-100 and other agricultural
102 products shall be exempt from taxation while in the hands of a producer.

103 § 58.1-3606. Property exempt from taxation by classification.

104 A. Pursuant to the authority granted in Article X, Section 6 (a) (6) of the Constitution of Virginia to
105 exempt property from taxation by classification, the following classes of real and personal property shall
106 be exempt from taxation:

107 1. Property owned directly or indirectly by the Commonwealth, or any political subdivision thereof.

108 2. Buildings with land they actually occupy, and the furniture and furnishings therein owned by
109 churches or religious bodies and exclusively occupied or used for religious worship or for the residence
110 of the minister of any church or religious body, and such additional adjacent land reasonably necessary
111 for the convenient use of any such building.

112 3. Nonprofit private or public burying grounds or cemeteries.

113 4. Property owned by public libraries, law libraries of local bar associations when the same are used
114 or available for use by a state court or courts or the judge or judges thereof, medical libraries of local
115 medical associations when the same are used or available for use by state health officials, incorporated
116 colleges or other institutions of learning not conducted for profit. This paragraph shall apply only to
117 property primarily used for literary, scientific or educational purposes or purposes incidental thereto and
118 shall not apply to industrial schools which sell their products to other than their own employees or
119 students.

120 5. Property belonging to and actually and exclusively occupied and used by the Young Men's

Christian Associations and similar religious associations, including religious mission boards and associations, orphan or other asylums, reformatories, hospitals and nunneries, conducted not for profit but exclusively as charities (which shall include hospitals operated by nonstock corporations not organized or conducted for profit but which may charge persons able to pay in whole or in part for their care and treatment).

6. Parks or playgrounds held by trustees for the perpetual use of the general public.

7. Buildings with the land they actually occupy, and the furniture and furnishings therein belonging to any benevolent or charitable organization and used by it exclusively for lodge purposes or meeting rooms, together with such additional adjacent land as may be necessary for the convenient use of the buildings for such purposes.

8. Property of any nonprofit corporation organized to establish and maintain a museum.

9. *Farm machinery, implements, and equipment of any farmer used to produce agricultural products or to raise farm animals.*

B. Property, belonging in one of the classes listed in subsection A of this section, which was exempt from taxation on July 1, 1971, shall continue to be exempt from taxation under the rules of statutory construction applicable to exempt property prior to such date.